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### **Colne Neighbourhood Development Plan**

Dear Gina,

Following your email of 20 February 2023, I attach a response to the Examiners question regarding the AECOM viability study.

If you or the Examiner have any further queries in relation to our response, please do not hesitate to contact me.

Yours sincerely,

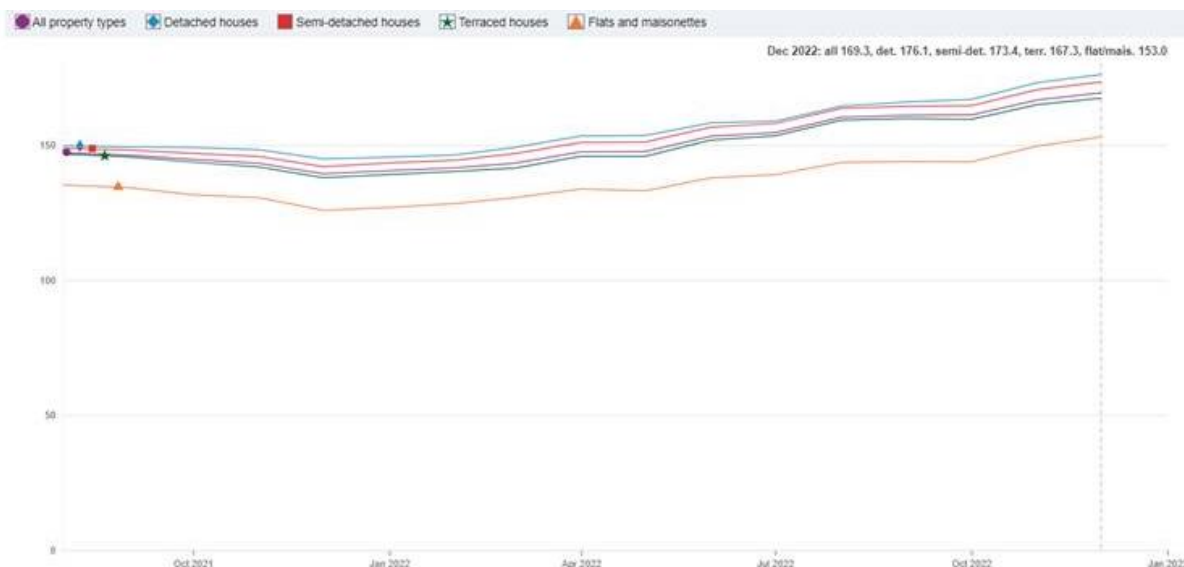
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**Is the Town Council satisfied that the AECOM Viability report (February 2022) remains up-to-date and reflects the current financial position on the development of homes in the town?**

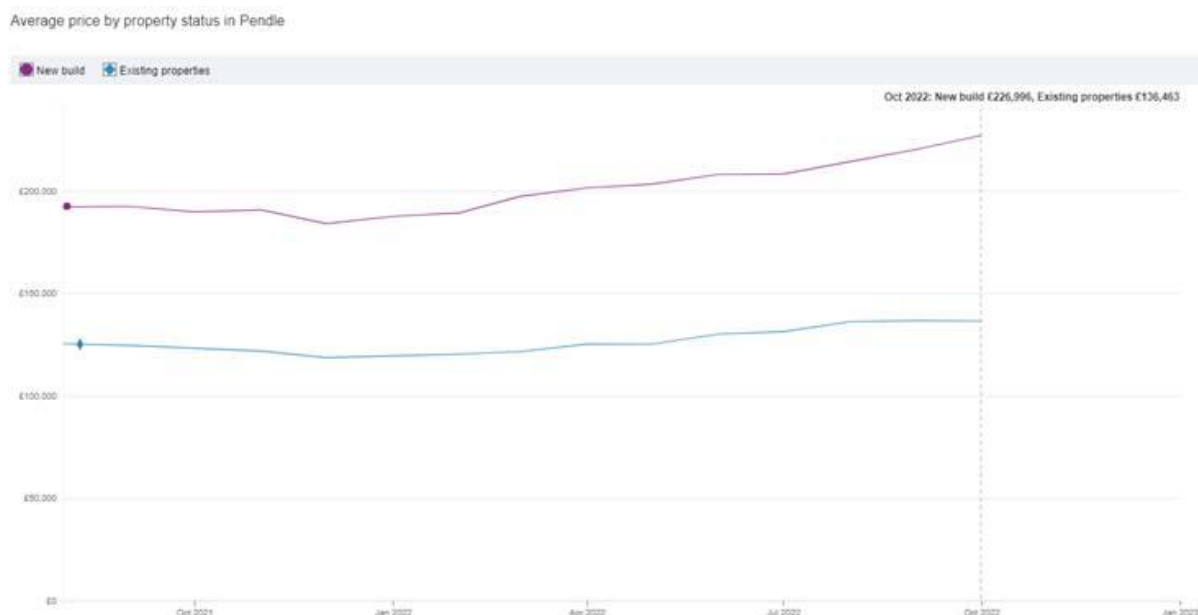
1. Throughout the development of the Neighbourhood Plan, the Town Council has carefully considered viability evidence contained in AECOM's 2018 and 2022 viability studies. Values and cost data collection work was undertaken between August to October 2021 and this was based on the conditions encountered and the information available during the said period of time. The viability report (along with its associated modelling) was published in February 2022 (a little over 12 months ago).
2. Paragraphs 1.2.15 - 1.2.16 of the AECOM report acknowledge that the project was undertaken during the coronavirus pandemic and at that time the longer-term impacts of the pandemic on the economy and on the local housing market were not yet known. As per the RICS Red Book Global valuation guidance, the report noted that there was therefore 'material valuation uncertainty'. The scope of the AECOM report and the services were accordingly factually limited by these circumstances. Notwithstanding these circumstances, the report benefited from a period of critical review by Locality and Michael Wellock (appointed planning consultant of Colne Town Council), in addition to AECOM's own internal quality assurance procedures.
3. The AECOM report acknowledges that as sites come forward more detailed viability matters can be reviewed at the development management stage by the Local Planning Authority (in accordance with extant Pendle Local Plan policy). For the purposes of plan making, the 2018 and 2022 AECOM reports helped the Town Council to evaluate identified sites with potential for development. As detailed in the Town Council's response to the Examiner's clarifications note, brownfield/windfall sites and conversions have continued to come forward for development in Colne during the plan making stages and following submission of the Neighbourhood Plan. This evidences a healthy market demand and demonstrates that Colne remains an attractive location for housebuilders and property investors. The Town Council are satisfied that the overall conclusions and recommendations in the AECOM report remain valid.
4. Between August 2021 – December 2022 the most recent data published by the Land Registry (for the House Price Index) indicates that property values in Pendle have increased across all house types (see Figure 1 - overleaf).

**Figure 1 House price index by type of property in Pendle - August 2021 to December 2022 (Source: Land Registry)**



- This picture is more pronounced when you separate the second-hand market from new build properties in Pendle, new build property prices have increased more relative to second-hand properties (see Figure 2 - below).

**Figure 2 Average price by property status in Pendle - August 2021 to December 2022 (Source: Land Registry)**



- It is important to note that construction costs have also increased over this same period. The 2022 AECOM report noted that the September 2021 BCIS median costs for 2-storey Estate Housing and Apartments was between £1,249 - £1,415/m<sup>2</sup>. In February 2023 BCIS median costs for 2-storey Estate Housing and Apartments is between £1,361 - £1,539 (source: BSCIS - Rate per m2 gross)

internal floor area for the building Cost including prelims. Last updated: 11-Feb-2023 05:59. Rebased to Pendle.)

7. It is AECOM's view that the increases in values and costs would not result in materially different results if remodelled using today's values and costs. The sites that showed good viability can be considered 'deliverable' in the early part of the plan period and the sites with marginal viability can be considered 'developable' over the plan period. AECOM's view is that the sites identified for development in the submitted plan remain deliverable/developable as per the National Planning Policy Framework's (NPPF) definitions (Annex 2). With respect to the deliverability requirements contained in the NPPF and Planning Practice Guidance, the Neighbourhood Plan has had due regard to the relevant national policies and advice contained in guidance issued by the Secretary of State and it therefore meets this specific basic condition and it would be appropriate to make the plan (from a deliverability and viability perspective).