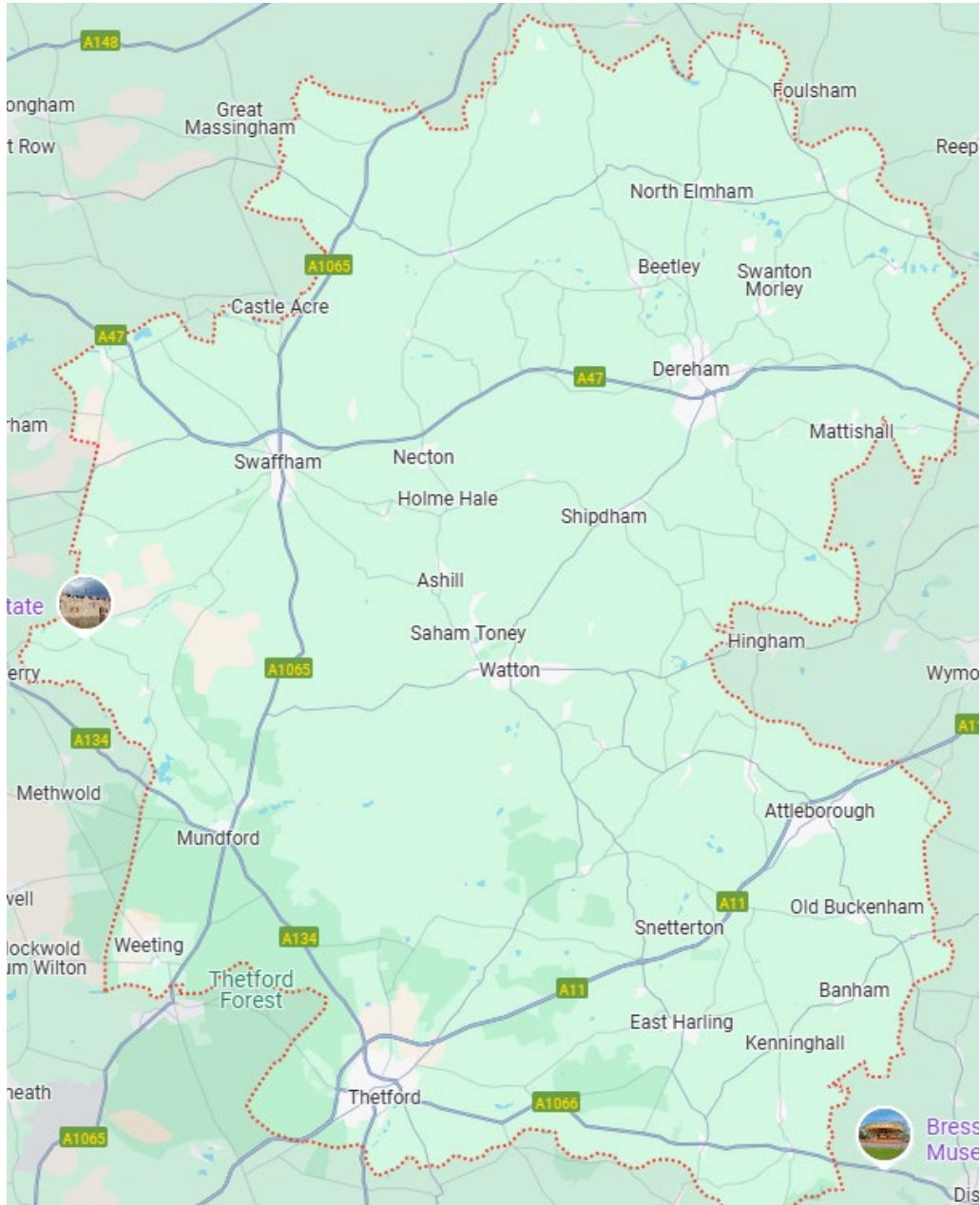

Local Plan Viability Testing

Completed on behalf of Breckland Council



September 2025

CP Viability Ltd



Independent Property Experts

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EXECUTIVE SUMMARY

- i. Breckland District Council (“the Council”) is currently in the process of updating its Local Plan. To support this process, the Council requires independent viability testing of its policies to ensure deliverability.
- ii. The Council therefore requires the latest draft policies to undergo viability testing. In particular, we are instructed to advise the Council regarding affordable housing, S106 policy requirements and other policy provisions (such as accessibility and adaptability standards, education requirements etc).
- iii. In December 2024 the government published an updated version of the National Planning Policy Framework (‘NPPF’), replacing the previous version of the NPPF, revised in July 2018, and updated in February 2019. At the same time, the government also published an updated Planning Practice Guidance (‘PPG’) on viability setting out more clearly how plan viability should be approached. The Council therefore requires this updated review to meet the requirements of the NPPF and PPG.
- iv. In terms of the testing methodology, central to undertaking viability testing is the residual method of valuation (sometimes referred to as a development appraisal). This is an established valuation approach, where the end value of the scheme once completed is identified and from this all the costs of delivering the project are deducted (such as construction costs, professional fees, planning policies, marketing, developer profit etc). The result or ‘residual’ is equivalent to the price that can be paid for the land. This residual land value is then compared to a separately assessed benchmark land value (which is the minimum price deemed appropriate to encourage a landowner to release the land for development). If the residual land value is below the benchmark land value, the scheme is unviable. If it is above, the scheme is deemed to be viable. This approach has been central to the viability testing adopted for the purposes of this study.

- v. In line with the guidance, we consider it appropriate to undertake base appraisals (i.e. with initial assumptions) and then undertake scenario testing where key assumptions are adjusted in the modelling and the appraisals re-run. This is to provide a broader view on viability (recognising the approach can never be entirely robust). The results of the base appraisals and scenario testing can then be considered holistically before conclusions are reached.
- vi. For the testing, the guidance recognises that not every site likely to come forward during the period of the plan can be appraised, this is not considered to be practical. Site typologies are therefore recommended, which reflect the likely scale of schemes coming forward.
- vii. In preparing our appraisals we have identified a variety of primary and secondary data sources. We have also undertaken stakeholder engagement (through a workshop and a circulated questionnaire) to ensure the assumptions are as robust as possible.
- viii. In terms of residential development, based on our modelling we consider the proposed 25% affordable dwelling policy to be generally appropriate for all schemes providing 10 or more dwellings (at a 85/15 split between affordable rented products and affordable home ownership, with a minimum of 30% of the affordable rented products provided as social rent). Please note, though, at 25% affordable housing there is viability pressure shown for housing schemes of 10 and 20 units and also for all apartment schemes. Whilst this may simply be a current reflection of market conditions (and will improve during the lifetime of the Local Plan) the Council could consider a relaxation of the affordable housing ask for typologies of this nature. This, though, may introduce unwanted complexity to the policy and therefore the Council should consider this carefully.

- ix. For the majority of the typology testing, with 25% onsite affordable housing, the typologies show that additional policy requirements in relation to Biodiversity Net Gain (at an uplifted 20% provision, being a mix of onsite and offsite provision), accessibility and adaptability, Nationally Described Space Standards, Sustainable Drainage Systems, open space, transport, education health etc can all be viably supported.
- x. For the commercial testing, only the retail warehousing and small supermarket typologies return a viable outcome, all the rest show a deficit below what is perceived to be the viable outcome. However, it is stressed that investments of this nature are particularly sensitive to small changes in yields. If yields were to contract, then it is likely the leisure typology would return a viable outcome. It is also conceivable that the medium and large-scale industrial schemes could also reach a viable position, albeit may not just require a contracting of yields but also an adjustment in developer profit expectations.

Summary Schedule – Key ‘Basic’ Viability Assumptions (Residential)

Appraisal input	Assumptions	
Density	Type 1 (5 dwellings)	30 dwellings per net Ha
	Type 2 (10 dwellings)	30 dwellings per net Ha
	Type 3 (20 dwellings)	35 dwellings per net Ha
	Type 4 (50 dwellings)	35 dwellings per net Ha
	Type 5 (100 dwellings)	35 dwellings per net Ha
	Type 6 (250 dwellings)	35 dwellings per net Ha
	Type 7 (500 dwellings)	35 dwellings per net Ha
	Type 8 (40 retirement flats)	100 dwellings per net Ha
	Type 9 (20 flats)	200 dwellings per net Ha
	Type 10 (50 flats)	200 dwellings per net Ha
	Type 11 (20 bungalows)	25 dwellings per net Ha
Average dwelling size	1 bed house	58 sq m
	2 bed house	80 sq m
	3 bed house	95 sq m
	4 bed house	140 sq m
	1 bed retirement flat	50 sq m
	2 bed retirement flat	65 sq m
	1 bed flat	50 sq m
	2 bed flat	65 sq m
	1 bed bungalow	65 sq m
	2 bed bungalow	90 sq m
	3 bed bungalow	110 sq m

Exec Summary Table 1: Scheme density / capacity

Typology	Net area (Ha)	Gross to net ratio	Gross area (Ha)	Total sq m	Density / capacity sqm per net Ha
Type 1 – 5 dwellings	0.17	100%	0.17	490	2,940
Type 2 – 10 dwellings	0.33	90%	0.37	943	2,829
Type 3 – 20 dwellings	0.57	85%	0.67	1,856	3,248
Type 4 – 50 dwellings	1.43	75%	1.90	4,499	3,149.30
Type 5 – 100 dwellings	2.86	65%	4.40	8,602	3,010.70
Type 6 – 250 dwellings	7.14	55%	12.99	21,260	2,976.40
Type 7 – 500 dwellings	14.29	55%	25.97	42,480	2,973.60
Type 8 – 40 retirement flats	0.40	70%	0.57	2,360	5,937.50
Type 9 – 20 flats	0.10	100%	0.10	1,180	11,800
Type 10 – 50 flats	0.25	100%	0.25	2,890	11,500
Type 11 – 20 bungalows	0.80	85%	0.94	1,665	2,081.25

Exec Summary Table 2: Adopted market values

Value Area	1b	2b	3b	4b	1b bung	2b bung	3b bung	1b flat	2b flat	Retire flat
Value area 1	£3,550	£ 3,100	£ 3,150	£ 3,100	£4,100	£ 3,900	£ 3,600	£ 3,100	£ 3,100	£ 4,100
Value area 2	£3,700	£ 3,200	£ 3,400	£ 3,150	£4,200	£ 4,100	£ 3,800	£ 3,200	£ 3,200	£ 4,200
Value area 3	£3,800	£ 3,400	£ 3,450	£ 3,300	£4,300	£ 4,200	£ 3,900	£ 3,400	£ 3,400	£ 4,400

- Social Rent 40% of market value
- Affordable Rent 50% of market value
- Shared Ownership 65% of market value
- Discounted Market Sale 70% of market value

Plot construction costs (BCIS rates)

Estate housing 2 storey lower quartile	-	£1,205 per sq m
Estate housing 2 storey median	-	£1,352 per sq m
Flats generally	-	£1,609 per sq m
Supported housing (flats) median	-	£1,707 per sq m
Bungalows median	-	£1,606 per sq m

Externals

Apartments	10% of plot costs
Bungalows	20% of plot costs (and scenario test at 15%)
Housing	20% of plot costs (and scenario test at 15%)

Contingency

Greenfield	3% of plot costs / externals
Brownfield	5% of plot costs / externals

Other construction costs

Part L & F Building Regulations	£4,000 per dwelling
Electric car charging	£1,000 per dwelling
M4(2) accessibility & adaptability	£2,000 per dwelling
M4(3) accessibility & adaptability	£26,000 per dwelling (applied to 5% of units only)
SUDS	£50,000 per Ha
Biodiversity net gain 10%	£30,000 per Ha (plus onsite provision)
Biodiversity net gain 20% (scenario)	£100,000 per Ha (plus onsite provision)
Abnormals greenfield	£250,000 per net Ha
Abnormals brownfield	£500,000 per net Ha

Professional fees

Typologies 5, 10 and 20 dwellings	8% of construction costs
Typologies 50 and 100 dwellings	7% of construction costs
Typologies 250 and 500 dwellings	6.5% of construction costs
All of typologies	8% of construction costs

Marketing / disposal fees

Retirement 40 flats	6% on revenue
All of typologies	2.5% on revenue
Plus legal cost £1,000 per dwelling	

Finance

Typologies 5, 10 and 20 dwellings	8% debit rate
Typologies 50 and 100 dwellings	7% debit rate
Typologies 250 and 500 dwellings	6% debit rate
All of typologies	8% debit rate

Market Value developer profit

Typologies 5 and 10 dwellings	15% on revenue
Typologies 20 and 50 dwellings	17.5% on revenue
Typologies 100, 250, 500 dwellings	18.5% on revenue
All other typologies	20% on revenue
Affordable profit at 6% on revenue	

Benchmark land value

Greenfield up to 20 dwellings	£812,500 per Ha
Greenfield 50 or more dwellings	£487,500 per Ha
Brownfield	£600,000 per Ha

1. INTRODUCTION

1.1. In November 2019 Breckland Council (“the Council”) adopted its Local Plan for the period of 2011 to 2036. This was the culmination of the preparation process which began in 2014. Policy INF 03 included a requirement for the Council to undertake a Partial Review of the Plan with regard to housing, non- travelling gypsy and travellers, accessibility of homes standards and economic development. This partial review has been completed, resulting in the adoption of the updated Local Plan as at September 2023.

1.2. The existing Local Plan includes the following policy requirements (deemed to impact on viability):

- **Policy HOU 07 – Affordable Housing:** for schemes providing 10 or more units or on a site of 0.5 Ha or more there is a 25% onsite affordable housing requirement, split 70:30 between rented and shared ownership/intermediate products.
- **Policy HOU 10 – Technical Design Standards for New Homes:** to ensure that new homes provide quality living environments for residents both now and in the future. This includes water efficiency and Nationally Described Space Standards (both stated as being subject to viability).
- **Policy ENV 04 Open Space, Sport and Recreation – Technical Design Standards for New Homes:** all schemes providing 11 or more dwellings are expected to provide contributions towards outdoor playing space. For schemes of 25 dwellings or more outdoor playing space is to be provided within the development site.
- **Policy COM 01 – Design:** new development should be designed to the highest possible standards.

- **Policy INF 02 – Developer Contributions:** for developments of 11 or more dwellings, excluding rural exception sites, the Council will secure site specific developer contributions. As well as affordable housing and open space, this may include:
 - o Community infrastructure (e.g. education, libraries, town and village halls, police and fire service provision).
 - o Pedestrian and highway safety improvements.
 - o Sustainable modes of transport.
 - o Provision of healthcare facilities.
 - o Delivery of environmental infrastructure (e.g. biodiversity management, landscaping, flood defences, SUDS, waste management).
 - o Delivery of any other infrastructure requirements in a made Neighbourhood Plan.

1.3. Furthermore **Policy INF 03: Local Plan Policy Review** stated that:

The Council will undertake an immediate full review of the Plan. The full Review of the Plan is planned to be submitted for examination by December 2024.

1.4. A 6 week period of public consultation on the Regulation 18 Local Plan: Full Update (emerging development strategy) took place between 8th January 2024 and 19th February 2024. This included an update of the plan policies. The feedback from this consultation has been summarised in the Issues and Options Feedback Report from May 2024. The Regulation 18 period ended on 15th July 2024.

- 1.5.** However, in July 2024 the Government published a consultation on proposed revisions to the National Planning Policy Framework (“NPPF”). This consultation ended in September 2024 and resulted in a revised NPPF being published in 2024. The updated NPPF resulted in an increase in the Council’s annual mandatory housing target from 625 to 903.
- 1.6.** In light of this significant change in the mandatory housing targets, it was necessary for the Council to undertake a further formal ‘Call for Sites’ (and therefore superseding the requirement under Policy INF 03 for the Local Plan Review to be completed by December 2024). This process ended on 28th April 2025.
- 1.7.** Having completed the Call for Sites, the Council is now again progressing the Local Plan review process. To support this, the Council requires independent viability testing of its latest policies (as formulated through the most recent Regulation 18 process and stated through the Council’s preferred options in June 2024) to ensure deliverability.
- 1.8.** It is essential that the policies are supported by robust viability evidence. We are therefore instructed to test the emerging policies to ensure that they do not undermine development viability.
- 1.9.** Alongside the NPPF (with the latest version at the time of writing, as stated on the Government’s website, being December 2024¹), the government has also published the Planning Practice Guidance (‘PPG’). There is a specific section on viability² setting out more clearly how plan viability should be approached. The Council therefore requires this updated review to meet the requirements of the NPPF and PPG.

¹ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

² <https://www.gov.uk/guidance/viability>

- 1.10.** CP Viability specialises in providing advice to local authorities on all matters related to housing and commercial development; including individual site assessments, area wide studies and also providing expert witness advice at planning appeals. The company's Director, David Newham, has extensive experience in undertaking development appraisals and market studies.

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2. NATIONAL POLICY CONTEXT AND PROFESSIONAL GUIDANCE

2.1. Introduction

- 2.1.1.** Plan wide viability assessments are subject to a combination of national planning policies and professional guidance. The principal national policy is formed through the National Planning Policy Framework ('NPPF'). This was initially introduced in 2012 but has been subject to ongoing revisions since (the most recent being December 2024). The NPPF sets out the Government's planning policies and how these should be applied in plan making.
- 2.1.2.** In support of the NPPF, the government has also published (in July 2018 and last updated in December 2024) a Planning Practice Guidance ('PPG') on viability. This provides detail on how viability assessments should be undertaken, providing guidance on some key aspects of the process.
- 2.1.3.** These documents reiterate the importance of viability in plan-making, confirming that Local Authorities should seek to ensure emerging policies are set at achievable levels that do not financially undermine development sites being brought forward. We have provided a brief overview of these documents and in particular the areas relating specifically to viability testing.
- 2.1.4.** In addition to the government's guidance, in March 2021 the Royal Institute of Chartered Surveyors ("RICS") also published a guidance note entitled "Assessing viability in planning under the National Planning Policy Framework 2019 for England" 1st Edition³

³ <https://www.rics.org/profession-standards/rics-standards-and-guidance/sector-standards/land-standards/assessing-viability-in-planning-under-the-national-planning-policy-framework-2019-for-england-rics-guidance-note-1st-edition>

2.1.5. By way of context this chapter summarises the key aspects of the respective guidance.

2.2. National Planning Policy Framework ('NPPF') – latest revision December 2024

2.2.1. The NPPF sets out the Government's planning policies and how these should be applied in plan making.

2.2.2. The NPPF states that developer contributions are to be expected from development:

***Paragraph 35** – Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.*

2.2.3. The NPPF is clear that there has to be a balance struck between Council policies and scheme viability. It should not be the case that Council plans undermine viability and therefore development.

2.2.4. The NPPF also explicitly refers to viability on a number of occasions. The key paragraphs are stated below:

Paragraph 59 – Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

Paragraph 72 – *Strategic policy-making authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of:*

- a) specific, deliverable sites for five years following the intended date of adoption and*
- b) specific, developable sites or broad locations for growth, for the subsequent years 6-10 and, where possible, for years 11-15 of the remaining plan period.*

Paragraph 81 – To help ensure that proposals for housing development are implemented in a timely manner, local planning authorities should consider imposing a planning condition providing that development must begin within a timescale shorter than the relevant default period, where this would expedite the development without threatening its deliverability or viability. For major development involving the provision of housing, local planning authorities should also assess why any earlier grant of planning permission for a similar development on the same site did not start.

Paragraph 129 – Planning policies and decisions should support development that makes efficient use of land, taking into account:

(b) local market conditions and viability [et al]

Paragraph 157 – Before development plan policies for affordable housing are updated in line with paragraph 67-68 of this Framework, the affordable housing contribution required to satisfy the Golden Rules is 15 percentage points above the highest existing affordable housing requirement which would otherwise apply to the development, subject to a cap of 50%. In the absence of a pre-existing requirement for affordable housing, a 50% affordable housing contribution should apply by default. The use of site specific viability assessment for land within or released from the Green Belt should be subject to the approach set out in national planning, practise guidance on viability.

2.2.5. The general tone of the NPPF regarding viability is that the policies set by Local Authorities through their plan-making should be set at levels which do not undermine the viability of development. The NPPF is clear that there is a finite level of available monies derived from development which can be used to meet policy requirements. If the Local Authorities set their policies above this finite threshold, then this will undermine scheme delivery. Policies should therefore be carefully considered and set at realistic and deliverable levels.

2.2.6. In Annex 2 what constitutes 'affordable housing' is defined as follows:

- (a) **Social Rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent; (b) the landlord is a registered provider and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.*
- (b) **Other affordable housing for rent:** Meets all of the following conditions: (a) The rent is set in accordance with the Government's rent policy for Affordable Rent, or is at least 20% below local market rents (including service charges where applicable), (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider) and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes, affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as affordable private rent).*

- (c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- (d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

2.3. Planning Practice Guidance ('PPG') on Viability (published July 2018 and updated most recently in December 2024)

2.3.1. This is an online tool, which has been regularly updated in recent years. This seeks to provide planning guidance in the context of the NPPF, covering a variety of areas including: viability, Build to Rent, CIL, Planning obligations, Housing – optional technical standards, self-build and custom housebuilding, Green / 'Grey' Belt development (amongst others).

2.3.2. This is split into 4 sections, as follows:

Section 1 – Viability and plan making

Section 2 – Viability and decision making

Section 3 – Standardised inputs to viability assessment

Section 4 – Accountability

Section 5 – Golden Rules for Green Belt development

2.3.3. We have summarised what we consider to be the key points raised in each section, as follows:

Section 1 – Viability and plan making

- Plans should set out the contributions expected from development. This includes affordable housing and infrastructure (e.g. education, transport, health etc).
- Affordable housing requirements should be expressed as a single figure rather than a range.
- The role of viability assessment is primarily at the plan making stage.
- It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies.
- Drafting of plan policies should be iterative and informed by engagement with stakeholders.
- The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan.
- Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage.

- It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant.

Section 2 – Viability and decision making

- Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable.
- It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.
- Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.

Section 3 – Standardised inputs to viability assessment

- Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available.
- With regards to revenue, for viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. For broad area-wide of site typology assessment at the plan making stage, average figures can be used.

- Assessment of costs should be based on evidence which is reflective of local market conditions. Costs include build costs, abnormals, site-specific infrastructure, policy requirements, finance, professional fees and marketing.
- Explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return.
- To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. This should reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees. This should also be informed by market evidence including current uses, costs and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. However, it is stressed that the principal method for determining benchmark land value is the “EUV plus premium” method.
- Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement).

- Existing Use Value is the first component of establishing the benchmark land value. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. The premium (or the 'plus' in EUV+) is the second component of benchmark land value. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.
- For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which have an existing implementable permission for that use. Where there is no existing permission, plan makers can set out in which circumstances alternative uses can be used.
- For plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures can be used for different development types.
- The economics of Build to Rent schemes differ from build for sale as they depend on a long-term income stream. Scheme level viability assessment may be improved through the inclusion of two sets of figures, one based on a build to rent scheme and another for an alternative build for sale scheme.

Section 4 – Accountability

- The inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers.
- Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances.
- In circumstances where it is deemed that specific details of an assessment are commercially sensitive, the information should be aggregated in published viability assessments and executive summaries and included as part of total costs figures.

2.4. RICS “Assessing viability in planning under the National Planning Policy Framework 2019 for England” 1st Edition (published March 2021)

2.4.1. The RICS (Royal Institute of Chartered Surveyors) is a professional body which sets professional standards for valuation work. With viability testing principally being a valuation exercise the RICS standards are therefore an important point of reference when undertaking viability assessments.

2.4.2. The purpose of this guidance note is to assist practitioners when undertaking viability testing to ensure that the requirements of the Planning Practice Guidance: Viability are met.

2.4.3. One of the key concepts set out in the Planning Practice Guidance: Viability relates to how land value is accounted for in the modelling. In the foreword to the RICS guidance, it states:

Previously in financial viability assessments, the prices paid for land in the market were sometimes used as a justification by developers for being unable to deliver planning policy requirements, introducing an element of circularity within the process. Higher land prices reduce developer contributions and reduced developer contribution expectations can fuel higher land prices. The PPG now makes explicit that this should not occur under the new approach. Market valuations of land will need to take account of this stronger expression of policy requirements.

2.4.4. From the outset, the RICS guidance therefore acknowledges that when attributing land value in a viability assessment 'Market Value' should not be applied, instead the concept of 'Benchmark land value' (as defined in the Planning Practice Guidance: Viability) should be applied.

2.4.5. In section 2.3 the guidance sets out a number of key principles, which we would summarise as follows:

- Local planning authorities have housing and commercial needs that are likely to require the provision of infrastructure (e.g., education, health, affordable housing etc). However, other stakeholders have requirements and expectations (e.g., developer requires a return, landowners do not have to release land for developer therefore they need to be incentivised). There is therefore a balance which needs to be struck between these competing requirements.

- Landowners are therefore a key component. However, the RICS guidance acknowledges that landowner expectations “... may include individual criteria, such as cultural ties to the land, that create different values to individual. Owners and may impact on the release price of that land. The viability assessment system has to operate on a more objective level, and landowners and other stakeholders in the planning process cannot expect assessors to include subjective individual criteria when producing objective market evidence. The reasonable landowner is not defined in the PPG but is not interpreted in any other property market valuation as the actual owner” (**Paragraph 2.3.4**).
- The guidance goes on to indicate that one alternative option for a landowner (to releasing the land for development now) is to wait for a different cycle in the property market, which could result in a higher return. However, **Paragraph 2.3.6** notes that, “Plans need to consider potential changes to the planning and development environment over the plan and the effect that might have on proposed plan policies. Landowners should be aware of the possibility that land allocated in the plan but not brought forward during the life of the plan may not have that allocation renewed in a reviewed plan”. In other words, simply holding out on releasing the land is not a guarantee that a higher value in the future could be achieved and if the allocation is lost then the value of the land would return to its existing use value.

- This section of the guidance also briefly discusses the method used to determine viability, which is referred to as the 'residual' method. Whilst the guidance indicates that this is a reasonable approach to apply, it does indicate that there are weaknesses associated with this method (see Section 3 of this report), being that "It is particularly prone to valuation variation at the date of valuation, caused by a range of input assumptions at the valuation date" (**Paragraph 2.3.7**).
- To address the weaknesses in the residual method when assessing plan-making viability the RICS guidance indicates that mandatory sensitivity testing should be applied (**Paragraph 2.3.9**).
- Developer risk is reflected in the level of developer return applied to the viability modelling. However, as noted in Paragraph **2.3.13**, "A review intending to reduce developer contributions based on reduced income or increased costs would be an attempt to protect the developer return and is precluded under PPG paragraph 009".
- This section of the RICS guidance concludes as follows (**Paragraph 2.3.15**), "The level of uncertainty regarding both valuations and market cyclicity, the use of generic typologies and less fine-grained data in plan making, and the number of other factors that drive development values make it particularly important to treat the FVA as indicative rather than definitive in terms of the viability of development when assessing the level of contributions across a plan area. PPG paragraph 002 constrains plan-makers not to use this variation to stretch the level of contributions beyond what is indicated as viable. The PPG envisages that the policy requirements should be set without the need for further viability assessment at the decision making stage.

- Equally, developers and landowners should adjust their expectations to fit. The requirements of the planning policy". In other words, there needs to be an appropriate balance between the requirements of Landowners, Developers, Local Authorities and other Stakeholders to ensure that developments can be viably delivered.

2.4.6. The rest of the RICS guidance document discusses the various paragraphs of the Planning Practice Guidance: Viability in more detail, upholding the principles and key requirements, discussed above in Section 2.4 of this report.

2.4.7. One key element, not referred to above, is how abnormal costs are reflected in the viability modelling. **Paragraph 4.4.7** of the RICS guidance states, "Abnormal costs related to the development and enabling infrastructure normally impact on the development land value and not the EUV. Each case needs to be treated on its merits, but if the development site value is reduced and the EUV is unaffected, the premium is reduced. Any land transaction evidence also needs to consider the correct adjustments for abnormal costs and enabling infrastructure".

2.4.8. This is discussed further in **Paragraph 4.4.8** which states, "Anticipated rather than actual abnormal costs also reduce the land value and therefore the premium, rather than impacting on the developer's return or planning contributions. The risks that anticipated costs are higher or lower than anticipated, and that unanticipated costs will occur, are part of the risk premium within the profit margin required by developers. It is only where the premium above EUV falls below the minimum level needed for a reasonable landowner to bring forward the site for development, that reducing emerging or actual policy requirements, taking into account the deliverability of the plan and all relevant circumstances, should be considered".

2.4.9. Paragraphs 4.4.9 and 4.4.10 are also important, stating:

Where a residual valuation is being used to identify the residual planning obligations, the BLV used in that calculation must allow for the reduction in land value of a site that has abnormal costs.

If abnormal costs are not taken into account at the plan-making stage, they may need to be taken into account in any decision-taking FVA, if applicable.

2.4.10. Section 5 of the RICS guidance explores the concept of Benchmark Land Value in more detail, with particular consideration of how this relates to Market Value, how this is arrived at and how factors such as abnormal costs feed into the assessment. By way of summary:

- There are 2 important differences between the concepts of Market Value (used for other valuation exercises) and Benchmark Land Value (used exclusively for viability testing) are method and evidence base.
 - (i) In terms of method, Benchmark Land Values are established in a specific way, with the Planning Practice Guidance; Viability setting out clearly that the preferred method is through the 'existing use value plus premium' method. In contrast, Market Value is based on a combination of the residual approach and comparable land transactions evidence.

- (ii) In terms of evidence, Market Value has a greater reliance on comparable land evidence. However, for Benchmark Land Value **Paragraph 5.1.4** states, “The PPG reduces the status of comparable land transactions to that of a cross-check of the BLV [Benchmark Land Value]”.

2.4.11. The most difficult element of establishing the Benchmark Land Value using the ‘Existing Use Value plus premium’ method advocated in the Planning Practice Guidance: Viability is calculating the level of premium deemed necessary to incentivise a landowner to sell the site. As noted in **Paragraph 5.3.3** of the RICS guidance, “There is no standard amount for the premium and the setting of realistic policy requirements that satisfy the reasonable incentive test behind the setting of the premium is a very difficult judgment”.

2.4.12. To establish the premium uplift the RICS guidance sets out (Appendix D) how market evidence can be used to inform this. In **Paragraph D.1.1** the 2 main sources of evidence are stated as being:

- (i) Benchmark land value from other financial viability assessments
- (ii) Land transactions, but only a cross-check to other evidence (and also only land transactions that delivered full planning policies).

2.4.13. The RICS guidance therefore deems that the use of benchmark land value premiums agreed on individual sites is suitable source of evidence for assessing premiums within plan-making viability assessments. **Paragraph D.2.3** states that:

The assessor will need to have knowledge of the circumstances and factors that were considered in determining the EUV and premium uplift within each comparator. This also includes the policy considerations, particularly where comparables are from outside the local plan area.

2.4.14. The RICS guidance is therefore clear that it is appropriate to consider premium uplifts agreed on individual sites, even if they fall outside the Local Plan area. However, adjustments do need to be made to ensure, as much as possible, a 'like for like' comparison is made.

2.4.15. Paragraphs D.2.6 and D.2.7 note that for brownfield sites the premium uplift is usually a percentage of the existing use value, whereas for greenfield sites the premium is more likely to be a multiplier.

2.4.16. For land transactional evidence the RICS guidance states (**Paragraph D.3.3**) that land transactions need to be adjusted to ensure they are policy compliant. Furthermore, there is an acknowledgement in **Paragraph D.3.4** that the weight given to land transaction evidence will be reduced "...where circumstances and facts are not known...Land transaction information is partly in the public domain (the Land Registry and other sources), but rarely is all relevant information available".

2.4.17. In summary, the RICS guidance therefore builds on the Planning Practice Guidance: Viability and explores in more detail the technical approaches that are required to meet its requirements.

3. METHODOLOGY

3.1. The Residual Method

3.1.1. Central to undertaking viability testing is the residual method of valuation (sometimes referred to as a development appraisal), as referred to in Section 2 above. This is an established valuation approach involving:

Completed Development Value

(i.e. Total Revenue)

Less

Development Costs

(Developer's Profit + Construction + Fees + Finance)

Equals

Residue for Land Acquisition

3.1.2. In other words, to arrive at the land value the assessor assumes the scheme has been completed, and from this income takes away all the costs associated with delivering that scheme. The remaining sum, or 'residual' (if any), equates to the value that could be paid for the land based on the proposed scheme. Whilst a simple concept, it is stressed that in reality the residual method often becomes a complicated and detailed approach. This is because the methodology inherently requires a wide variety of inputs to be factored into the assessment, all of which are subject to variance (e.g. sales values, build costs, professional fees, abnormal works, Council policies, profit, marketing, finance etc). All of these inputs need to be considered carefully, as potentially relatively small variances to one or two inputs could have a significant impact on the results of the assessment.

- 3.1.3.** This inherent flaw in the methodology is recognised by the RICS and wider industry, and as a result ‘sensitivity’ testing is recommended to try and minimise the impact of these potential variances. This involves adjusting key elements of the appraisal (typically being stepped percentage changes in sales values and build costs) to show the impact this could have on the viability outcome. Nevertheless, and despite the limitations of the approach, the industry still considers this to be the most appropriate methodology for assessing development sites and appraising land value.
- 3.1.4.** Furthermore, in undertaking a residual appraisal it is important to factor in the impact that the timings of payments and income can have on funding and cash flow. For this reason, and particularly for more complex developments, it is appropriate to use a discounted cash-flow approach when preparing a residual appraisal.
- 3.1.5.** The residual method can be applied to both residential and commercial development and is therefore applicable to area wide viability testing. We have subsequently utilised this approach in undertaking our viability testing.
- 3.1.6.** The guidance (Planning Practice Guidance: Viability and RICS guidance) is clear that the appraisal inputs (e.g. revenue, build costs, professional fees, developer’s profit etc) should be evidence based and reflect the dynamics of the market being assessed. Stakeholders should be engaged to ensure the adopted inputs are as robust as possible.
- 3.1.7.** The residual method allows an iterative approach to be undertaken, as certain appraisal inputs (such as planning policies) can be varied and tested to determine their impact on overall viability. The method is therefore consistent with the requirements of the National Planning Policy Framework and Planning Practice Guidance: Viability.

3.2. Benchmark Land Value ('BLV')

3.2.1. As referred to above in Section 2, in short, the BLV represents the minimum land value that a hypothetical landowner would accept to release their land for development, in the context of the prevalent planning policies, as well as the implications of abnormal costs, site specific infrastructure costs and professional site fees. A BLV does not therefore attempt to identify the Market Value, it is a distinct and separate concept used solely for the purposes of viability testing.

3.2.2. To establish whether a site is deemed to be viable or not, the assessor will run a residual appraisal (as described above) to identify the residual land value for that particular site. This is then compared to the BLV (which is separately assessed, as described below). If the residual land value is above the BLV, the scheme is deemed to be viable. If it is below the BLV it is deemed to be unviable.

3.2.3. Establishing the BLV is therefore crucial in determining whether a site is viable or not.

3.2.4. The approach to assessing BLV is discussed above in Section 2, with a particular focus on what is set out in the RICS 2021 viability guidance and its technical detail. However, for the purposes of this section, and to reiterate the key concepts, we have referred to the requirements as set out in the Planning Practice Guidance: Viability, which provides the framework for the concept of Benchmark Land Value:

3.2.5. **Paragraph 014** of the Planning Practice Guidance: Viability states the following:

Benchmark land value should:

- *be based upon existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees*

3.2.6. The Planning Practice Guidance: Viability (again **Paragraph 014**) goes on to say that:

- *Existing use value should be informed by market evidence of current uses, costs and values.*
- *Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners. This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.*
- *In plan making, the landowner premium should be tested and balanced against emerging policies.*

3.2.7. The Planning Practice Guidance: Viability goes on to explain and define ‘existing use value’. This is stated as being the first component of calculating the BLV. It is not the price paid for land and should disregard hope value for any future development.

3.2.8. The second component of establishing the BLV is the premium (or the ‘plus’ in the EUV+). This is described in paragraph 016 of the Planning Practice Guidance: Viability as being:

It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

3.2.9. In other words, as abnormal costs increase, site value decreases and vice versa (although it is not necessarily the case that cost equals value). This is because a landowner would be forced to reduce their expectations of value as a developer would have to factor in the cost of the undertaking the abnormal costs, resulting in a lower offer. As long as the landowner still secured a reasonable uplift over the EUV this would represent an acceptable deal and therefore the scheme would be viable. It would become unviable if the offer became too close to the EUV leaving no incentive for the landowner to release the land for development.

3.2.10. In terms of assessing the uplift above the EUV, a differential should be made between assessing previously developed land and agricultural (greenfield) land. This is because the underlying EUV of an agricultural field will typically be significantly lower when compared to previously developed land. This means that different premiums will need to be applied to encourage landowners to sell.

3.2.11. The Planning Practice Guidance: Viability is silent on the precise level of premium that should be applied to existing use values, stating at **Paragraph 016:**

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

3.2.12. As stated above, evidence for premium uplifts can be based on benchmark land values agreed through the viability process at decision making stage (this is also discussed further in Section 2.4 of this report, which refers to the technical approach as set out in the RICS guidance).

3.2.13. Furthermore, the guidance does point to land transactions as being evidence which can be referred to in an assessor's considerations. However, the guidance indicates that this should be used as a "cross check" only. If land transactions are referred to, then it is appropriate for the assessor to ensure that these are adjusted to the full planning policy requirements for that particular scheme (as stated in **Paragraph 014** of the Planning Practice Guidance: Viability so that "historic benchmark land values of non-policy compliant developments are not used to inflate values over time").

3.2.14. Based on our experience in the market place a premium in the region of 5% to 30% above the EUV is typically expected for previously developed land (dependent on the nature of the land). For agricultural land, where values will be relatively consistent regardless of locational factors, the level of premium will be significantly higher (and can fluctuate typically from 5 to 20 (or higher) times the EUV).

3.3. Site Types

3.3.1. In **Paragraph 003** of the Planning Practice Guidance: Viability it states the following:

Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.

3.3.2. Adopting a typology approach is therefore accepted when undertaking a plan making viability assessment. Once identified, these are then tested using the residual method, with comparisons to the separately identified BLV, as outlined above.

3.3.3. The Planning Practice Guidance: Viability goes on to state in **Paragraph 004** that the types of sites assessed as part of the viability testing should represent the likely supply of development over the plan period. Other characteristics of the typology testing, as set out in **Paragraph 004**, include:

- Sites can be grouped by shared characteristics such as location, whether they are brownfield or greenfield, size of site, current and proposed use, type of development etc.
- Average costs and values can be applied to the different typologies.
- There should be engagement with landowners, site promoters and developers to help ensure that the average assumptions applied are “realistic and broadly accurate”.

3.3.4. As for strategic sites, **Paragraph 005** of the Planning Practice Guidance: Viability indicates that a site specific assessment is appropriate:

It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment for strategic sites.

3.4. Iterative Approach / Sensitivity Testing

3.4.1. Through the appraisal testing stage adjustments can be made to the planning policy contributions to adjust the outcome of the viability. For example, if the full aspirational policy provisions are applied and the scheme is shown to be unviable, this would demonstrate that the policy provisions are unlikely to be deliverable (therefore failing to meet the requirements of the National Planning Policy Framework). In this scenario, the policy provisions can be reduced and the scheme re-tested. This can be done on an iterative basis up to the point where the scheme is deemed to be viable.

3.4.2. Alternatively, it may be that the aspirational policy provisions are tested and the scheme is comfortably viable, generating a surplus of income. Under this scenario, the policy provision could be increased and the scheme re-tested until there is a pre-set position of viability reached.

3.4.3. In adopting an iterative approach, it is therefore important to identify ‘base’ appraisals, from which adjustments can be made. This may involve simply making an initial judgment on the planning policies to include in the appraisal (for example onsite affordable housing and S106 contributions).

3.4.4. Having established a ‘base’ position, the model can then be re-run based on adjustments to (i) planning policies (ii) key appraisal assumptions (a form of sensitivity testing).

3.4.5. By way of example, if (in the base appraisals) a scheme is shown an unviable outcome with a 20% affordable housing provision, the level of affordable housing could be reduced to 15% and re-tested to determine with this generates a viable outcome. In terms of sensitivity testing, sales values could be increased by 5% and also separately reduced by 5% to see the impact this has on the viability and subsequent planning policies. Likewise, it may be that benchmark land values are adjusted (both up and down) to again see how these impact on the viability outcomes.

3.4.6. The intention is therefore to have various appraisal ‘sets’ showing the viability outcomes, which reflect the different assumptions applied. For example, one ‘set’ could be the base appraisals at 20% affordable housing, another ‘set’ could be at 15% affordable housing, another would be the model with sales values increased by 5%, another with sales values reduced by 5% and so on. The results of the sets can then be reviewed holistically before a final conclusion is reached on the suitable level of planning policies.

3.5. Our Approach

3.5.1. On the basis of the above we have adopted the following approach for the purposes of the plan wide viability testing:

- We have identified hypothetical site types, which we consider to best reflect the future supply of sites across the Breckland district.
- For each hypothetical site type we have modelled a base development appraisal, inputting the revenue and costs associated with that scheme. This has been modelled in accordance with the residual method, whereby the outcome is the land value (with all other inputs fixed costs).
- Initially, we look to test base appraisals, building in the emerging policies.
- Adjustments are then made to policy provisions dependent on the viability outcome of the base test.
- Furthermore, sensitivity testing is undertaken, where key appraisal inputs are varied to test the impact on viability. This aids the overall analysis and ensures that the conclusions reached are as robust as possible.
- In forming our recommendations, a holistic approach is taken to all testing results.

3.6. Evidence

- 3.6.1.** Primary data is crucial to ensuring the viability testing is robust. This can include a variety of sources, such as the Land Registry for residential, build cost databanks such as the Build Cost Information Service (BCIS) part of the RICS, historic viability assessments undertaken across the region giving parameters for appraisal inputs etc.

- 3.6.2.** Likewise appeal decisions from the Planning Inspectorate can provide a useful indication of appraisal inputs, albeit the context of each case needs to be understood before conclusions are reached. We have identified a number of cases which we consider to be useful in the context of viability testing:

Parkhurst Road Ltd vs Secretary of State for Communities and Local Government

- 3.6.3.** A High Court of Justice decision between Parkhurst Road Limited, the Secretary of State for Communities and Local Government and the Council of the London Borough of Islington (Citation Number [April 2018] EWHC 991).
- 3.6.4.** The claimant (Parkhurst Road Limited) sought to challenge a previous appeal decision relating to the development of a Former Territorial Army Centre in Islington, London, which had previously been dismissed through a Planning Appeal process. The case involved the examination of a number of key viability issues, most notably in relation to establishing Benchmark Land Values (“BLV”).
- 3.6.5.** Mr Justice Holgate dismissed the appeal and in his judgement supported the approach adopted by the Council to establish the BLV of the site for the purposes of the viability appraisal. The method used involved establishing the existing use value and then applying a premium uplift to this figure to arrive at a suitable BLV. This decision was a key influencing factor in the preparation of the Planning Practice Guidance: Viability and in particular the requirements relating to how BLV’s are established.

Land off Poplar Close, Ruskington (APP/R2520/S/16/3150756) – Appendix 1

- 3.6.6.** This related to a greenfield site comprising 67 dwellings. The Inspector ruled that it was appropriate to depart from the BCIS median when identifying build costs, on the grounds that the BCIS data can be considered to be inherently high and did not represent the savings made by larger regional / volume housebuilders in terms of materials and labour.

Land off Flaxley Rd, Selby (APP/N2739/s/16/3149425) – Appendix 2

- 3.6.7.** This related to a greenfield site comprising 202 dwellings. The Inspector went further than the Poplar Close decision outlined above and ruled that it was appropriate to depart from the BCIS lower quartile when identifying build costs. Again, this was on the grounds that the BCIS has its limitations as a data set and can be regarded as being inherently high for schemes likely to be implemented by larger regional or volume housebuilders.

Land off Lowfield Road, Bolton upon Dearne, Barnsley (APP/R4408/W/17/3170851) – Appendix 3

- 3.6.8.** This related to Phase 3, greenfield site of 97 dwellings. This considered the implication of a development in a low value area by a 'low cost developer' specialist (in this case Gleasons, but could also apply to Keepmoat Homes, Lovell Homes, Kier Homes etc). The Inspector recognised that for this type of development in this location, the developer would implement a different type of product compared to other high value locations. To reflect this, the viability assumptions should therefore be adjusted to take into account: significantly lower base build costs (particularly when compared to the BCIS rates), a higher percentage allowance for external works, lower professional fees and a lower debit interest charge. These adjustments resulted in the scheme being shown to be viable.

Land at Warburton Lane, Trafford (APP/Q4245/W/19/3243720) – Appendix 4

3.6.9. This related to a greenfield site of up to 400 dwellings, situated in a buoyant market area within the district. The Inspector concluded that there is a relationship between the level of abnormal costs and the corresponding benchmark land value (on the basis that as abnormals increase the benchmark land value decreases and vice versa). The scheme details were as follows:

- The gross site area is 61.70 acres. The net developable area is 33.75 acres (the areas are stated on page 25 of the decision notice, footnote 13).
- Abnormal costs were significant (and disputed). The appellant suggested £486,500 per net developable acre, however the Inspector stated in paragraph 127 that “...this information does not allay my concern that a conservative position has been adopted [with regards to the abnormal costs]”.
- The existing use value deemed appropriate by the Inspector totalled £493,600. This is therefore equivalent to £8,000 per gross acre.
- The Inspector goes on to state (in paragraph 119 of the appeal decision) that a benchmark land value of £2.9million is appropriate. This is calculated by applying 10 times multiple to the net developable area (33.75 acres) and then a rate equivalent to £8,000 per acre for the remaining, undevelopable land (27.95 acres).

3.6.10. Based on this decision, a multiple of the existing use value should therefore be applied to the net developable area, not the gross site area. Furthermore, a multiple of 10 times the existing use value was deemed to be appropriate in the context of high abnormal costs (although the Inspector had reservations as to the veracity of the suggested abnormal costs but still judged a multiple of 10 times the existing use value to be reasonable).

Forest Heights, Forge Weir View (APP/A2335/W/21/3285794) – Appendix 5

3.6.11. The Inspector accepts an existing use value of £25,000 per Ha and a premium uplift of 15 times this amount to arrive at the benchmark land value. At that scheme, the abnormal costs equated to £400,000 per net Ha. The guidance states that the higher the abnormal costs, the lower the benchmark land value (as the existing use value is fixed the only way this can be accounted for is by reducing the premium uplift).

DRAFT

4. COUNCIL DRAFT PLAN POLICIES

- 4.1.** The Council has referred us to the draft policies identified through the Regulation 18 process and set out in their Preferred Options assessment dated June 2024. We have reviewed this and focused on policies where there is an anticipated impact on scheme viability (and therefore require consideration within the plan wide viability testing).
- 4.2.** Please note, this does not preclude other plan policies being introduced as the Local Plan process progresses, which would also potentially impact scheme viability. If other plan policies are introduced at a later stage, we would look to revisit the viability testing by way of an addendum.
- 4.3.** The draft policies, deemed to likely impact on viability, include the following:
- **Policy HOU 05 – Large sites:** for schemes providing 100 or more units there is a requirement for 5% ‘custom build’ (i.e. where purchasers work with a developer to create a home tailored to their specific needs and preferences).
 - **Policy HOU 08 – Affordable Housing Exception Sites:** on sites outside but adjacent to defined settlements where residential development would not normally be appropriate, the Council will support affordable led housing exception sites. An element of market led housing will be permitted as a supplementary component of such sites where there is sufficient viability evidence to confirm that a 100% affordable scheme is not viable.

- **Policy HOU 10 – First Homes:** at a proposed cap of £130,000 per dwellings, with the unit to remain affordable in perpetuity. We are conscious, however, that this was a policy proposed when First Homes was a mandatory requirement under the NPPF. In the latest version of the NPPF (December 2024) the reference to First Homes has been removed. The Council will therefore need to decide whether it still wishes to pursue this policy.
- **Policy HOU 11 – Single plot exception sites:** this will be accepted where the applicant is able to demonstrate that they are unable to access a suitable home currently available on the open market, a strong local connection and the dwelling meets the Council's definition of affordable housing.
- **Policy HOU 12 – Specialist Housing and Accommodation Needs (2 or more dwellings):** Proposals to meet older persons/specialist housing needs or homes for veterans for two or more dwellings will be supported on sites adjacent to the built form of Market Towns, Local Service centres or Secondary Villages where specialist housing and accommodation needs- would need to remain affordable in perpetuity
- **Policy HOU 13 – Self and Custom Build Homes:** Proposals for an individual self and custom build dwellings on sites adjacent to the built form of Market Towns, Local Service centres, Secondary Villages and to smaller villages, that are consistent with the policies of this local plan, with plot passports and design code. 5% provision for schemes of 100 dwellings or more.
- **Policy HOU 18 – Build to Rent:** 25% of the homes are for affordable private rent. This requires a minimum 20% discount of local market rents.

- **Policy HOU 20 – Technical Standards for New Dwellings:** all dwellings must meet Building Regulation M4(1) and 25% should meet M4(2) standards, together with 5% meeting M4(3) standard.

The draft policy proposes a standard of 85 litres per person per day standard. The Sussex North Water Neutrality Strategy (JBA Consulting, 2022)⁴ found that the additional cost to meet 85 litres per person per day standard using water efficient fittings would be between £349 and £431 per dwelling, or £1,049 to £1,531 where white-goods appliances would not otherwise have been installed in the dwelling (2022 prices). For the purposes of the modelling, in our base appraisal we have assumed the 85 litres standard at an average cost of £500 per dwelling.

The draft policy also refers to Building Regulations Part L and F, which relate to energy efficiency.

The policy also requires adherence to the Nationally Described Space Standards. For affordable housing specifically: Affordable rented housing will require standards for the following occupancy rates: 1 bed (2 persons); 2 bed (4 persons); 3 bed (5 persons) and 4 bed (6 persons). For affordable ownership properties: 1 bed (2 persons); 2 bed (3 persons); 3 bed (4 persons) and 4 bed (5 persons).

- **Policy HOU 21 – Securing a mix of housing:** the Council will require proposals for residential development to include a mix of market housing which contributes towards a balance of house types and sizes across the District in accordance with the latest HEDNA (“Housing and Economic Development Needs Assessment”).

⁴ [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://parissmith.co.uk/wp-content/uploads/2023/03/media-Sussex-North-Water-Neutrality-Study-Part-C.pdf](https://parissmith.co.uk/wp-content/uploads/2023/03/media-Sussex-North-Water-Neutrality-Study-Part-C.pdf)

- **Policy HOU 24 – Affordable Housing:** for schemes providing 10 or more units or on a site of 0.5 Ha or more there is a 25% onsite affordable housing requirement. The required tenure split is 85/15 between rented housing and affordable home ownership products. Furthermore, for the rented products, at least 30% should be provided as social rented.
- **Policy EMP 02 – Employment land provision:** for the period of 2024 to 2042 a total of 90 hectares of employment land will be allocated.
- **Policy EC 01– Town centre retail strategy:** seeks to support the diversity of main town centre uses and allow appropriate provision of larger retail units in town centres.
- **Policy ENV 01 – Climate Responsive Design:** all development should take the available opportunities to integrate the principles of sustainable design and construction into proposals. All development should also adhere to the Council’s Design Guide⁵.
- **Policy ENV 02 – Retaining and enhancing green and blue infrastructure:** all development of 50 homes or more located on greenfield sites should provide green space that is proportionate to its scale. This can include public open space (discussed below in further detail).
- **Policy ENV 03 – Biodiversity Net Gain:** there is a mandatory national requirement for a 10% Biodiversity Net Gain. However, the Council wishes to viability test 20%.

⁵ <https://www.breckland.gov.uk/media/21514/Adopted-Interactive-Breckland-Design-Guide/pdf/5861>

- **Policy ENV 10 – Nutrient Neutrality:** applicable to Nutrient Neutrality sensitive zone.
-  **Policy ENV 12 – Open space, sport and recreation:** the following requirements are proposed:
 - On sites of 25 dwellings and above - Minimum of 1 Local Area for Play (“LAP”). Council estimated cost £30,000.
 - On sites of 50 dwellings and above - Minimum of 2 LAPs. Council estimated cost £60,000.
 - On sites of 80 dwellings and above - Minimum of 1 Local Equipped Area for Play (“LEAP”). Council estimated cost £50,000.
 - On sites of 200 dwellings and above - Minimum of 2 LEAPs + Outdoor Sport Area. Council estimated cost £150,000.
 - On sites of 400 dwellings and above - Minimum of 1 Neighbourhood Equipped Area for Play (“NEAP”). Council estimated cost £150,000.
- **Policy COM 01 – Healthy Lifestyles:** new development is expected to contribute to the protection and improvement of the physical, social and mental health and wellbeing of Breckland’s residents.
- **Policy COM 01 – New Developments and Health Impacts:** new development will require Health Impact Assessments and for schemes of 5 dwellings or more an assessment of the likely impact of the development on air quality.
- **Policy INF 02 – Transport Requirements**
- **Policy INF 03 – Flood Risk and Surface Water Drainage**

- **Policy INF 06 – Developer Contributions:** for developments of 10 or more dwellings (or a gross internal floorspace of 1,000 sq m or more), excluding rural exception sites, the Council will secure site specific developer contributions (subject to viability). Norfolk County Council may also request planning obligations on schemes of 20 or more dwellings (as set out in Norfolk County Council Planning Obligations Standards 2025⁶). Contributions may also be requested under the Planning in Health Protocol (August 2024)⁷. As well as affordable housing and open space, developer contributions may therefore include:
 - o Community infrastructure (e.g. education, libraries, town and village halls, police and fire service provision).
 - o Pedestrian and highway safety improvements.
 - o Sustainable modes of transport.
 - o Provision of healthcare facilities.
 - o Delivery of environmental infrastructure (e.g. biodiversity management, landscaping, flood defences, SUDS, waste management).
 - o Children’s Services (education).
 - o Home to school transport.
 - o Norfolk Fire and Rescue Service.
 - o Community Services – Adult Care.
 - o Green Infrastructure and Public Rights of Way.
 - o Delivery of any other infrastructure requirements in a made Neighbourhood Plan.

⁶ <https://www.norfolk.gov.uk/planningobligations>

⁷ [https://www.breckland.gov.uk/media/21633/The-Planning-in-Health-Protocol/pdf/Planning in Health Protocol 2024 ICB v1.1.pdf?m=1745593007910](https://www.breckland.gov.uk/media/21633/The-Planning-in-Health-Protocol/pdf/Planning%20in%20Health%20Protocol%202024%20ICB%20v1.1.pdf?m=1745593007910)

- 4.4.** The Council has also referred us to their latest HEDNA (Housing and Economic Developments Needs) assessment from July 2025. This concludes that there is a need for Social Rent and Affordable Rent homes in the District. There is a 'modest scale need' for affordable home ownership. Broadly, the report suggests that 90% of affordable homes should be Social / Affordable Rent, whilst around 10% should be affordable home ownership. As for housing mix, the HEDNA suggests that the greatest need is for 2 bed homes:

	1- bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Market	11%	34%	37%	18%
Affordable home ownership	23%	42%	27%	8%
Affordable housing (rented)	32%	37%	26%	5%

- 4.5.** Finally, the Council has also requested that for schemes providing 100 dwellings or more there is an allowance for land to be provided as allotments at a rate equivalent to 0.25 Ha per 1,000 population. For a typology (discussed further in Section 6) of 100, we calculate a population of 232. We have therefore assumed an additional 0.06Ha of land for allotments. For a typology of 250, we calculate a population of around 580. We have subsequently allowed an additional area of 0.13 Ha for allotments. Finally, for a typology of 500 we calculate a population of around 1,150. We have subsequently allowed an additional 0.29Ha for allotments.

5. STAKEHOLDER ENGAGEMENT

5.1. The Planning Practice Guidance: Viability (para 002) indicates that “Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers”. Para 010 reinforces this reiterating that, “Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers”.

5.2. To meet this requirement, we undertook the following:

- A questionnaire was circulated on 22nd May 2025 to all identified stakeholders (including those who were unable to attend the workshop). This gave the opportunity for stakeholders to provide written representations and also submit supporting evidence to any views given. Please see attached Appendix 6 for a blank version of the questionnaire that was circulated to the various stakeholders.
- A Stakeholder Workshop. This was undertaken on Microsoft Teams on 17th June 2025 and had a strong level of involvement, with 19 parties (please see Appendix 8 for the attendee list). We presented our initial appraisal assumptions in the form of Powerpoint slides (see Appendix 7); however this was an open forum debate, which allowed participants to raise questions / queries as we progressed through the presentation.

- The questionnaire was again circulated (including those who were unable to attend the workshop). This gave the opportunity for stakeholders to provide written representations and also submit supporting evidence to any views given.

5.3. During the workshop, the following viability matters were specifically discussed:

- A representative of Pigeon Investment commented that where onsite Biodiversity Net Gain provision is required, this typically needs to include a 30 year management allowance. This party also commented that from a cost perspective, Biodiversity Net Gain 'units' (i.e. offsite credits) tend to be more cost effective for developers in the long run when compared to onsite provision. The approach adopted in the viability testing was twofold (i) onsite provision was assumed through adoption of lower gross to net ratios, which allowed more non-developable land to be used to provide Biodiversity Net Gain provision (with the financial 'cost' to the developer being the fact they had to acquire this land at the benchmark land value rate, but they would not be able to use it for development and (ii) we also factored in a capital cost at £30,000 per Ha to cover maintenance costs. Our approach is therefore deemed to satisfy the comments raised in the workshop.

- A representative of Lanpro commented that brownfield site requirements for Biodiversity Net Gain is likely to be higher than for greenfield sites, therefore there is a higher cost associated with brownfield sites and also these are more difficult to bring forward. The level of allowance already factored into the modelling is considered to be at the upper end of expectations (albeit the same for greenfield and brownfield). We did not consider it appropriate / necessary here to run different levels for brownfield and greenfield sites, because in our experience it is unproven that brownfield sites will have a higher provision.
- A party commented that a 65% gross to net allowance was reasonable for schemes of 250 dwellings, however this party suggested that for 500 dwelling sites a 60% gross to net ratio was too high and should be reduced to 50%/55%. The modelling was subsequently adjusted to 55% for both the 250 and 500 dwelling typologies.
- A representative of Pigeon Investment suggested that any Build to Rent schemes would have a higher density rate as the Government is looking for increased delivery. However, we do not consider that high rise Build to Rent schemes would be brought forward within the District during the lifetime of the Local Plan, as high rise Build to Rent schemes are currently limited to large urban centres (London, Birmingham, Manchester, Leeds etc). We therefore see little scope for large scale Build to Rent schemes within Breckland at the current time. This party also suggested it would be useful to have a site typology that assumed 100% bungalows. A scheme of 100% bungalows has been included (20 bungalows).

- A representative of Pigeon Investment suggested that sensitivity testing should be adopted to reflect accessibility and adaptability standards (M4(2) and M4(3) Building Regulations), as well as Future Homes Standards, which was originally intended for June 2025 but has since been delayed. The accessibility and adaptability standards are factored into the base modelling as follows: for the M4(2) standard it is assumed that 100% of dwellings will meet this standard, as per the Council's draft policy, with a cost assumed at £2,000 per dwelling. For the M4(3) standard, as per the draft policy, we have assumed this would be required on 5% of the total number of dwellings, at a cost of £26,000 per unit impacted. As for Future Homes, a sensitivity test has been undertaken (Sensitivity Test 5) which assumes a net cost to the developer of £4,000 per dwelling to meet this standard.
- A representative of Bidwells agreed that the viability testing should take into account the accessibility and adaptability standards. See above.
- A party suggested that a 40% allowance in the housing mix for 2 bed dwellings was too high. For market value dwellings, this has been adjusted to around 35%, in accordance with the Council's latest HEDNA.
- A representative of Lanpro commented that it would be useful to have a map which showed how the 3 different value areas were distributed across the District. We understand that this will be provided in the future. However, overall there was general agreement with the suggested values areas.
- No concerns / comments were raised against the other suggested viability assumptions (including build costs, abnormal works, professional fees, finance, marketing / disposal costs, developer profit and benchmark land value).

5.4. In addition, Gladman (see Appendix 9) make the following comments in their questionnaire response:

- A gross to net ratio to 65% for a 250 dwelling typology and 60% for a 500 dwelling typology is too high (typologies are discussed below in Section 6). No evidence is provided to justify this. As indicated above, the modelling has been adjusted to 55% for both the 250 and 500 dwelling typologies.
- Build costs appear “very light based on our recent experience of residential sites in east England” for the typologies of 50, 100, 250 and 500 dwellings. They suggest an uplifted build costs of “at least £25 per sq ft”, which is equivalent to circa £270 per sq m. No evidence is provided to justify this. Furthermore, in our view the allowances used in the modelling (based on the BCIS data, which is referred to in the Planning Practice Guidance: Viability as being a suitable reference point for determining plot construction costs) are reasonable.
- Gladman suggest professional fees of 10% and a developer profit of 25% on revenue for market value dwellings and 10% for affordable. Again, no evidence is provided to justify this and this is above our expectations based on our experience of undertaking viability testing in recent years across Breckland District and also neighbouring authorities.

6. RESIDENTIAL VIABILITY ASSUMPTIONS

6.1. Typologies

6.1.1. As set out above in Section 3, for the purposes of the viability modelling it is appropriate to test different site typologies deemed to represent the likely development projects that would come forward over the plan period.

6.1.2. For the purposes of this study, and having undertaken the stakeholder engagement process, we consider the following typologies to be appropriate:

Site Type 1	5 dwellings
Site Type 2	10 dwellings
Site Type 3	20 dwellings
Site Type 4	50 dwellings
Site Type 5	100 dwellings
Site Type 6	250 dwellings
Site Type 7	500 dwellings
Site Type 8	40 retirement apartments
Site Type 9	20 flats
Site Type 10	50 flats
Site Type 11	20 bungalows

6.1.3. By way of explanation:

- We note that Annex 2 of the National Planning Policy Framework describes 'major development' as being sites providing 10 or more homes (or over 0.5 Ha). The National Planning Policy Framework also separately states that affordable housing should only be applied to major development sites. We therefore consider it appropriate to assume at least 1 site type which qualifies as non-major development. For this reason, we have included Site Type 1 (5 dwellings) as not attracting an affordable housing requirement.
- Site Type 2 (10 dwellings) has been included as being the first dwelling type which would qualify as major development and therefore attract an affordable housing provision. Furthermore, this is a relatively small scale development which we have assumed would be delivered by small, local housebuilders rather than larger regional builders. The viability inputs have to be adjusted to reflect this type of builder (for example, in our experience local builders are more likely to be willing / able to accept lower profit levels, however equally they are less likely to be able to secure cost savings in material, labour and finance which tend to be more available to volume housebuilders).
- Site Types 3 (20 dwellings) and 4 (50 dwellings) have been included as being a development more likely to be delivered by a regional house builder. Again, the development costs have been adjusted to reflect the nature of the developer implementing the project.
- Site Types 5 (100 dwellings), 6 (250 dwellings) and 7 (500 dwellings) have been included as being a development more likely to be delivered by a volume house builder (regional or potentially national). Again, the development costs have been adjusted to reflect the nature of the developer implementing the project.

- Site Type 8 (40 retirement apartments) this is a specialist product subject to its own costs.
- Site Types 9 (20 apartments) and Type 10 (50 apartments) are a different type of development subject to its own costs.
- Site Type 11 (20 bungalows) we are aware of sites that have been developed in the past across the District that favour bungalow products only. As these have different density rates, build costs and sales values it is necessary to separately test this type of scheme.

6.1.4. Please note, for larger strategic sites it is considered appropriate to assess these on a 'site by site' basis. These would be appraised once any such sites have been identified.

6.2. Greenfield and Previously Developed Land

6.2.1. Development sites will generally fall into 2 categories: sites that have been developed previously and are being redeveloped for a new purpose (sometimes referred to as 'brownfield' land or 'previously developed land') and sites that have never been developed before (often referred to as 'greenfield' land).

6.2.2. There can be significant differences between greenfield and previously developed land. For example:

- Greenfield sites are likely to require new service connections onto the site (i.e. electrics, water, gas, broadband, drainage), as well as the creation of a new entrance point onto the site. In comparison, a previously developed site is likely to have an existing entrance and service connections (albeit these may need upgrading).
- Furthermore, dependent on the previous uses, a previously developed site may suffer from issues such as contamination which requires remediation / decontamination, whereas this is less likely to affect greenfield sites. This is likely to affect the level of abnormal costs which typically impact on greenfield and previously developed land (although this will depend on site circumstances).
- There will also be differences in terms of the underlying value of each site. When assessing viability, the benchmark land value has to be determined (as discussed above in Section 3). This involves first establishing the existing use value and then applying a premium uplift. For a greenfield site the existing use value may be relatively modest (for illustrative purposes only say £25,000 per Ha for agricultural land). In comparison, a previously developed site may have an existing building in situ which has a significantly higher existing use value compared to the agricultural land (again for illustrative purposes say £350,000 per Ha). This is important, because the same premium uplift cannot therefore be applied to both sites (e.g. a 10 times multiple may be reasonable for a greenfield site to give a benchmark land value of £250,000 per Ha, but this 10 times multiplier on the previously developed land would equate to circa £3.5million per Ha, which would be excessive for the purposes of establishing benchmark land value. For this reason, different levels of premium uplift need to be applied to greenfield sites compared to previously developed land.

6.2.3. To ensure these differences are appropriately captured in the modelling, for each of the typologies set out above in 6.1 we have subsequently adopted a 'greenfield' model as well as a separate 'previously developed land' model (e.g. for Type 1 which is 5 dwellings, we have run an appraisal based on this being greenfield land, as well as separate model which assumes this would be delivered on previously developed land).

6.3. Density

6.3.1. Density rates will fluctuate from scheme to scheme and are usually expressed as a rate per net or gross Ha. We have considered this on the basis of dwellings per net developable Ha.

6.3.2. The 'net developable area' of a site is the area where construction can take place. On small schemes it may be that effectively the whole of the site can be developed (to include the required highways access, external areas etc). However, on a larger scale scheme there could be a variety of reasons why certain sections of the site cannot be developed. Reasons could include (but not exhaustive): on site public open space requirements, Biodiversity net gain offsetting, drainage requirements (such as balancing ponds), existing rights of way over the land, site configuration, highways requirements, type of land, location etc.

6.3.3. Housing density can depend on a variety of factors, for example higher value locations tend to attract larger homes, therefore lower density rates per net Ha (and vice versa). Furthermore, if a scheme has a high proportion of bungalows (which tend to have larger plots) this can also reduce the density of a scheme.

6.3.4. In terms of the guidance, we note that paragraph 147 of the National Planning Policy Framework refers to optimising land and maximising density levels (albeit within the context of existing or anticipated shortage of land for meeting identified housing needs). Furthermore, the Planning Practice Guidance: Effective use of land also refers to optimisation of land ensuring density rates are at appropriate levels. It is therefore important for the viability modelling not to ‘underplay’ density rates as this would be contrary to the intention of the guidance.

6.3.5. Based on our experience of undertaking Local Plan viability testing, our experience of undertaking planning application stage viability testing in Breckland and having been through the stakeholder engagement process, we consider the following density rates to be appropriate

- | | |
|--------------------------------|--------------------------|
| - Type 1 (5 dwellings) | 30 dwellings per net Ha |
| - Type 2 (10 dwellings) | 30 dwellings per net Ha |
| - Type 3 (20 dwellings) | 35 dwellings per net Ha |
| - Type 4 (50 dwellings) | 35 dwellings per net Ha |
| - Type 5 (100 dwellings) | 35 dwellings per net Ha |
| - Type 6 (250 dwellings) | 35 dwellings per net Ha |
| - Type 7 (500 dwellings) | 35 dwellings per net Ha |
| - Type 8 (40 retirement flats) | 100 dwellings per net Ha |
| - Type 9 (20 flats) | 200 dwellings per net Ha |
| - Type 10 (50 flats) | 200 dwellings per net Ha |
| - Type 11 (20 bungalows) | 25 dwellings per net Ha |

6.4. Gross to Net Ratio

6.4.1. Gross to net ratios will also fluctuate from scheme to scheme, dependent on the surrounding circumstances. We are also conscious that gross to net ratios have increased in recent years owing to mandatory requirements with respect to Biodiversity Net Gain, as well as other factors.

6.4.2. We consider the following gross to net areas to be appropriate for the modelling (which also allow for additional allotment land on schemes of 100 or more units):

- Type 1 (5 dwellings)	100%
- Type 2 (10 dwellings)	90%
- Type 3 (20 dwellings)	85%
- Type 4 (50 dwellings)	75%
- Type 5 (100 dwellings)	65%
- Type 6 (250 dwellings)	55%
- Type 7 (500 dwellings)	55%
- Type 8 (40 retirement flats)	70%
- Type 9 (20 flats)	100%
- Type 10 (50 flats)	100%
- Type 11 (20 bungalows)	85%

6.5. Dwelling Mix and Sizes

6.5.1. Dwelling mix and sizes will vary from site to site. In higher value locations it may be that the market expects a higher proportion of larger detached housing, increasing the overall average size. Conversely, in lower market areas it may be more appropriate to have more smaller dwellings, which reduces the overall average. Furthermore, an increased use of apartments, 3 storey townhouses, bungalows etc would each impact on the overall average size.

6.5.2. We are also mindful of the Nationally Described Space Standards, which is an optional standard of minimum dwelling sizes which Councils can choose to adopt as a policy through a Local Plan. This requires the following:

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) ²			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

6.5.3. Taking into account the Nationally Described Space Standards shown above, but also general expectations for housing sizes in the district, we have adopted the following:

- 1 bed house 58 sq m
- 2 bed house 80 sq m
- 3 bed house 95 sq m
- 4 bed house 140 sq m
- 1 bed retirement flat 50 sq m
- 2 bed retirement flat 65 sq m
- 1 bed flat 50 sq m
- 2 bed flat 65 sq m
- 1 bed bungalow 65 sq m
- 2 bed bungalow 90 sq m
- 3 bed bungalow 110 sq m

6.5.4. In terms of appropriate mix, again this will fluctuate from site to site and also will depend on the typology being considered. For the purposes of the modelling, and taking into account the findings of the HEDNA, we consider the following market value targets to be appropriate:

Table 6.1 Market value target dwelling mix

Typology	1 bed	2 bed	3 bed	4 bed
Type 1 – 5 dwellings	0%	40%	40%	20%
Type 2 – 10 dwellings	0%	40%	40%	20%
Type 3 – 20 dwellings	5%	35%	40%	20%
Type 4 – 50 dwellings	10%	35%	35%	20%
Type 5 – 100 dwellings	10%	35%	35%	20%
Type 6 – 250 dwellings	10%	35%	35%	20%
Type 7 – 500 dwellings	10%	35%	35%	20%
Type 8 – 40 retirement flats	50%	50%	0%	0%
Type 9 – 20 flats	50%	50%	0%	0%
Type 10 – 50 flats	50%	50%	0%	0%
Type 11 – 20 bungalows	40%	40%	20%	0%

6.5.5. For any affordable rented products, again taking into account the findings of the HEDNA, we have adopted the following target mix:

Table 6.2 Rented affordable products target dwelling mix

Typology	1 bed	2 bed	3 bed	4 bed
Type 1 – 5 dwellings	n/a	n/a	n/a	n/a
Type 2 – 10 dwellings	50%	50%	0%	0%
Type 3 – 20 dwellings	25%	50%	25%	0%
Type 4 – 50 dwellings	30%	40%	25%	5%
Type 5 – 100 dwellings	30%	40%	25%	5%
Type 6 – 250 dwellings	30%	40%	25%	5%
Type 7 – 500 dwellings	30%	40%	25%	5%
Type 8 – 40 retirement flats	50%	50%	0%	0%
Type 9 – 20 flats	50%	50%	0%	0%
Type 10 – 50 flats	50%	50%	0%	0%
Type 11 – 20 bungalows	40%	40%	20%	0%

6.5.6. Finally, for home ownership affordable products we have adopted:

Table 6.3 Rented affordable products target dwelling mix

Typology	1 bed	2 bed	3 bed	4 bed
Type 1 – 5 dwellings	n/a	n/a	n/a	n/a
Type 2 – 10 dwellings	0%	0%	100%	0%
Type 3 – 20 dwellings	0%	0%	100%	0%
Type 4 – 50 dwellings	25%	40%	25%	10%
Type 5 – 100 dwellings	25%	40%	25%	10%
Type 6 – 250 dwellings	25%	40%	25%	10%
Type 7 – 500 dwellings	25%	40%	25%	10%
Type 8 – 40 retirement flats	50%	50%	0%	0%
Type 9 – 20 flats	50%	50%	0%	0%
Type 10 – 50 flats	50%	50%	0%	0%
Type 11 – 20 bungalows	40%	40%	20%	0%

6.5.7. For the purposes of our base modelling based on the above dwelling mixes, we have adopted the following dwelling sizes for each site type:

Table 6.4 Scheme density / capacity

Typology	Net area (Ha)	Gross to net ratio	Gross area (Ha)	Total sq m	Density / capacity sqm per net Ha
Type 1 – 5 dwellings	0.17	100%	0.17	490	2,940
Type 2 – 10 dwellings	0.33	90%	0.37	980	2,940
Type 3 – 20 dwellings	0.57	85%	0.67	1,856	3,248
Type 4 – 50 dwellings	1.43	75%	1.90	4,625	3,237.50
Type 5 – 100 dwellings	2.86	65%	4.40	9,295	3,253.25
Type 6 – 250 dwellings	7.14	55%	12.99	23,267	3257.38
Type 7 – 500 dwellings	14.29	55%	25.97	46,594	3,261.58
Type 8 – 40 retirement flats	0.40	70%	0.57	2,360	5,900
Type 9 – 20 flats	0.10	100%	0.10	1,180	11,800
Type 10 – 50 flats	0.25	100%	0.25	2,890	11,560
Type 11 – 20 bungalows	0.80	85%	0.94	1,665	2,081

6.6. Revenue – Market Value

6.6.1. In terms of current market conditions, we please attached (Appendix 10) the latest RICS Economy and Property Market Update (May 2025). This concludes as follows:

Despite some rolling back in the tariff war, geopolitics continues to cast a shadow over the economic picture in the UK. On top of this, business sentiment has been adversely affected by the increase in NI contributions and uncertainty as to whether more tax increases lie in store. Lower interest rates are, however, providing some support for the real estate sector. Meanwhile, the uplift in construction activity to deliver on the ambitions around both infrastructure and housing is not yet showing sign of materialising.

6.6.2. This therefore points to a generally more challenging macro-economic picture (and this has generally been our interpretation of the market since the relaxation of 'lockdown' measures in the wake of the Covid-19 pandemic.

6.6.3. In addition, we please find attached (Appendix 11) the latest RICS UK residential Market Survey (June 2025). The headline findings of the survey are set out as follows:

- *Indicators of buyer enquiries and agreed sales turn from negative to neutral.*
- *House prices still display a flat / marginally negative trend at the aggregate level.*
- *Near-term sales expectations brighten somewhat over the month.*

6.6.4. Specifically for the East Anglia region, the following is stated on Pg 10:

David Boydon, MRICS, Boydens Ltd, Colchester – Instructions up from previous poor month, however still not quite where we want it to be. Deals coming through but solicitors are the major blockage at the moment causing huge delays.

Mark Wood, MRICS, Blues Property Ltd, Cambridge – general quiet, many viewers are selective and looking for a deal. The talk of further interest rate drops has caused many potential purchasers to wait and see if rates do fall over the next few months.

Rob Swiney, MRICS, Jackson Stops Suffolk – Market has been very patchy, deals are being done across a broad range of prices but holidays around the corner may make things slightly more challenging.

6.6.5. Generally, this also points to a slow market at the current time. However, it is stressed that Local Plan policies are set for a number of years and there will be natural ‘peaks and troughs’ during its lifetime. In this regard, it is likely that market conditions will change during the Local Plan period. The viability conclusions therefore need to be cognisant of this.

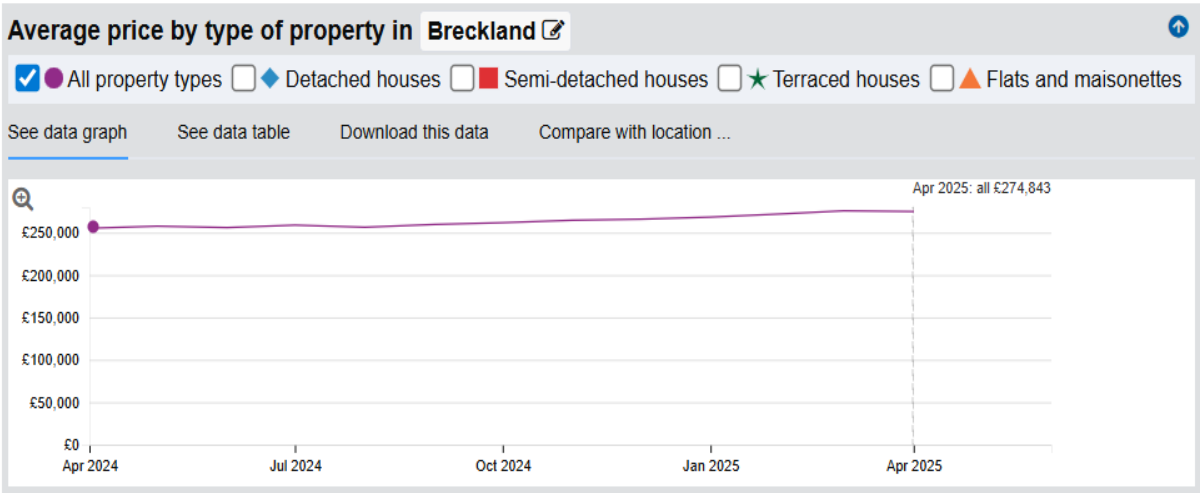
6.6.6. That said, and more specifically for Breckland there remains a general trend of house prices continuing to rise despite the current market challenges. According to the UK House Price Index, the average house price in Breckland has risen during the last 12 months (April 2024 showing an average of £255,184 and April 2025, which is the latest point currently shown in the data, showing an average of £274,843 (an increase of 7.7%):

House Price Statistics

Breckland for April 2024 to June 2025

Type of property

Track the index, average price and both monthly and annual change for all property types or focus on one in particular.



6.6.7. In terms of the viability modelling, the first step is to establish whether a single average value is appropriate across the borough or whether it is necessary / appropriate to consider different value areas. As an initial view of the local market conditions, we have referred to the Nimbus Maps ‘Average Residential Value’ index, which gives an indication of how values fluctuate across specific areas, including Breckland, (based on all property types, including new build and second-hand sales). Based on the main settlements in the borough we note the following:

Table 6.5 Nimbus Maps Average Values Index May 2025

Location	Value index
Thetford remainder	199
Watton	256
Watton - Norwich Rd	256
Dereham	260
Dereham - Greenfields Rd	260
Dereham - Commercial Rd	260
Thetford North East	267
Mundford	270
Weeting	270
Carbrooke	272
Caston	272
Great Ellingham	272
Griston	272
Hockham	272
Rocklands	272
Shropham	272
Thompson	272
Gressenhall	279
Necton	279
Swaffham	279
Swaffham - Sporle Rd	279
Ashill	288
Saham Toney	288
Shipdham	288
Clint Green	291
Garboldisham	291
Garboldisham - Hopton Rd	291
Harling	291
Hockering	291
Kenninghall	291
Mattishall	291
North Lopham	291
Yaxham	291
Attleborough	294
Attleborough - Gaskin Way	294
Attleborough - Station Rd	294
Banham	294
Banham - Greyhound Lane	294
Banham - Grove Road	294
Bawdeswell	294
Beeston	294
Beetley	294
Beetley - Shrublands	294
Eccles	294
Litcham	294
Lyng	294
Narborough	294
North Elmham	294
Old Buckenham	294
Sporle	294
Swanton Morley	294
Swanton Morley - Lincoln House	294
Weasenham	294

6.6.8. This points to settlements including Attleborough, Banham, Beetley, Litcham, Narborough, Swanton Morley, Weasenham etc as showing the strongest values. Settlements such as Watton, Dereham and Thetford show the weakest values. Locations such as Necton, Carbrooke, Mundford, Swaffham etc are generally 'mid-range' in terms of the value index. Broadly, based on our analysis, this suggests 3 different values areas.

6.6.9. In addition to the value index data, we have also analysed new build transactional evidence across Breckland as shown on the Land Registry data. We have then compared the addresses identified to the Energy Performance Certificate ("EPC") database, as the EPC Register provides sizes of individual dwellings. Comparing the Land Registry sales records to the EPC dwelling sizes allows us to establish a 'rate per sq m'. This is important to our analysis, as rates per sq m fluctuate dependent not only on location, but also factors such as dwelling type and size. We have analysed new build transactions at the following locations in the District (please note there is a generally a 'lag' in the Land Registry records which means at the current time 2025 transactions are generally not shown):

- Attleborough 2022-2024
- Great Ellingham 2022-2024
- Mattishall 2023-2024
- Swaffham 2022-2024
- Swanton Morley 2022-2024
- Watton 2022-2024
- Dereham 2022-2024
- Thetford 2022-2024
- Great Hockham 2023-2024
- Carbrooke 2022-2024

- Ashill 2022
- Banham 2023-2024
- East Harling 2023-2024
- North Elham 2023-2024

6.6.10. Please see attached our Appendix 12 which sets out the Land Registry transactions identified (please note that this is an Excel Spreadsheet document and there are multiple tabs at the bottom of the document).

6.6.11. Based on this initial analysis, and having identified 3 different value areas, as part of the stakeholder engagement we proposed the following dwelling values in the modelling:

Table 6.6 Initial proposed market values, as put forward in stakeholder engagement

Value area	1b 55 sqm	2b 80 sqm	3b 95 sqm	4+ 140 sqm	1b flat	2b flat
Area 1	£3,400 £316 psf	£3,000 £279 psf	£2,900 £269 psf	£2,900 £269 psf	£3,000 £279 psf	£3,000 £279 psf
Area 2	£3,600 £334 psf	£3,200 £297 psf	£3,100 £288 psf	£3,100 £288 psf	£3,300 £307 psf	£3,300 £307 psf
Area 3	£3,750 £348 psf	£3,300 £307 psf	£3,200 £297 psf	£3,200 £297 psf	£3,500 £325 psf	£3,500 £325 psf

6.6.12. No comments were received from stakeholders on the above suggested values.

6.6.13. Since this time, and by way of additional evidence, we have also considered the average values put forward / applied to individual new build planning applications that we are aware of in recent years within the District.

6.6.14. Furthermore, we have also looked to analyse the Land Registry evidence in more detail. Please see attached (Appendix 13) our summary of the analysis undertaken. This looks at the average value identified in each specific location for the individual dwelling types proposed to be used in our viability modelling. For each of the 3 identified values areas we have then identified an average figure for each proposed dwelling type (where possible). In summary, this shows the following values:

Table 6.7 Summary showing average values identified for each dwelling type from evidence

	1b	2b	3b	4b	1b bung	2b bung	3b bung	1b flat	2b flat	1b retire
Value area 1	£ 3,535	£3,234	£3,159	£ 3,108	£ 4,365	£ 3,879	£ 3,617	£3,078	£2,877	£ -
Value area 2	£ 3,669	£3,193	£3,406	£ 3,115	£ 4,174	£ 3,909	£ -	£ -	£ -	£ -
Value area 3	£ 3,782	£3,371	£3,452	£ 3,304	£ 4,200	£ 4,100	£ 3,927	£3,294	£3,445	£ 4,312

6.6.15. Overall, this points to our original values as being too low, particularly given that all of the transactional data identified, which feeds into the above averages, was taken from 2022 to 2024 and there has been sales price since this time. The UK House Price Index indicates that as at June 2022 the average value in Breckland was £265,618, whilst the latest figure (as at April 2025) is £275,843.

6.6.16. Having considered all of the above, we conclude that there is a good evidential justification here to amend our initial values (as shown above in Table 6.6) to the following:

Table 6.8 Adopted market values

Value Area	1b	2b	3b	4b	1b bung	2b bung	3b bung	1b flat	2b flat	Retire flat
Value area 1	£3,550	£ 3,100	£ 3,150	£ 3,100	£4,100	£ 3,900	£ 3,600	£ 3,100	£ 3,100	£ 4,100
Value area 2	£3,700	£ 3,200	£ 3,400	£ 3,150	£4,200	£ 4,100	£ 3,800	£ 3,200	£ 3,200	£ 4,200
Value area 3	£3,800	£ 3,400	£ 3,450	£ 3,300	£4,300	£ 4,200	£ 3,900	£ 3,400	£ 3,400	£ 4,400

6.6.17. For clarity on which value area a settlement falls in to please revert to Appendix 13 (the areas in green font are Value Area 1, those in red font Value Area 2 and in blue font Value Area 3). If a settlement is not listed, then this is deemed to fall within Value Area 2.

6.6.18. As for the custom build plots (which are applicable to the typologies for 100, 250 and 500 dwellings), there is limited available evidence on which to base our assessment of value. However, in 2024 we appraised a custom / self build scheme in Necton where an average serviced land value was agreed through a viability review process at £200,000 per parcel. This is considered to be a reasonable allowance for the typologies in Value Area 2 (in which Necton falls into). For Value Area 1, we have reduced this to £175,000 and for Value Area 3 it is increased to £225,000 per parcel.

6.7. Revenue – Affordable Housing

6.7.1. The National Planning Policy Framework (“NPPF”) December 2024 Appendix 2 defines affordable housing. This is summarised above in paragraph 2.2.6 of this report. However, as a brief overview of the different tenure types:

- Affordable housing for rent (Social Rent or Affordable Rent). These are dwellings which are transferred to and managed by a Registered Social Landlord, who pays a transfer price for each dwelling from the developer, based on the gross rental income, rental deductions and period of time which the asset will be held.
- Discounted market sales housing. To qualify as affordable housing these have to be sold at a discount of at least 20% below market value. Eligibility is determined based on local incomes and local house prices.

- Other routes to home ownership: this can include shared ownership. This is where a dwelling is transferred to a Registered Social Landlord, who then sells a share in the property to a purchaser (for example 30%). The Registered Social Landlord therefore retains a 70% share in the property and rents this portion of the property to the occupier. The intention is that overtime the occupier is able to purchase a greater share in the property and eventually own the full dwelling outright.

6.7.2. The Council's HEDNA report (as discussed above in paragraph 4.4) indicates that there is a local need for around 90% as rented products and circa 10% for home ownership affordable products (which can include shared ownership / intermediate tenures and also discounted market sale).

6.7.3. However, for the purposes of our initial base testing, we have adopted a more cautious approach and (where possible) assumed 80% of the affordable units would be delivered through Affordable Rented products and the remaining 20% would be delivered through discounted market sale (or as close to that proportion as possible). As part of our scenario testing, however, we have looked at how different mixes of affordable dwelling tenures impacts on the viability outcome, including a mix in line with the HEDNA findings. This is discussed further in Section 7.

6.7.4. Furthermore, please note that as First Homes is no longer a mandatory requirement under the NPPF, we have assumed that the draft policy HUO 10 – First Homes will no longer be brought forward (as this policy was drafted when First Homes were a mandatory requirement under the NPPF). We have not therefore factored any First Homes products into our viability testing.

6.7.5. In terms of how values are attributed to affordable dwellings, for the rented products there are 2 main ways: (i) a percentage of market value is applied (ii) a detailed cash flow is undertaken to reflect likely rental income, gross to net rental deductions, before modelling this net income over a set period (often 30 years), with a view to achieving a Net Present Value of 0 (from which the effective values of the units can then be derived). For the discounted market sale this is simply a percentage of market value.

6.7.6. In our initial review (as presented to stakeholders through the questionnaire and workshop) we adopted the percentage of market value approach (see Section 5). For Social Rented units, which is the lowest value form of affordable housing, we assumed transfer prices equivalent to 40% of market value. For affordable rented we assumed 50% of market value. For shared ownership we proposed 65% of market value. Finally, for discounted market sale we assumed these would be delivered as First Homes and therefore 70% of market value. No comments were received from stakeholders on these allowances.

6.7.7. In summary, we consider a percentage of market value approach to be reasonable for determining the revenues that would be associated with affordable housing. We consider the following rates to be appropriate for the modelling:

- Social Rent 40% of market value
- Affordable Rent 50% of market value
- Shared Ownership 65% of market value
- Discounted Market Sale 70% of market value

6.8. Plot construction costs

- 6.8.1.** For the purposes of this review, plot construction costs mean the cost of building each dwelling, including preliminaries and contractor's margin, but excluding externals, abnormals and a contingency allowance.
- 6.8.2.** To establish the 'plot construction' costs (the cost of constructing a house from foundations up but excluding any external works) we have reviewed the Build Cost Information Service ("BCIS") of the RICS, which is database regularly referred to by the industry when preparing viability assessments. This is also referred to in the Planning Practice Guidance: Viability (paragraph 012) as being an appropriate source of evidence when testing viability at the Local Plan stage.
- 6.8.3.** The BCIS is a favoured tool in the industry, particularly for the purposes of an area wide study. This is because the data, which is based on voluntary tender information submitted to the RICS, gives a rate per sq m to apply to an assessment. Furthermore, it also can be rebased to particular locations and can also be adjusted dependent on the size of your dwellings (for example a rate is given for 2 storey housing and a separate rate for single storey dwellings), therefore giving greater accuracy.
- 6.8.4.** It is stressed that, like any data source, it does have weaknesses which can often be overlooked. Firstly, as referred to above, the 'rate per sq m' shown in the BCIS includes the plot construction cost, site preliminary costs and the contractor's overhead allowance. However, it excludes external costs, contingency allowance and all abnormal works. If the BCIS is adopted the items excluded therefore need to be added back in. Likewise, it is important that items such as preliminaries are not 'double counted'.

6.8.5. Secondly, it is important to understand the context of the data. To give the BCIS data some context, between January 2015 and January 2024 there were 148 separate housing (only) schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 239 houses, with an average of 25.55 houses per scheme submitted into the data. 58.78% of the sample comprised schemes consisting of 20 houses or less and only 10.14% of the sample (15 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors.

6.8.6. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors. It is also our understanding that no volume house builder contributed to the aforementioned sample. It is generally accepted that volume housebuilders are able to construct houses at a cheaper rate than smaller building firms (owing to their ability to bulk-buy materials and their ability to offer more regular work, therefore negotiate cheaper contracts with sub-contractors etc). The BCIS acknowledges this through a note on "Economies of Scale" it published on 25th Oct 2016 (see Appendix 19), which states the following:

Pricing levels on building contracts tend to fall as the size of the project increases.

The latest BCIS Tender Price Study, based on project tender price indices analysed by contract sum, shows that pricing levels fall by as much as 20% between small contracts and multimillion pound schemes.

Compared to the mean value of projects in the study of £1.7million projects, pricing on small projects is 10% higher, while pricing on projects over £40million can be 10% lower.

- 6.8.7.** The sample used in the elemental analysis only includes a small number of larger scale projects, instead it is mostly derived from schemes comprising 20 or less houses. As the cheaper volume house-builder costs are not reflected within this sample, the data can be regarded as being inherently high, at least when trying to determine the construction costs for a large scheme (in excess of say 20 units). For this reason, the BCIS is considered to be less reliable for larger developments (particularly those which would require implementation by a large volume house builder). To account for this, the BCIS lower quartile figure is often deemed a more appropriate benchmark for larger scale projects.
- 6.8.8.** Thirdly, the data is partly estimated and is vulnerable to short-term 'spikes' in the wider construction market (regardless of whether this has in fact filtered through to specific tender prices for specific products e.g. housing). This can cause sharp short-term 'jumps' in the BCIS rates shown, which then typically level off in the future. For undertaking a study at a particular point in time, this can provide an unbalanced view of the market.
- 6.8.9.** The BCIS is a useful tool and routinely used when undertaking area wide studies. However, there are weaknesses in the sampling, particularly when assessing larger scale projects. As such, the context of the data needs to be understood and adjustments should be applied to certain scheme types.
- 6.8.10.** Furthermore, the following appeal decisions (as previously referred to in Section 3) are relevant here:

Poplar Close, Ruskington (ref 3150756)

- Greenfield site, 67 dwellings.
- Average sales values £2,100 - £2,300 per sq m.
- Use of lower quartile BCIS agreed and accepted by the Inspector.

Flaxley Rd, Selby (ref 3149425)

- Greenfield site, 202 dwellings.
- Average sales values £2,000 per sq m.
- Inspector ruled that the lower quartile BCIS was not appropriate for determining build costs when a scheme was (i) likely to be delivered by a volume house builder and (ii) other information / data was available.
- A figure below the lower quartile was accepted by the Inspector.

Lowfield Road, Bolton upon Dearne, Barnsley (PINS ref 3170851)

- Greenfield site, Phase 3 97 dwellings.
- Low value location.
- Inspector accepted build costs significantly lower than the BCIS lower quartile, on the basis of the scheme was likely to be delivered by a 'low cost' developer.

6.8.11. Two of the three appeal decisions therefore advocate the use of a build cost below the BCIS lower quartile in relation to scheme being delivered by volume housebuilders (either regional or national). In the case of a low value location scheme (implemented by a 'low cost' developer), the build costs are some-way below the BCIS lower quartile rate. This is also reflected in our own experience of undertaking individual viability assessments in low value locations, where we typically see build costs below the BCIS lower quartile rate.

6.8.12. In terms of the stakeholder feedback, as discussed earlier, only 1 response has been received (from Gladman). This suggested that the build costs proposed (which followed the BCIS rates) should be increased by £25 per sq ft (around £270 per sq m). However, no further evidence has been provided to justify this.

6.8.13. In our view, the rates as proposed through the stakeholder engagement remain appropriate (taken from the BCIS data, see Appendix 15). We have adopted the following in the modelling:

Estate housing 2 storey lower quartile	-	£1,205 per sq m
Estate housing 2 storey median	-	£1,352 per sq m
Flats generally	-	£1,609 per sq m
Supported housing (flats) median	-	£1,707 per sq m
Bungalows median	-	£1,606 per sq m

6.8.14. The estate house median rate (£1,352 per sq m) has been applied to Site Types 1, 2 and 3 (i.e. typologies providing 5, 10 and 20 dwellings). The estate housing lower quartile has been applied to Site Types 4, 5, 6 and 7 (i.e. 50 to 500 dwellings). The other rates have been applied appropriately to the relevant typologies.

6.8.15. For the custom build parcels (which are applicable to the typologies for 100, 250 and 500 dwellings), there is limited available evidence on which to base our assessment of value. However, in 2024 we appraised a custom / self build scheme in Necton where an average serviced land cost was agreed through a viability review process at £60,000 per parcel. This is considered to be a reasonable allowance for the applicable typologies.

6.9. Externals / Infrastructure

6.9.1. As discussed above, the BCIS rates exclude any allowance for external / infrastructure costs. For this reason, it is necessary to make additional allowances to cover standard road costs, drainage, services, parking, footpaths, landscaping etc.

6.9.2. At the stakeholder engagement we proposed a further 15% of the BCIS rate to cover standard externals for housing schemes, reduced to 10% for flats and retirement flats and 20% for bungalows. No comments were received from stakeholders.

6.9.3. By way of additional evidence, we have also referred to an in-house database which records individual viability appraisals as prepared by applicants and submitted to CP Viability, focusing specifically on individual planning applications for schemes within Breckland District submitted in recent years (see Appendix 16). This shows the following:

- From 11 schemes providing between 7 and 30 dwellings, the average external cost allowance is 15.23% of the plot construction costs.
- From 2 schemes providing between 47 and 48 dwellings, the average external cost allowance is 24.53% of the plot construction costs.
- From 3 schemes providing between 80 and 150 dwellings, the average external cost allowance is 18.65% of the plot construction costs.
- From 2 apartments schemes providing between 12 and 18 dwellings, the average external cost allowance is 7.92% of the plot construction costs.

- From 1 bungalow scheme providing between 36 dwellings, the external cost allowance is 14.28% of the plot construction costs.

6.9.4. However, of the sample of 19 individual schemes, 13 of the 19 are viability appraisals submitted by a particular assessor and therefore there is a risk that the averages shown are more of a reflection of the views of a single assessor rather than the wider industry.

6.9.5. In light of this, we have extended our search to other schemes across the wider region (which includes Broadland Council, Kings Lynn and West Norfolk Council, South Norfolk District Council and Fenland District Council). We have identified a sample of 33 individual developments and the viability assumptions put forward by the applicants / their assessors are summarised in Appendix 17. We would stress that the same assessor referred to above in the Breckland context has also undertaken assessments in the wider region, however the proportion is lower (10 of 33) and therefore this has less of an impact on the overall data. This regional viability information shows the following:

- From 18 schemes providing between 5 and 26 dwellings, the average external cost allowance is 19.57% of the plot construction costs.
- From 5 schemes providing between 36 and 48 dwellings, the average external cost allowance is 20.83% of the plot construction costs.
- From 8 schemes providing between 152 and 3,850 dwellings, the average external cost allowance is 21.35% of the plot construction costs.
- From 2 bungalow scheme providing between 14 and 22 dwellings, the external cost allowance is 24.76% of the plot construction costs.

6.9.6. For the housing and adopting a more cautious approach compared to the 15% allowance suggested in the stakeholder engagement, in our base appraisal modelling we have assumed 20% on build costs. For the apartments we have applied 10% and for the bungalows we have adopted 20%.

6.9.7. However, as part of the scenario testing, we have also run a model for the housing schemes based on a reduced 15% external cost allowance, to see what impact this has on the viability outcome.

6.10. Contingency

6.10.1. As discussed above, the BCIS rates exclude any allowance for contingency. In our experience it is standard practice to include some level of contingency when preparing viability assessments (to cover unknown factors such as delays in construction due to poor weather).

6.10.2. That said, the Planning Practice Guidance: Viability (paragraph 012) states the following:

Explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return.

6.10.3. This appears to imply that a contingency allowance should only apply to individual cases at the decision-making stage, not at plan-making stage. In this regard, including a contingency allowance can be regarded as being cautious (as it goes against the national policy guidance).

6.10.4. That said, it is our view that, for the purposes of Local Plan viability testing, it is reasonable to allow some form of contingency to provide an additional 'buffer' for developers. Furthermore, we consider it appropriate to assume that a greenfield site would have a lower contingency requirement (3%) and previously developed land an uplifted allowance (5%).

6.11. Additional construction costs

6.11.1. In June 2023 changes to Part L and F of the Building Regulations came into effect, requiring a 31% reduction in CO2 emissions. However, as the BCIS costs are based on historic cost submissions, the impact of these costs has yet to fully filter through into the BCIS data, therefore when applying the BCIS it has become common practice (at least for the time being) to make additional allowances for Part L and F changes.

6.11.2. In terms of the level of associated costs, the Department of Levelling Up, Housing and Communities impact assessment suggested that the most cost effective route to meeting the interim standards was through the use of Air Source Heat Pumps. This estimated an additional average cost per dwelling of £4,070. In other schemes we are appraising typically developers are allowing for the installation of heat pumps and some improvement to insulation.

6.11.3. However, where the BCIS rates are applied, it is stressed that these figures already allow for existing heating systems inherently within the costings. These costs therefore have to be deducted before the new heat pump costs are applied (otherwise there would be a double-counting of heating systems within each dwelling). Adding the heat pump costs on top would therefore, in our view, reflect double-counting, therefore some allowance for this needs to be factored into the rate used for the Part L & F changes. Furthermore, some of these costs will now already be factored into the latest BCIS rates received.

- 6.11.4.** In our experience, a £4,000 per unit allowance is typically deemed to be reasonable to cover these costs.
- 6.11.5.** In addition to the 2023 changes to Parts L and F of the Building Regulations, the government has proposed a 'Future Homes' standard. The full details of the standard are as of yet unconfirmed, however the expectation is that there will be a requirement for 75-80% less carbon emissions than homes built prior to the June 23 Part L & F Building Regulations changes. However, without final confirmation it is difficult to appropriately reflect these costs without the final details.
- 6.11.6.** Furthermore, it is unclear how the improvements in energy efficiency will impact on the 'end values' of dwellings. It is likely that a dwelling which is more energy efficient (and therefore attracts lower energy bills) would have a higher market value when compared to a dwelling which is less efficient. It is conceivable that the majority (if not all) of the costs associated with delivering the Future Homes Standard would be offset by an improvement in the market value of the dwelling. This, at this stage, remains untested in the marketplace therefore it is difficult to appropriately balance this in current viability testing.
- 6.11.7.** Also, it is still unclear when this standard will come into effect. Originally, the expectation was for 2025, however a number of housebuilders have advised us (through viability discussions on other cases) that the expectation now is that this will be delayed at least until 2027.

- 6.11.8.** In light of the uncertainties around both the detail of the Future Homes Standard and the impact this will potentially have on market values, for the purposes of our base appraisal testing we consider it appropriate to exclude the Future Homes Standard requirement from the modelling. However, as this is a standard which is still proposed for the future, we have run a scenario test which assumes a further cost of £4,000 per dwelling (and no change to the market values).
- 6.11.9.** In addition to the Part L and F cost allowance, we have also adopted a further £1,000 per dwelling allowance to cover electric car charging points.
- 6.11.10.** The Council's draft policy includes a requirement for all dwellings to be compliant with Building Regulations M4(2) Category 2: Accessible and adaptable dwellings. To meet this standard reasonable provision must be made for people to gain access to and use the dwelling and its facilities. The provision made must be sufficient to meet the needs of occupants with differing needs including some older or disabled people and to allow adaptation of the dwelling to meet the changing needs of occupants over time. As this is an optional standard, there is limited available evidence to demonstrate the impact meeting this standard would have on overall build costs. However, the Ministry of Housing, Communities & Local Government released a consultation paper in September 2020 titled "Raising accessibility standards for new homes" (see Appendix 18), in which it stated (Paragraph 45) that the estimate to meet the M4(2) standard was £1,400 per new dwelling. Allowing for sales price inflation, and adopting a cautious approach, we consider a £2,000 per dwelling allowance to be appropriate (not applied to the retirement apartments or bungalow typologies as these are considered to already meet the requirements of the standard).

6.11.11. The Council's draft policy also requires that 5% of all dwellings comply with Building Regulations M4(3) Category 3: Wheelchair user dwellings. Reasonable provision must be made for people to gain access to and use the dwelling and its facilities. The provision must be made sufficient to (a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs or (b) meet the needs of occupants who use wheelchairs.

6.11.12. As this is again an optional standard, there is limited available evidence to demonstrate the impact meeting this standard would have on overall build costs. For this reason, it is considered the EC Harris "Housing Standards Review – Cost Impacts" report from Sept 2014 (see Appendix 19) provides an important evidence base for the construction costings. The report includes a variety of cost estimates related to construction work, process costs, approval costs etc. For M4(3) adaptable the cost estimate (as set out in Pg 38 of the EC Harris report), the costs range from £7,607 to £23,052, dependent on dwelling type. According to the BCIS All-in Tender Price Index (a measure of construction cost inflation regularly used in the industry) build costs have increased by around 65% since Sept 2014. This adjusts the range to £12,552 to £38,036. However, the upper end of the range reflects housing (and the lower end flats). For the purposes of the modelling, we have applied a (rounded) average rate of £26,000 per dwelling to meet the M4(3) adaptable standard.

6.11.13. The Council also has draft policies relating to drainage and subsequently we have applied a cost to cover Sustainable Urban Drainage Systems ("SUDS"). It could be argued that these costs are already implicit to the 'external' costs discussed above, however adopting a cautious approach we have made a separate allowance for SUDS at a cost equivalent to £50,000 per Ha.

6.11.14. There is currently a national mandatory requirement for a 10% biodiversity net gain. The preference is for this to be delivered through an onsite provision, although the government recognises that this may not always be achievable. To calculate the biodiversity value of a site the Department for Environment, Food & Rural Affairs (“DEFRA”) recommends the use of its biodiversity metric (an online tool freely available to use). The metric calculates the values as “Biodiversity Units”, which are calculated using the size of the habitat, its quality and location. This assessment is required on a site-by-site basis.

6.11.15. As the assessment is undertaken on a case-by-case basis, the level of biodiversity net gain costs can vary significantly from site to site. By way of examples (and focusing on individual viability cases submitted by applicants where we have been involved with in on behalf of the Local Authority, limited to those from 2024-2025 and in nearby districts) we note the following costs:

- Greenfield Rd, Dereham (Breckland Council): 48 dwellings, gross site area 2.47 Ha. Biodiversity Net Gain cost used in the viability appraisal - £55,000 (£22,267 per gross Ha or £1,146 per dwelling).
- Shrublands, Beetley (Breckland Council): 12 dwellings, gross site area 1.30 Ha. Biodiversity Net Gain cost used in the viability appraisal - £25,000 (£19,231 per gross Ha or £2,083 per dwelling).
- Gaskin Way, Attleborough (Breckland Council): 5 dwellings, gross site area 0.33 Ha. Biodiversity Net Gain cost used in the viability appraisal - £2,000 (£6,061 per gross Ha or £400 per dwelling).
- Heath Crescent, Hellesdon (Broadland District Council): 40 dwellings, gross site area 2.20 Ha. Biodiversity Net Gain cost used in the viability appraisal - £35,000 (£15,909 per gross Ha or £875 per dwelling).

- White House Farm, Sprowston (Broadland District Council): 450 dwellings, gross site area 27.50 Ha. Biodiversity Net Gain cost used in the viability appraisal - £300,000 (£10,909 per gross Ha or £667 per dwelling).
- Chapel Street, Barford (South Norfolk District Council): 7 dwellings, gross site area 0.59 Ha. Biodiversity Net Gain cost used in the viability appraisal - £15,000 (£25,424 per gross Ha or £2,143 per dwelling).

6.11.16. In the stakeholder engagement we proposed lower gross to net ratios (to allow more land to be available for onsite provision) and also £30,000 per Ha to cover maintenance costs. No objections were raised as to the general approach, bar one comment relating to the potential for a different level of costs to be applied to greenfield and brownfield sites (which we consider to be unproven and not therefore appropriate to factor into the viability modelling). On the basis of the above, the reduced gross to net ratios and £30,000 per Ha maintenance cost could be argued to be overly cautious. However, for the purposes of the viability modelling (and taking into account that Biodiversity Net Gain costs are a fixed cost and therefore should be taken into account in the benchmark land value, therefore if the costs were to increase then this would be offset, to some degree, by a reduction in the benchmark land value) we have applied £30,000 per Ha. As indicated above, we have also looked to ensure that the gross to net ratios are sufficient to accommodate onsite mitigation.

6.11.17. Finally, there is a requirement to cover Nutrient Neutrality costs, albeit the Council anticipate that this would only impact on schemes to the north east of the District (link to map [Advice to Applicants and Agents - Breckland Council](#)). The Council have provided some commentary on how they would anticipate that this would be calculated:

Nutrient pollution relates to nitrogen and phosphorus organic matter going into river catchment. These can originate from sources such as leaky waste water treatment works, agriculture fertiliser and housing (toilets). Development within the nutrient sensitive zone can only proceed if they can demonstrate that their schemes are nutrient neutral i.e. what nutrients are generated are offset to make the scheme neutral (washes its own face). Some waste water treatment works are being upgraded to the highest technical achievable limit of phosphorus removal by 2030 – these are Dereham WwTW (by 2026) and Shipdham WwTW in Breckland. These upgrades means that development will need to pay less in nutrient credits.

There are 2 affected river catchments in Breckland

- *River Wensum Catchment (Wensum and Broads SAC) – Affected settlements include: Dereham, Beetley, Bawdeswell, Brisley, Weaasenham St Peter, Colkirk, Guist, Sparham and Lyng*
- *Yare Catchment (Broads SAC)- Affected settlements include: Shipdham, Mattishall, Yaxham, Cranworth, Gaverstone, Reymerstone, East Tudenham, North Tuddenham and Hockering*

There are less credits available in the Wensum catchment than the Yare because there are less opportunities for nutrient mitigation schemes to provide credits. The WwTWs at Whitlingham, Dereham and Shipdham will be upgraded to technical achievable limits by 2030, thereby significantly reducing the amount of credits development need to provide to offset their nutrient load. Some nutrient credit provision will still be required post 2030 and bridging credits will be required up to 2030.

Norfolk Environmental Credits (Local Council's Credit Scheme) provide the most credits for developers. The tables below provide a summary of the credits NEC Ltd have traded to developers to date, split out by catchment.

The quantum of credits traded to developers 'per home' in each catchment differs significantly for a number of reasons, including which WRC the site is discharging to, whether temporary credits are available to trade (otherwise permanent credits will have been sold to unlock development i.e. the Bure), also, developers may have mitigated their site in part through other solutions and are only buying credits to top up.

Please note that the 'cost per home' figures below are in part distorted by the cheaper credits from Markshall Farm (Yare).

Catchment	Homes	Cost per home (£)	TP Perm (kg/yr)	TN Perm (kg/yr)	TP Temp (kg/yr)	TN Temp (kg/yr)
Bure	27	£6,993	3.2	58.5	0	0

Catchment	Homes	Cost per home (£)	TP Perm (kg/yr)	TN Perm (kg/yr)	TP Temp (kg/yr)	TN Temp (kg/yr)
Yare	1421	£2,794	105.6	1105.6	11.4	628.9

Catchment	Homes	Cost per home (£)	TP Perm (kg/yr)	TN Perm (kg/yr)	TP Temp (kg/yr)	TN Temp (kg/yr)
Wensum	161	£3,545	9.6	35.2	0	205.4

As NEC states the above figures are distorted by some cheaper earlier credits, which are no longer available so I would work on the current price of £5,900 per 0.1KG = on average per dwelling

6.11.18. For the base modelling, as Nutrient Neutrality costs are not anticipated to impact on all areas of the District, we have assumed a nil costs. However, we have run scenario testing at £5,900 per dwelling to test the impact on viability for those areas that are impacted.

6.12. Abnormal development costs / site specific infrastructure

6.12.1. 'Abnormals' / Site Specific Infrastructure (from hereon for ease referred to just as abnormalities) are considered to be costs over and above the 'typical' costs incurred in developing a scheme. A typical development cost is regarded as elements such as estate roads, drainage, general services, standard foundations, street lighting etc. Examples of abnormal costs (although not exhaustive) can include elements such as: decontamination works, demolition, asbestos removal, flood risk mitigation, enhanced foundations, 'extra-over' drainage requirements to reflect the specific circumstances of a site, construction of an offsite roundabout to improve the local highway networks, removing overhead electrical cables currently on site etc.

6.12.2. Given that abnormal costs will vary from site to site dependent on each specific circumstance the range of abnormal costs incurred can be significant (from zero to multi million pounds). For the purposes of an area wide viability study, which considers hypothetical typologies, it is therefore extremely difficult to identify a robust average.

6.12.3. For this reason, in some area wide studies assessors have chosen to exclude abnormal costs from the assessments. Furthermore, assessors have taken the view that any abnormal costs incurred would be (to the most part) net from the benchmark land value and which would offset any impact on the viability outcome. This is supported by the Planning Practice Guidance: Viability, which states (paragraph 012) that:

- *Abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value.*
- *Site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value.*

6.12.4. It is therefore clear in the guidance that any assessment of benchmark land value should take into account the associated abnormals / infrastructure costs for each site (with the implication being the higher the abnormals / infrastructure costs the lower the benchmark land value and vice versa).

6.12.5. However, in our view it is still beneficial to make some level of allowance for abnormals in the appraisal testing, because in our experience in most cases developments will attract some form of abnormal costs. This therefore helps the typology testing to be more reflective of reality.

6.12.6. At the time of our stakeholder engagement, we proposed an allowance of £250,000 per net developable Ha for greenfield sites and £500,000 per net Ha for brownfield sites. No comments were received from stakeholders.

- 6.12.7.** As indicated above, the spot allowance approach is not entirely satisfactory as it is a broad assumption which is likely to vary significantly when applications are brought forward on a site by site basis. However, it at least acknowledges the reality that a higher proportion of developments typically come forward with some level of abnormal costs. Furthermore, it can also still be balanced against the appropriate benchmark land value, as per the requirements of the Planning Practice Guidance.
- 6.12.8.** It is important to again reiterate that whatever the level of abnormal costs that are applied in the modelling, it is necessary to adjust the corresponding benchmark land value to an appropriate level. If nil abnormals are applied, then the corresponding benchmark land value has to be suitably increased to reflect this position. Equally, if £500,000 per Ha is applied then the corresponding benchmark land value has to be suitably reduced. For the purposes of Local Plan viability testing, what is critical is that there is an appropriate balance between the abnormals and benchmark land value, not the level of abnormal costs included (because in reality abnormals will vary significantly from site to site).
- 6.12.9.** Having considered all of the above, we consider our allowance of £250,000 per net Ha to be reasonable for the greenfield sites and £500,000 per net Ha to be appropriate for the brownfield sites.

6.13. Professional fees

6.13.1. Our initial assumptions, which were presented to stakeholders at the stakeholder workshop, were as follows:

- Typologies 1, 2, 3 (i.e. 5, 10 and 20 dwellings) professional fees at 8% of the plot construction, externals and 'additional' construction costs defined above in para 6.11).
- Typologies 4, 5 (i.e. 50 and 100 dwellings) professional fees at 7% of plot construction, externals and 'additional' construction costs defined above in para 6.11).
- Typologies 6, 7 (i.e. 250 and 500 dwellings) professional fees at 6% of plot construction, externals and 'additional' construction costs defined above in para 6.11).
- Typologies 8, 9, 10, 11 (i.e. 40 retirement flats, market value flats and bungalows) professional fees at 8% of plot construction, externals and 'additional' construction costs defined above in para 6.11).

6.13.2. By way of additional evidence, we have again referred to an in-house database which records individual viability appraisals as prepared by applicants and submitted to CP Viability, focusing specifically on individual planning applications for schemes within Breckland District submitted in recent years (see Appendix 16). This shows the following:

- From 11 schemes providing between 7 and 30 dwellings, the average professional fees allowance is 8.67% of the plot construction costs.
- From 2 schemes providing between 47 and 48 dwellings, the average professional fees allowance is 9.92% of the plot construction costs.

- From 3 schemes providing between 80 and 150 dwellings, the average professional fees allowance is 9.36% of the plot construction costs.
- From 2 apartments schemes providing between 12 and 18 dwellings, the professional fees allowance is 10.64% of the plot construction costs.
- From 1 bungalow scheme providing between 36 dwellings, the professional fees allowance is 8.44% of the plot construction costs.

6.13.3. However, of the sample of 19 individual schemes, 13 of the 19 are viability appraisals submitted by a particular assessor and therefore there is a risk that the averages shown are more of a reflection of the views of a single assessor rather than the wider industry.

6.13.4. In light of this, we have extended our search to other schemes across the wider region (which includes Broadland Council, Kings Lynn and West Norfolk Council, South Norfolk District Council and Fenland District Council). We have identified a sample of 33 individual developments and the viability assumptions put forward by the applicants / their assessors are summarised in Appendix 17. We would stress that the same assessor referred to above in the Breckland context has also undertaken assessments in the wider region, however the proportion is lower (10 of 33) and therefore this has less of an impact on the overall data. This regional viability information shows the following:

- From 18 schemes providing between 5 and 26 dwellings, the average professional fees allowance is 8.29% of the plot construction costs.
- From 5 schemes providing between 36 and 48 dwellings, the average professional fees allowance is 8.26% of the plot construction costs. However, there are 2 outliers over 10%, the other are at 7% or lower.

- From 8 schemes providing between 152 and 3,850 dwellings, the average professional fees allowance is 7.54% of the plot construction costs. However, there is a single outlier over 13%. If this is removed, the average reduces to 6.69%.
- From 2 bungalow scheme providing between 14 and 22 dwellings, the average professional fees allowance is 8.54% of the plot construction costs.

6.13.5. Having considered the above evidence, we have applied the following allowances to our modelling:

- Typologies 1, 2, 3 (i.e. 5, 10 and 20 dwellings) professional fees at 8% of the plot construction, externals and 'additional' construction costs defined above in para 6.11).
- Typologies 4, 5 (i.e. 50 and 100 dwellings) professional fees at 7% of plot construction, externals and 'additional' construction costs defined above in para 6.11).
- Typologies 6, 7 (i.e. 250 and 500 dwellings) professional fees at 6.5% of plot construction, externals and 'additional' construction costs defined above in para 6.11).
- Typologies 8, 9, 10, 11 (i.e. 40 retirement flats, market value flats and bungalows) professional fees at 8% of plot construction, externals and 'additional' construction costs defined above in para 6.11).

6.14. Marketing / disposal fees

6.14.1. Our initial assumptions, which were presented to stakeholders at the stakeholder workshop, were as follows:

- Typologies 1, 2, 3 (i.e. 5, 10 and 20 dwellings) and the market value flats plus bungalow scheme marketing / disposal fees at 2% on revenue.
- Retirement scheme at 6% on revenue.
- All other typologies at 2.5% on revenue.
- Legal costs at £1,000 per unit.

6.14.2. By way of additional evidence, we have again referred to an in-house database which records individual viability appraisals as prepared by applicants and submitted to CP Viability, focusing specifically on individual planning applications for schemes within Breckland District submitted in recent years (see Appendix 16). This shows the following:

- From 11 schemes providing between 7 and 30 dwellings, average marketing disposal 2.20% on revenue.
- From 2 schemes providing between 47 and 48 dwellings, average marketing disposal 2.27% on revenue.
- From 3 schemes providing between 80 and 150 dwellings, average marketing disposal 2.28% on revenue.
- From 2 apartments schemes providing between 12 and 18 dwellings, average marketing disposal 2.41% on revenue.
- From 1 bungalow scheme providing between 36 dwellings, marketing disposal 2.88% on revenue.

6.14.3. However, of the sample of 19 individual schemes, 13 of the 19 are viability appraisals submitted by a particular assessor and therefore there is a risk that the averages shown are more of a reflection of the views of a single assessor rather than the wider industry.

6.14.4. In light of this, we have extended our search to other schemes across the wider region (which includes Broadland Council, Kings Lynn and West Norfolk Council, South Norfolk District Council and Fenland District Council). We have identified a sample of 33 individual developments and the viability assumptions put forward by the applicants / their assessors are summarised in Appendix 17. We would stress that the same assessor referred to above in the Breckland context has also undertaken assessments in the wider region, however the proportion is lower (10 of 33) and therefore this has less of an impact on the overall data. This regional viability information shows the following:

- From 18 schemes providing between 5 and 26 dwellings, the average marketing disposal fee is 2.36% on revenue.
- From 5 schemes providing between 36 and 48 dwellings, the average marketing disposal fee is 2.42% on revenue.
- From 8 schemes providing between 152 and 3,850 dwellings, the average marketing disposal fee is 2.93% on revenue.
- From 2 bungalow scheme providing between 14 and 22 dwellings, the average marketing disposal fee is 2.75% on revenue.

6.14.5. Having considered the above evidence, we have applied 2.5% on revenue to all of the typologies, except for the retirement scenario where a 6% figure is applied (to also cover empty property costs). A legal cost of £1,000 per dwelling has also been applied.

6.15. Finance

6.15.1. Our initial assumptions, which were presented to stakeholders at the stakeholder workshop, include an 8% debit interest rate for schemes of 20 dwellings or less. This reduced to 7% for schemes of 50 / 100 dwellings and 6% for the 250 and 500 dwelling typologies. For all other typologies 8% was applied. No comments were received through the stakeholder engagement.

6.15.2. We consider our allowances to be reasonable and have applied them to the base modelling.

6.16. Developer profit

6.16.1. The PPG refers to a range of developer's profit from 15% to 20% on revenue. It is stressed that profit is a function of risk and therefore it is appropriate to allow some fluctuation from site to site (as different sites carry different risks).

6.16.2. Our initial assumptions, which were presented to stakeholders at the stakeholder workshop, allowed:

- Typologies 1, 2 (i.e. 5, 10 dwellings) profit 15% on revenue
- Typologies 3, 4, 11 (i.e. 20, 50 dwellings) profit 17.5% on revenue
- Typologies 5, 6, 7 (i.e. 100, 250, 500 dwellings) profit 20% on revenue
- Typologies 8, 9, 10 (i.e. 40 retirement flats, market value flats) profit 20% on revenue
- For any social rent, affordable rent or shared ownership / intermediate tenure a reduced rate of 6% on revenue has been applied.

6.16.3. We have again referred to the individual examples from Breckland (Appendix 16) and the wider region (Appendix 17). In some cases, the applicant / their advisors have not provided an indication of the target profit. However, where this information has been provided, generally it points to out allowances for Typologies 1, 2, 3, 4 and 11 (i.e. all schemes from 5 to 50 dwellings) as being appropriate. The regional evidence (Appendix 17) does suggest that for dwellings of 100 dwellings or more the target profit can be reduced below 20% on revenue.

6.16.4. Having considered this, for the purposes of our viability modelling, we have used the same profit allowances as set out above in paragraph 6.16.2, except for the 100, 250 and 500 dwelling scenarios where we have adjusted the profit margin to 18.5% on revenue, recognising that at application stage in reality lower profit margins than 20% on revenue can be deemed acceptable from applicants. However, we have run scenario testing for these typologies at 20% on revenue.

6.17. Benchmark land value ("BLV")

6.17.1. The principles behind this concept are discussed above in Section 3.2. In short, the BLV represents the minimum land value that a hypothetical landowner would accept to release their land for development, in the context of the prevalent planning policies. A BLV does not therefore attempt to identify the market value; it is a distinct concept.

6.17.2. To identify the BLV, the PPG recommends using a premium over existing use value ("EUV") and credible alternative values as a means of determining the BLV.

6.17.3. It is therefore necessary to adopt an 'existing use value' plus premium approach. However, the following key elements must also be reflected:

- The existing use value must disregard any hope value for future development.
- A BLV must reflect the implications of all abnormal costs, site specific infrastructure costs and professional fees. The inference being that the higher these costs are the lower the premium should be above the existing use value.
- Where market evidence is used to inform the benchmark land value this should only be based on schemes which are compliant with the full planning policies (including affordable housing). This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.
- In plan making the landowner premium should be tested and balanced against emerging policies.

6.17.4. The first step is therefore to identify the existing use value of a site. It is stressed that different site types can have fundamentally different existing use values. For example, an agricultural field is likely to have only a modest existing use value based on agricultural land values. An occupied brownfield site (for example an existing industrial estate) would have a much higher existing use value based on the existing industrial accommodation.

- 6.17.5.** The second step is to establish the suitable premium uplift. On this, the PPG guidance is silent. However, in the Former Territorial Army Centre, Parkhurst Rd, Islington High Court decision (2018 EWHC 991 case number CO/3528/2017) a general principle of a percentage uplift was agreed (in keeping with our own experience which considers broadly a 10% to 30% uplift to be a reasonable incentive for a landowner above the existing use value).
- 6.17.6.** However, the Parkhurst Rd case specifically related to a brownfield site. If a similar uplift was provided on an agricultural field (say 30%), this is unlikely to be deemed a reasonable incentive if the existing use value is say £25,000-£50,000 per Ha. For this reason, in our experience a more significant multiple of the existing use value is typically applied in the case of agricultural /undeveloped amenity land. In our experience this tends to range from 5 to in excess of 15 times the existing use value. The lower end of the range typically reflects larger scale schemes, with high abnormal / infrastructure costs and / or in weaker market areas. The upper end of the range tends to be small scale schemes, with low abnormals / infrastructure costs and / or in stronger market locations.
- 6.17.7.** In terms of the underlying existing use value, for our typologies providing 5, 10 and 20 dwellings we have assumed a rate at £50,000 per Ha, which we consider to be reflective of agricultural land / paddock land for relatively small parcels. For larger parcels, reflecting quantum, we have reduced this to an average of £30,000 per Ha.
- 6.17.8.** In terms of the greenfield premium uplift, again the guidance does not provide any indication of what a reasonable return equates to. However, there are now planning appeal decisions which provide some assistance, in particular the following cases (discussed above in Section 3 and also Appendices 4 and 5 to this report):

- Warburton Lane, Trafford appeal from Jan 2021 (ref 3243720) solidified the key viability principle that there is a relationship between the level of abnormal costs and the corresponding benchmark land value (on the basis that as abnormals increase the benchmark land value decreases and vice versa). In this decision the Inspector agreed with the Council that a 10 times multiple of the existing use value was appropriate. In that particular case the abnormal costs were around £1,000,000 per net Ha.
- Halton Heights, Forge Weir View involving Wrenman Homes and Lancaster City Council (ref 3285794) dated 29th July 2022. The Inspector accepts an existing use value of circa £25,000 per gross Ha and a premium uplift of 15 times this amount to arrive at the benchmark land value. At that scheme, the abnormal costs equated to circa £400,000 per net Ha. The guidance states that the higher the abnormal costs, the lower the benchmark land value.

6.17.9. The 2 appeal cases discussed above therefore allow premium uplifts in high value areas of 10 to 15 times the existing use value for site specific infrastructure costs ranging from circa £400,000 to £1,000,000 per net Ha. This suggests that for every circa £600,000 per net Ha in site infrastructure / abnormal costs this should result in an adjustment of around 5 times the multiplier (or 1 times the multiplier for every circa £120,000 per net Ha in site specific infrastructure /abnormal works).

6.17.10. In our greenfield typology testing we have assumed abnormal costs at £250,000 per net Ha. This is £150,000 per Ha lower than the Halton Heights appeal. We therefore consider that this pushes up the premium uplift by 1.25 from 15 to 16.25. For schemes of 20 or less this gives a benchmark land value of £812,500 per Ha, and for typologies of 50 or more £487,500 per Ha.

6.17.11. For brownfield sites, we have assumed an existing use value at £500,000 per Ha, plus a 20% uplift. This equates to a benchmark of £600,000 per Ha.

6.18. Acquisition costs

6.18.1. Stamp Duty Land Tax has been applied to the modelling (taken from the residual land value, not the benchmark land value). Furthermore, legal costs at 0.8% of the residual land value and agent fees at 1% of the residual land value have also been included.

6.19. S106 contributions

6.19.1. The Council has an existing Norfolk Recreational Impact Avoidance and Mitigation Strategy Action Plan, introduced from April 2022. For any development permitted where additional recreational impact is likely to be generated, applicants are required to pay a one-off tariff per dwelling/unit. This will pay for mitigation measures at Natura 2000 Designated Protected Wildlife Sites (opens new window) within Norfolk (The Brecks, North Norfolk Coast and The Broads), as described in the Norfolk Recreational Impact Avoidance and Mitigation Strategy Action Plan (opens new window). This does not apply to all sites, however for those that are impacted there is a requirement for a tariff charge at £304.17 per dwelling (please note that this is sometimes referred to as 'GIRAMS').

6.19.2. As for other S106 contributions (such as open space, education, transport, health, waste etc) these will be determined on a site-by-site basis and therefore there will be variation across different developments. From a Local Plan viability testing perspective it is not therefore possible to account for every eventuality of policy demands. Instead, it is deemed appropriate to apply estimated allowances.

6.19.3. In order to provide a broad indication of typical S106 asks we have reviewed individual planning applications that we have been involved with in Breckland in recent years. We note the following policy asks for each scheme:

- Hargham St, Attleborough 2023 – 11 flats. Only S106 ask for recreational impact payment at circa £186 per dwelling.
- Station Rd, Attleborough 2024 – 146 retirement flats and bungalows. S106 asks estimated at £2,000 per dwelling.
- Greyhound Lane, Banham 2023 – 48 dwellings. S106 included GIRAMS £186 per dwelling, Library £75 per dwelling, education £3,798 per dwelling, public open space maintenance £209 per dwelling. Total S106 asks at £4,267 per dwelling.
- Shrublands, Beetley 2025 – 12 dwellings. S106 included monitoring fee £156 per dwelling, GIRAMS £212 per dwelling, public open space £597 per dwelling. Total S106 asks at £965 per dwelling.
- Commercial Rd, Dereham 2023 – 18 flats. S106 asks estimated at £1,389 per dwelling.
- Greenfields Rd, Dereham 2025 – 48 dwellings. S106 asks estimated at £5,178 per dwelling, plus an additional allowance for offsite play equipment at £1,188 per dwelling. Total S106 estimate £6,365 per dwelling.
- Hingham Rd, Great Ellingham 2024 – 95 dwellings. Open space request at £558 per dwelling.

- Weasenham Rd, Litcham 2023 – 16 dwellings. S106 asks estimated at £1,500 per dwelling.
- Chalk Lane, Narborough 2025 – 30 dwellings. S106 included GIRAMS £304 per dwelling, offsite recreation £693 per dwelling, education £1,051 per dwelling, libraries £185 per dwelling and transport £888 per dwelling. Total S106 asks at £3,122 per dwelling.
- Orchard Gate, North Lopham 2024 – 7 dwellings. S106 asks estimated at £1,715 per dwelling.
- Brecklands Green, North Pickenham 2022 – 9 dwellings. S106 asks estimated at £1,389 per dwelling.
- Chapel St, Shipdham 2023 – 104 dwellings. S106 included GIRAMS £211 per dwelling, offsite play / sport £788 per dwelling, education £3,506 per dwelling, libraries £75 per dwelling and NHS £6,016 per dwelling. Total S106 asks at £10,596 per dwelling.
- Sporle Rd, Swaffham 2025 – 150 dwellings. S106 included Norfolk RAMS £304 per dwelling, offsite play / sport £1,333 per dwelling, education £1,610 per dwelling, libraries £100 per dwelling and NHS £1,211 per dwelling, Swaffham Town Bus £333 per dwelling and rights of way improvements £247 per dwelling. Total S106 asks at £5,139 per dwelling.
- Lincoln House, Swanton Morley 2025 – 36 assisted living dwellings. S106 asks estimated at £5,833 per dwelling.

- Town Green Rd, Watton 2022 – 98 dwellings. S106 Library £75 per dwelling, education £3,424 per dwelling, public open space maintenance £626 per dwelling. Total S106 asks at £4,124 per dwelling.
- Norwich Rd, Watton – 80 dwellings. S106 asks estimated at £8,469 per dwelling.

6.19.4. Having considered all of the above, for the purposes of the Local Plan testing we have run our base appraisal on the basis of S106 asks totalling £4,000 per dwelling, which we consider to be reasonable reflection of the examples shown above and also the draft policy requirements. Please note, though, in our appraisal summary this will be shown as £4,500 per dwelling (as this is the £4,000 per dwelling S106 allowance, plus £500 per dwelling to meet the 85 litre water efficiency standard).

6.19.5. Furthermore, we have also ‘stress’ tested our typology modelling on the basis of higher S106 provisions to see at what point the schemes ‘tip over’ into being unviable.

7. RESIDENTIAL VIABILITY TESTING AND RESULTS

7.1. Base modelling

7.1.1. As set out above in Section 3, for the purposes of the viability modelling it is appropriate to test different site typologies deemed to represent the likely development projects that would come forward over the plan period.

7.1.2. We have summarised the results for each typology as follows:

Site Type 1 - 5 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.17	£ 4,500	£190,630	£812,500	£135,417	£ 55,214	40.77%	VIABLE
Value area 2	Greenfield	0.00%	0.17	£ 4,500	£242,274	£812,500	£135,417	£106,857	78.91%	VIABLE
Value area 3	Greenfield	0.00%	0.17	£ 4,500	£296,218	£812,500	£135,417	£160,801	118.75%	VIABLE
Value area 1	Brownfield	0.00%	0.17	£ 4,500	£136,460	£600,000	£100,000	£ 36,460	36.46%	VIABLE
Value area 2	Brownfield	0.00%	0.17	£ 4,500	£188,332	£600,000	£100,000	£ 88,332	88.33%	VIABLE
Value area 3	Brownfield	0.00%	0.17	£ 4,500	£231,870	£600,000	£100,000	£131,870	131.87%	VIABLE

7.1.3. With the full planning policy provisions applied (an affordable housing not applicable) Type 1 therefore returns a viable outcome for all typologies.

Site Type 2 - 10 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	30.00%	0.37	£ 4,500	£177,493	£812,500	£300,926	-£123,433	-41.02%	UNVIABLE
Value area 2	Greenfield	30.00%	0.37	£ 4,500	£258,636	£812,500	£300,926	-£ 42,290	-14.05%	UNVIABLE
Value area 3	Greenfield	30.00%	0.37	£ 4,500	£340,264	£812,500	£300,926	£ 39,338	13.07%	VIABLE
Value area 1	Brownfield	30.00%	0.37	£ 4,500	£ 71,609	£600,000	£200,000	-£128,391	-64.20%	UNVIABLE
Value area 2	Brownfield	30.00%	0.37	£ 4,500	£153,308	£600,000	£200,000	-£ 46,692	-23.35%	UNVIABLE
Value area 3	Brownfield	30.00%	0.37	£ 4,500	£237,555	£600,000	£200,000	£ 37,555	18.78%	VIABLE

7.1.4. With affordable housing introduced at this level, the Value Area 1 and 2 appraisals are unviable, with only those in Value Area 3 being viable.

Site Type 3 - 20 dwellings										
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.67	£ 4,500	£302,154	£812,500	£546,218	-£244,065	-44.68%	UNVIABLE
Value area 2	Greenfield	25.00%	0.67	£ 4,500	£478,834	£812,500	£546,218	-£ 67,385	-12.34%	UNVIABLE
Value area 3	Greenfield	25.00%	0.67	£ 4,500	£618,535	£812,500	£546,218	£ 72,316	13.24%	VIABLE
Value area 1	Brownfield	25.00%	0.67	£ 4,500	£116,296	£600,000	£342,857	-£226,561	-66.08%	UNVIABLE
Value area 2	Brownfield	25.00%	0.67	£ 4,500	£297,610	£600,000	£342,857	-£ 45,247	-13.20%	UNVIABLE
Value area 3	Brownfield	25.00%	0.67	£ 4,500	£437,283	£600,000	£342,857	£ 94,426	27.54%	VIABLE

7.1.5. This shows a similar outcome to the 10 dwelling typology, as only the Value Area 3 typology returns a viable outcome.

Site Type 4 - 50 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	1.90	£ 4,500	£1,536,408	£487,500	£928,571	£ 607,837	65.46%	VIABLE
Value area 2	Greenfield	26.00%	1.90	£ 4,500	£1,965,487	£487,500	£928,571	£1,036,916	111.67%	VIABLE
Value area 3	Greenfield	26.00%	1.90	£ 4,500	£2,288,048	£487,500	£928,571	£1,359,477	146.41%	VIABLE
Value area 1	Brownfield	26.00%	1.90	£ 4,500	£1,108,947	£600,000	£857,143	£ 251,804	29.38%	VIABLE
Value area 2	Brownfield	26.00%	1.90	£ 4,500	£1,514,611	£600,000	£857,143	£ 657,468	76.70%	VIABLE
Value area 3	Brownfield	26.00%	1.90	£ 4,500	£1,765,353	£600,000	£857,143	£ 908,210	105.96%	VIABLE

7.1.6. At 50 dwellings, the typologies all show a viable outcome on the basis of 25% onsite affordable housing (split around 80/20 between affordable rented and discounted market sale) plus £4,000 per dwelling in S106 asks.

Site Type 5 - 100 dwellings										
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	4.40	£ 4,500	£2,934,268	£487,500	£2,142,857	£ 791,411	36.93%	VIABLE
Value area 2	Greenfield	25.00%	4.40	£ 4,500	£3,794,286	£487,500	£2,142,857	£1,651,429	77.07%	VIABLE
Value area 3	Greenfield	25.00%	4.40	£ 4,500	£4,499,829	£487,500	£2,142,857	£2,356,972	109.99%	VIABLE
Value area 1	Brownfield	25.00%	4.40	£ 4,500	£2,103,631	£600,000	£1,714,286	£ 389,346	22.71%	VIABLE
Value area 2	Brownfield	25.00%	4.40	£ 4,500	£2,964,120	£600,000	£1,714,286	£1,249,834	72.91%	VIABLE
Value area 3	Brownfield	25.00%	4.40	£ 4,500	£3,669,878	£600,000	£1,714,286	£1,955,592	114.08%	VIABLE

7.1.7. Similarly, at 100 dwellings, all typologies are viable.

Site Type 6 - 250 dwellings										
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.20%	12.99	£ 4,500	£ 7,532,246	£487,500	£6,331,169	£1,201,078	18.97%	VIABLE
Value area 2	Greenfield	25.20%	12.99	£ 4,500	£ 9,726,104	£487,500	£6,331,169	£3,394,936	53.62%	VIABLE
Value area 3	Greenfield	25.20%	12.99	£ 4,500	£11,481,316	£487,500	£6,331,169	£5,150,147	81.35%	VIABLE
Value area 1	Brownfield	25.20%	12.99	£ 4,500	£ 5,430,786	£600,000	£4,285,714	£1,145,072	26.72%	VIABLE
Value area 2	Brownfield	25.20%	12.99	£ 4,500	£ 7,641,998	£600,000	£4,285,714	£3,356,284	78.31%	VIABLE
Value area 3	Brownfield	25.20%	12.99	£ 4,500	£ 9,409,553	£600,000	£4,285,714	£5,123,839	119.56%	VIABLE

7.1.8. Again, each typology shows a viable outcome.

Site Type 7 - 500 dwellings										
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£ 4,500	£15,042,773	£487,500	£12,662,338	£ 2,380,436	18.80%	VIABLE
Value area 2	Greenfield	25.00%	25.97	£ 4,500	£19,188,199	£487,500	£12,662,338	£ 6,525,861	51.54%	VIABLE
Value area 3	Greenfield	25.00%	25.97	£ 4,500	£22,598,162	£487,500	£12,662,338	£ 9,935,825	78.47%	VIABLE
Value area 1	Brownfield	25.00%	25.97	£ 4,500	£10,979,680	£600,000	£ 8,571,429	£ 2,408,251	28.10%	VIABLE
Value area 2	Brownfield	25.00%	25.97	£ 4,500	£15,189,296	£600,000	£ 8,571,429	£ 6,617,867	77.21%	VIABLE
Value area 3	Brownfield	25.00%	25.97	£ 4,500	£18,647,838	£600,000	£ 8,571,429	£10,076,410	117.56%	VIABLE

7.1.9. At this level of dwellings, again all show a viable outcome.

Site Type 8 - 40 retirement flats										
Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.57	£ 4,500	£396,847	£812,500	£464,286	-£ 67,439	-14.53%	UNVIABLE
Value area 2	Greenfield	25.00%	0.57	£ 4,500	£523,357	£812,500	£464,286	£ 59,072	12.72%	VIABLE
Value area 3	Greenfield	25.00%	0.57	£ 4,500	£776,378	£812,500	£464,286	£312,092	67.22%	VIABLE
Value area 1	Brownfield	25.00%	0.57	£ 4,500	£228,571	£600,000	£240,000	-£ 11,429	-4.76%	UNVIABLE
Value area 2	Brownfield	25.00%	0.57	£ 4,500	£355,569	£600,000	£240,000	£115,569	48.15%	VIABLE
Value area 3	Brownfield	25.00%	0.57	£ 4,500	£608,589	£600,000	£240,000	£368,589	153.58%	VIABLE

7.1.10. All Value areas 2 and 3 are viable, however Value area 1 shows an unviable outcome.

Site Type 9 - 20 flats										
Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.10	£ 4,500	£159,476	£812,500	£81,250	£240,726	-296.28%	UNVIABLE
Value area 2	Greenfield	25.00%	0.10	£ 4,500	£ 84,171	£812,500	£81,250	£165,421	-203.60%	UNVIABLE
Value area 3	Greenfield	25.00%	0.10	£ 4,500	£ 64,503	£812,500	£81,250	£ 16,747	-20.61%	UNVIABLE
Value area 1	Brownfield	25.00%	0.10	£ 4,500	£225,906	£600,000	£60,000	£285,906	-476.51%	UNVIABLE
Value area 2	Brownfield	25.00%	0.10	£ 4,500	£150,254	£600,000	£60,000	£210,254	-350.42%	UNVIABLE
Value area 3	Brownfield	25.00%	0.10	£ 4,500	£ 130	£600,000	£60,000	£ 60,130	-100.22%	UNVIABLE

7.1.11. This shows a poor outcome, with all of the typologies being unviable.

Site Type 10 - 50 flats										
Value Area	Land	AH %	Gross Area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	0.25	£ 4,500	£718,424	£812,500	£203,125	£ 921,549	-453.69%	UNVIABLE
Value area 2	Greenfield	26.00%	0.25	£ 4,500	£573,663	£812,500	£203,125	£ 776,788	-382.42%	UNVIABLE
Value area 3	Greenfield	26.00%	0.25	£ 4,500	£233,594	£812,500	£203,125	£ 436,719	-215.00%	UNVIABLE
Value area 1	Brownfield	26.00%	0.25	£ 4,500	£908,244	£600,000	£150,000	£1,058,244	-705.50%	UNVIABLE
Value area 2	Brownfield	26.00%	0.25	£ 4,500	£735,766	£600,000	£150,000	£ 885,766	-590.51%	UNVIABLE
Value area 3	Brownfield	26.00%	0.25	£ 4,500	£393,413	£600,000	£150,000	£ 543,413	-362.28%	UNVIABLE

7.1.12. Like the 20 dwelling scenario, all show an unviable outcome.

Site Type 11 - 20 bungalows										
Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.94	£ 4,500	£402,368	£812,500	£764,706	£362,338	-47.38%	UNVIABLE
Value area 2	Greenfield	25.00%	0.94	£ 4,500	£574,214	£812,500	£764,706	£190,492	-24.91%	UNVIABLE
Value area 3	Greenfield	25.00%	0.94	£ 4,500	£675,631	£812,500	£764,706	£ 89,075	-11.65%	UNVIABLE
Value area 1	Brownfield	25.00%	0.94	£ 4,500	£171,618	£600,000	£480,000	£308,382	-64.25%	UNVIABLE
Value area 2	Brownfield	25.00%	0.94	£ 4,500	£339,980	£600,000	£480,000	£140,020	-29.17%	UNVIABLE
Value area 3	Brownfield	25.00%	0.94	£ 4,500	£441,396	£600,000	£480,000	£ 38,604	-8.04%	UNVIABLE

7.1.13. Like the flats above, the bungalow scenario also returns each typology as being unviable.

7.2. Sensitivity Testing 1 – at what level of policy provision are the 10 dwelling typology, 20 dwelling, 20 flats, 50 flats and 20 bungalows viable (if at all)

7.2.1. In this test, we have looked at whether changes in the planning policy provision would result in a viable outcome for the typologies that are shown to be unviable in our initial base appraisal testing. Please note, just for the purposes of the exercise we have initially looked to reduce the affordable housing provision as a means to assess whether a viable outcome can be demonstrated; this is just for the purposes of the analysis and does not mean that other planning policies take precedent).

Site Type 2 - 10 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	10.00%	0.37	£ 4,500	£304,254	£812,500	£300,926	£ 3,328	1.11%	VIABLE
Value area 2	Greenfield	10.00%	0.37	£ 4,500	£390,812	£812,500	£300,926	£ 89,886	29.87%	VIABLE
Value area 3	Greenfield	10.00%	0.37	£ 4,500	£475,216	£812,500	£300,926	£174,290	57.92%	VIABLE
Value area 1	Brownfield	10.00%	0.37	£ 4,500	£201,841	£600,000	£200,000	£ 1,841	0.92%	VIABLE
Value area 2	Brownfield	10.00%	0.37	£ 4,500	£288,311	£600,000	£200,000	£ 88,311	44.16%	VIABLE
Value area 3	Brownfield	10.00%	0.37	£ 4,500	£372,715	£600,000	£200,000	£172,715	86.36%	VIABLE

7.2.2. In all of the typologies, if the affordable housing provision is reduced to 10% (i.e. 1 onsite dwelling), plus £4,500 per dwelling in S106 / 85 litre water efficiency standard, these typologies generate a viable outcome.

Site Type 3 - 20 dwellings												
Value Area	Land	Units	Total AH	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	20	1	5.00%	0.67	£ 4,500	£601,690	£812,500	£546,218	£ 55,472	10.16%	VIABLE
Value area 2	Greenfield	20	3	15.00%	0.67	£ 4,500	£624,037	£812,500	£546,218	£ 77,819	14.25%	VIABLE
Value area 1	Brownfield	20	2	10.00%	0.67	£ 4,500	£353,277	£600,000	£342,857	£ 10,420	3.04%	VIABLE
Value area 2	Brownfield	20	3	15.00%	0.67	£ 4,500	£442,814	£600,000	£342,857	£ 99,957	29.15%	VIABLE

7.2.3. If Value Area 1 has an affordable housing provision reduced to 5% greenfield or 10% brownfield, this results in a viable outcome. For Value Area 2, if the affordable housing is reduced to 15% the typologies generate a viable outcome.

Site Type 9 - 20 flats												
Value Area	Land	Units	Total AH	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	20	1	5.00%	0.10	£ 4,500	£ 87,926	£812,500	£81,250	£ 6,676	8.22%	VIABLE
Value area 2	Greenfield	20	1	5.00%	0.10	£ 4,500	£170,735	£812,500	£81,250	£ 89,485	110.14%	VIABLE
Value area 3	Greenfield	20	4	20.00%	0.10	£ 4,500	£137,428	£812,500	£81,250	£ 56,178	69.14%	VIABLE
Value area 1	Brownfield	20	0	0.00%	0.10	£ 4,500	£ 87,986	£600,000	£60,000	£ 27,986	46.64%	VIABLE
Value area 2	Brownfield	20	1	5.00%	0.10	£ 4,500	£105,129	£600,000	£60,000	£ 45,129	75.22%	VIABLE
Value area 3	Brownfield	20	4	20.00%	0.10	£ 4,500	£ 72,794	£600,000	£60,000	£ 12,794	21.32%	VIABLE

7.2.4. For the 20 flats, in order to generate viable outcomes, the reduction in the level of affordable units has to be applied to all typologies. In Value Area 3, if the affordable housing level is reduced to 20% (plus the £4,500 per dwelling allowance for S106 asks / water efficiency standard) the schemes show a viable outcome. In Value Area 2, the affordable units have to be reduced to 5% in order to deliver a viable outcome. For the Value Area 1 greenfield, there is a viable outcome with 5% affordable. However, in the brownfield category this needs to be set at zero to achieve a viable outcome.

Site Type 10 - 50 flats												
Value Area	Land	Units	Total AH	AH %	Gross Area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	50	0	0.00%	0.25	£ -	£186,893	£812,500	£203,125	£ 16,232	-7.99%	UNVIABLE
Value area 2	Greenfield	50	0	0.00%	0.25	£ 3,000	£205,597	£812,500	£203,125	£ 2,472	1.22%	VIABLE
Value area 3	Greenfield	50	4	8.00%	0.25	£ 4,500	£254,169	£812,500	£203,125	£ 51,044	25.13%	VIABLE
Value area 1	Brownfield	50	0	0.00%	0.25	£ -	£ 2,116	£600,000	£150,000	£ 152,116	-101.41%	UNVIABLE
Value area 2	Brownfield	50	0	0.00%	0.25	£ 750	£155,348	£600,000	£150,000	£ 5,348	3.57%	VIABLE
Value area 3	Brownfield	50	3	6.00%	0.25	£ 4,500	£187,157	£600,000	£150,000	£ 37,157	24.77%	VIABLE

7.2.5. The 50 dwelling typology is more challenging, and more significant intervention is required to generate a viable outcome (if at all). For Value area 1, these show an unviable outcome even with nil affordable housing and nil S106 / water efficiency standard. In Value Area 2, a viable outcome is shown in the greenfield category with nil affordable and reduced S106 / water efficiency of around £3,000 per dwelling. In the brownfield, it is viable with nil affordable and around £750 per dwelling. Finally, for Value Area 3, it is viable with 8% affordable (plus £4,500 per dwelling) in the greenfield and 6% (plus £4,500 per dwelling) in the brownfield.

Site Type 11 - 20 bungalows											
Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	20	5.00%	0.94	£ 4,500	£835,572	£812,500	£764,706	£ 70,866	9.27%	VIABLE
Value area 2	Greenfield	20	15.00%	0.94	£ 4,500	£801,924	£812,500	£764,706	£ 37,218	4.87%	VIABLE
Value area 3	Greenfield	20	20.00%	0.94	£ 4,500	£792,263	£812,500	£764,706	£ 27,557	3.60%	VIABLE
Value area 1	Brownfield	20	10.00%	0.94	£ 4,500	£498,779	£600,000	£480,000	£ 18,779	3.91%	VIABLE
Value area 2	Brownfield	20	15.00%	0.94	£ 4,500	£567,690	£600,000	£480,000	£ 87,690	18.27%	VIABLE
Value area 3	Brownfield	20	20.00%	0.94	£ 4,500	£558,028	£600,000	£480,000	£ 78,028	16.26%	VIABLE

7.2.6. For the bungalow scheme, Value Area 3 is viable with 20% affordable and £4,500 per dwelling. For Value Area 2, the affordable needs to be reduced to 15%. For Value Area 1 this needs to be 5% in the greenfield and 10% in the brownfield.

7.3. Sensitivity Testing 2 – ‘tipping point’ of viability based on increased S106 asks.

7.3.1. In this test, we have looked at each base typology (that showed a viable outcome in the base modelling) and increased the S106 asks up to the limit of the viability threshold. This is to show the ‘maximum’ S106 provisions that can be viably delivered.

Site Type 1 - 5 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.17	£ 15,500	£137,344	£812,500	£135,417	£ 1,927	1.42%	VIABLE
Value area 2	Greenfield	0.00%	0.17	£ 26,500	£135,883	£812,500	£135,417	£ 466	0.34%	VIABLE
Value area 3	Greenfield	0.00%	0.17	£ 38,000	£136,009	£812,500	£135,417	£ 593	0.44%	VIABLE
Value area 1	Brownfield	0.00%	0.17	£ 11,500	£101,985	£600,000	£100,000	£ 1,985	1.98%	VIABLE
Value area 2	Brownfield	0.00%	0.17	£ 22,500	£100,523	£600,000	£100,000	£ 523	0.52%	VIABLE
Value area 3	Brownfield	0.00%	0.17	£ 31,500	£100,638	£600,000	£100,000	£ 638	0.64%	VIABLE

7.3.2. This shows that the 5 dwelling typologies could support significantly S106 asks (with the lowest being £11,500 per dwelling).

Site Type 2 - 10 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	30.00%	0.37	£ -	£220,918	£812,500	£300,926	-£ 80,008	-26.59%	UNVIABLE
Value area 2	Greenfield	30.00%	0.37	£ -	£300,711	£812,500	£300,926	-£ 215	-0.07%	UNVIABLE
Value area 3	Greenfield	30.00%	0.37	£ 8,000	£307,539	£812,500	£300,926	£ 6,613	2.20%	VIABLE
Value area 1	Brownfield	30.00%	0.37	£ -	£115,934	£600,000	£200,000	-£ 84,066	-42.03%	UNVIABLE
Value area 2	Brownfield	30.00%	0.37	£ -	£196,733	£600,000	£200,000	-£ 3,267	-1.63%	UNVIABLE
Value area 3	Brownfield	30.00%	0.37	£ 8,000	£203,780	£600,000	£200,000	£ 3,780	1.89%	VIABLE

7.3.3. In the base modelling, based on 30% onsite affordable housing, the only typologies which returned a viable outcome were the Value Area 3 appraisals. These still show a viable outcome with S106 asks of around £8,000 per dwelling.

Site Type 3 - 20 dwellings										
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.67	£ -	£386,304	£812,500	£546,218	£-159,915	-29.28%	UNVIABLE
Value area 2	Greenfield	25.00%	0.67	£ 500	£553,634	£812,500	£546,218	£ 7,415	1.36%	VIABLE
Value area 3	Greenfield	25.00%	0.67	£ 8,000	£553,085	£812,500	£546,218	£ 6,866	1.26%	VIABLE
Value area 1	Brownfield	25.00%	0.67	£ -	£203,785	£600,000	£342,857	£-139,072	-40.56%	UNVIABLE
Value area 2	Brownfield	25.00%	0.67	£ 2,000	£344,360	£600,000	£342,857	£ 1,503	0.44%	VIABLE
Value area 3	Brownfield	25.00%	0.67	£ 9,500	£343,783	£600,000	£342,857	£ 926	0.27%	VIABLE

7.3.4. Again, in the base modelling on the basis of 25% affordable housing only Value Area 3 showed a viable outcome. These are still viable with S106 asks up to £8,000 per dwelling in the greenfield and £9,500 per dwelling in the brownfield. Value Area 2 greenfield becomes viable (with 25% onsite affordable) if the S106 asks are reduced to £500 per dwelling and brownfield with £2,000 per dwelling.

Site Type 4 - 50 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	1.90	£17,500	£ 928,658	£487,500	£928,571	£ 87	0.01%	VIABLE
Value area 2	Greenfield	26.00%	1.90	£26,500	£ 936,987	£487,500	£928,571	£ 8,416	0.91%	VIABLE
Value area 3	Greenfield	26.00%	1.90	£33,500	£ 932,298	£487,500	£928,571	£ 3,727	0.40%	VIABLE
Value area 1	Brownfield	26.00%	1.90	£ 9,500	£ 875,197	£600,000	£857,143	£ 18,054	2.11%	VIABLE
Value area 2	Brownfield	26.00%	1.90	£18,500	£ 860,111	£600,000	£857,143	£ 2,968	0.35%	VIABLE
Value area 3	Brownfield	26.00%	1.90	£23,500	£ 877,103	£600,000	£857,143	£ 19,960	2.33%	VIABLE

7.3.5. In the base modelling, all of the 50 dwelling scenarios were viable. For the greenfield typologies the schemes are still viable with S106 asks at £17,500 per dwelling (or higher dependent on the value area). For brownfield sites, the minimum that is shown to be viable is £9,500 per dwelling.

Site Type 5 - 100 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 1	Greenfield	25.00%	4.40	£12,500	£2,186,268	£487,500	£2,142,857	£ 43,411	2.03%	VIABLE	
Value area 2	Greenfield	25.00%	4.40	£22,000	£2,158,036	£487,500	£2,142,857	£ 15,179	0.71%	VIABLE	
Value area 3	Greenfield	25.00%	4.40	£29,500	£2,162,329	£487,500	£2,142,857	£ 19,472	0.91%	VIABLE	
Value area 1	Brownfield	25.00%	4.40	£ 8,500	£1,729,631	£600,000	£1,714,286	£ 15,346	0.90%	VIABLE	
Value area 2	Brownfield	25.00%	4.40	£17,500	£1,748,620	£600,000	£1,714,286	£ 34,334	2.00%	VIABLE	
Value area 3	Brownfield	25.00%	4.40	£25,000	£1,753,128	£600,000	£1,714,286	£ 38,842	2.27%	VIABLE	

7.3.6. Like the 50 dwelling testing, all of the 100 dwelling typologies were viable in the base assessment with 25% onsite affordable and £4,500 per dwelling. The above shows that the S106 asks can be increased to £8,500 (or significantly above dependent on the typology) and still be viable.

Site Type 6 - 250 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 1	Greenfield	25.20%	12.99	£ 9,500	£ 6,363,496	£487,500	£6,331,169	£ 32,328	0.51%	VIABLE	
Value area 2	Greenfield	25.20%	12.99	£19,000	£ 6,336,729	£487,500	£6,331,169	£ 5,561	0.09%	VIABLE	
Value area 3	Greenfield	25.20%	12.99	£26,500	£ 6,338,816	£487,500	£6,331,169	£ 7,647	0.12%	VIABLE	
Value area 1	Brownfield	25.20%	12.99	£ 9,000	£ 4,378,911	£600,000	£4,285,714	£ 93,197	2.17%	VIABLE	
Value area 2	Brownfield	25.20%	12.99	£18,500	£ 4,369,498	£600,000	£4,285,714	£ 83,784	1.95%	VIABLE	
Value area 3	Brownfield	25.20%	12.99	£26,000	£ 4,383,928	£600,000	£4,285,714	£ 98,214	2.29%	VIABLE	

7.3.7. The above are all viable with 25% onsite affordable if the S106 asks are increased to £9,000 per dwelling (or higher).

Site Type 7 - 500 dwellings										
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£ 9,500	£12,705,273	£487,500	£12,662,338	£ 42,936	0.34%	VIABLE
Value area 2	Greenfield	25.00%	25.97	£18,000	£12,876,949	£487,500	£12,662,338	£ 214,611	1.69%	VIABLE
Value area 3	Greenfield	25.00%	25.97	£25,000	£13,014,412	£487,500	£12,662,338	£ 352,075	2.78%	VIABLE
Value area 1	Brownfield	25.00%	25.97	£ 9,500	£ 8,642,180	£600,000	£ 8,571,429	£ 70,751	0.83%	VIABLE
Value area 2	Brownfield	25.00%	25.97	£18,000	£ 8,878,046	£600,000	£ 8,571,429	£ 306,617	3.58%	VIABLE
Value area 3	Brownfield	25.00%	25.97	£25,500	£ 8,830,338	£600,000	£ 8,571,429	£ 258,910	3.02%	VIABLE

7.3.8. Viable outcomes at 25% affordable if the S106 asks are increased to £9,500 per dwelling or higher.

Site Type 8 - 40 retirement flats										
Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.57	£ 2,500	£471,647	£812,500	£464,286	£ 7,361	1.59%	VIABLE
Value area 2	Greenfield	25.00%	0.57	£ 6,000	£467,257	£812,500	£464,286	£ 2,972	0.64%	VIABLE
Value area 3	Greenfield	25.00%	0.57	£12,500	£477,178	£812,500	£464,286	£ 12,892	2.78%	VIABLE
Value area 1	Brownfield	25.00%	0.57	£ 4,000	£247,759	£600,000	£240,000	£ 7,759	3.23%	VIABLE
Value area 2	Brownfield	25.00%	0.57	£ 7,500	£243,340	£600,000	£240,000	£ 3,340	1.39%	VIABLE
Value area 3	Brownfield	25.00%	0.57	£14,000	£253,289	£600,000	£240,000	£ 13,289	5.54%	VIABLE

7.3.9. Value area 1 greenfield becomes viable with 25% affordable housing with S106 costs at £2,500 per dwelling. Value area 1 brownfield can support 25% affordable and £4,000 per dwelling. The rest can support £6,000 per dwelling, or higher.

7.4. Sensitivity Testing 3 – 100, 250 and 500 at increased profit (market value 20% on revenue)

7.4.1. In this test, with 25% onsite affordable and £4,000 per dwelling for S106 costs, we have increased the market value profit allowance from 18.5% on revenue to 20% on revenue. The results are shown below:

Site Type 5 - 100 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	4.40	£ 4,500	20.00%	£2,611,872	£487,500	£2,142,857	£ 469,014	21.89%	VIABLE
Value area 2	Greenfield	25.00%	4.40	£ 4,500	20.00%	£3,455,687	£487,500	£2,142,857	£1,312,830	61.27%	VIABLE
Value area 3	Greenfield	25.00%	4.40	£ 4,500	20.00%	£4,147,593	£487,500	£2,142,857	£2,004,736	93.55%	VIABLE
Value area 1	Brownfield	25.00%	4.40	£ 4,500	20.00%	£1,781,235	£600,000	£1,714,286	£ 66,949	3.91%	VIABLE
Value area 2	Brownfield	25.00%	4.40	£ 4,500	20.00%	£2,625,521	£600,000	£1,714,286	£ 911,235	53.16%	VIABLE
Value area 3	Brownfield	25.00%	4.40	£ 4,500	20.00%	£3,317,642	£600,000	£1,714,286	£1,603,356	93.53%	VIABLE

Site Type 6 - 250 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.20%	12.99	£ 4,500	20.00%	£ 6,734,819	£487,500	£6,331,169	£ 403,650	6.38%	VIABLE
Value area 2	Greenfield	25.20%	12.99	£ 4,500	20.00%	£ 8,887,951	£487,500	£6,331,169	£2,556,782	40.38%	VIABLE
Value area 3	Greenfield	25.20%	12.99	£ 4,500	20.00%	£10,609,374	£487,500	£6,331,169	£4,278,205	67.57%	VIABLE
Value area 1	Brownfield	25.20%	12.99	£ 4,500	20.00%	£ 4,633,359	£600,000	£4,285,714	£ 347,645	8.11%	VIABLE
Value area 2	Brownfield	25.20%	12.99	£ 4,500	20.00%	£ 6,803,844	£600,000	£4,285,714	£2,518,130	58.76%	VIABLE
Value area 3	Brownfield	25.20%	12.99	£ 4,500	20.00%	£ 8,537,612	£600,000	£4,285,714	£4,251,897	99.21%	VIABLE

Site Type 7 - 500 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Policy per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£ 4,500	20.00%	£13,439,886	£487,500	£12,662,338	£ 777,548	6.14%	VIABLE
Value area 2	Greenfield	25.00%	25.97	£ 4,500	20.00%	£17,504,565	£487,500	£12,662,338	£ 4,842,227	38.24%	VIABLE
Value area 3	Greenfield	25.00%	25.97	£ 4,500	20.00%	£20,846,339	£487,500	£12,662,338	£ 8,184,001	64.63%	VIABLE
Value area 1	Brownfield	25.00%	25.97	£ 4,500	20.00%	£ 9,376,792	£600,000	£ 8,571,429	£ 805,363	9.40%	VIABLE
Value area 2	Brownfield	25.00%	25.97	£ 4,500	20.00%	£13,505,662	£600,000	£ 8,571,429	£ 4,934,233	57.57%	VIABLE
Value area 3	Brownfield	25.00%	25.97	£ 4,500	20.00%	£16,896,015	£600,000	£ 8,571,429	£ 8,324,586	97.12%	VIABLE

7.4.2. The above demonstrates that even with an uplifted profit of 20% on market value revenue (which is at the maximum 15% to 20% range referred to in the Planning Practice Guidance: Viability) these typologies are viable with 25% onsite affordable housing and S106 asks / water efficiency at £4,500 per dwelling.

7.5. Sensitivity Testing 4 – Nutrient Neutrality

7.5.1. In this test, we have included 25% onsite affordable housing (where applicable) plus £4,000 per dwelling for S106 costs, plus a cost to cover nutrient neutrality mitigation (which is deemed to impact on sites in the north east of the District) at an average cost of £5,900 per dwelling. Combined, this means a total S106 / water efficiency standard and nutrient neutrality contribution of £10,400 per unit. The results are as follows (focusing only on typologies that were viable in the base modelling):

Site Type 1 - 5 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.17	£10,400	£162,163	£812,500	£135,417	£ 26,746	19.75%	VIABLE
Value area 2	Greenfield	0.00%	0.17	£10,400	£213,806	£812,500	£135,417	£ 78,389	57.89%	VIABLE
Value area 3	Greenfield	0.00%	0.17	£10,400	£268,635	£812,500	£135,417	£133,219	98.38%	VIABLE
Value area 1	Brownfield	0.00%	0.17	£10,400	£107,402	£600,000	£100,000	£ 7,402	7.40%	VIABLE
Value area 2	Brownfield	0.00%	0.17	£10,400	£159,865	£600,000	£100,000	£ 59,865	59.86%	VIABLE
Value area 3	Brownfield	0.00%	0.17	£10,400	£203,402	£600,000	£100,000	£103,402	103.40%	VIABLE
Site Type 2 - 10 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 3	Greenfield	30.00%	0.37	£10,400	£285,099	£812,500	£300,926	£ 15,827	-5.26%	UNVIABLE
Value area 3	Brownfield	30.00%	0.37	£10,400	£180,620	£600,000	£200,000	£ 19,380	-9.69%	UNVIABLE
Site Type 3 - 20 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 3	Greenfield	25.00%	0.67	£10,400	£508,205	£812,500	£546,218	£ 38,014	-6.96%	UNVIABLE
Value area 3	Brownfield	25.00%	0.67	£10,400	£326,953	£600,000	£342,857	£ 15,904	-4.64%	UNVIABLE
Site Type 4 - 50 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	1.90	£10,400	£1,260,583	£487,500	£928,571	£ 332,012	35.76%	VIABLE
Value area 2	Greenfield	26.00%	1.90	£10,400	£1,689,662	£487,500	£928,571	£ 761,091	81.96%	VIABLE
Value area 3	Greenfield	26.00%	1.90	£10,400	£2,012,223	£487,500	£928,571	£1,083,652	116.70%	VIABLE
Value area 1	Brownfield	26.00%	1.90	£10,400	£ 833,122	£600,000	£857,143	£ 24,021	-2.80%	UNVIABLE
Value area 2	Brownfield	26.00%	1.90	£10,400	£1,238,786	£600,000	£857,143	£ 381,643	44.53%	VIABLE
Value area 3	Brownfield	26.00%	1.90	£10,400	£1,489,528	£600,000	£857,143	£ 632,385	73.78%	VIABLE

Site Type 5 - 100 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	4.40	£10,400	£2,382,618	£487,500	£2,142,857	£ 239,761	11.19%	VIABLE
Value area 2	Greenfield	25.00%	4.40	£10,400	£3,242,636	£487,500	£2,142,857	£1,099,779	51.32%	VIABLE
Value area 3	Greenfield	25.00%	4.40	£10,400	£3,948,179	£487,500	£2,142,857	£1,805,322	84.25%	VIABLE
Value area 1	Brownfield	25.00%	4.40	£10,400	£1,551,981	£600,000	£1,714,286	-£ 162,304	-9.47%	UNVIABLE
Value area 2	Brownfield	25.00%	4.40	£10,400	£2,412,470	£600,000	£1,714,286	£ 698,184	40.73%	VIABLE
Value area 3	Brownfield	25.00%	4.40	£10,400	£3,118,228	£600,000	£1,714,286	£1,403,942	81.90%	VIABLE
Site Type 6 - 250 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.20%	12.99	£10,400	£ 6,153,121	£487,500	£6,331,169	-£ 178,047	-2.81%	UNVIABLE
Value area 2	Greenfield	25.20%	12.99	£10,400	£ 8,346,979	£487,500	£6,331,169	£2,015,811	31.84%	VIABLE
Value area 3	Greenfield	25.20%	12.99	£10,400	£10,102,191	£487,500	£6,331,169	£3,771,022	59.56%	VIABLE
Value area 1	Brownfield	25.20%	12.99	£10,400	£ 4,051,661	£600,000	£4,285,714	-£ 234,053	-5.46%	UNVIABLE
Value area 2	Brownfield	25.20%	12.99	£10,400	£ 6,262,873	£600,000	£4,285,714	£1,977,159	46.13%	VIABLE
Value area 3	Brownfield	25.20%	12.99	£10,400	£ 8,030,428	£600,000	£4,285,714	£3,744,714	87.38%	VIABLE
Site Type 7 - 500 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£10,400	£12,284,523	£487,500	£12,662,338	-£ 377,814	-2.98%	UNVIABLE
Value area 2	Greenfield	25.00%	25.97	£10,400	£16,429,949	£487,500	£12,662,338	£ 3,767,611	29.75%	VIABLE
Value area 3	Greenfield	25.00%	25.97	£10,400	£19,839,912	£487,500	£12,662,338	£ 7,177,575	56.68%	VIABLE
Value area 1	Brownfield	25.00%	25.97	£10,400	£ 8,221,430	£600,000	£ 8,571,429	-£ 349,999	-4.08%	UNVIABLE
Value area 2	Brownfield	25.00%	25.97	£10,400	£12,431,046	£600,000	£ 8,571,429	£ 3,859,617	45.03%	VIABLE
Value area 3	Brownfield	25.00%	25.97	£10,400	£15,889,588	£600,000	£ 8,571,429	£ 7,318,160	85.38%	VIABLE
Site Type 8 - 40 retirement flats										
Value Area	Land	AH %	Gross (Ha)	S106 & NN per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 2	Greenfield	25.00%	0.57	£10,400	£302,697	£812,500	£464,286	-£161,588	-34.80%	UNVIABLE
Value area 3	Greenfield	25.00%	0.57	£10,400	£555,718	£812,500	£464,286	£ 91,432	19.69%	VIABLE
Value area 2	Brownfield	25.00%	0.57	£10,400	£131,062	£600,000	£240,000	-£108,938	-45.39%	UNVIABLE
Value area 3	Brownfield	25.00%	0.57	£10,400	£387,929	£600,000	£240,000	£147,929	61.64%	VIABLE

7.5.2. For schemes of 10 and 20 units the impact of the Nutrient Neutrality cost is significant as it changes previously viable schemes to being unviable. However, for scheme of 50 dwellings or more then impact is limited in that most typologies still show a viable outcome (some Value area 1 are just unviable). Similarly, for 5 dwellings (where there is no affordable housing requirement) the typologies continue to show a viable outcome. In the 40 retirement typology on Value area 3 schemes continue to show a viable outcome.

7.6. Sensitivity Testing 5 – Future Homes costs at £4,000 per dwelling

7.6.1. In this test, we have included 25% onsite affordable housing (where applicable) plus £4,500 per dwelling for S106 costs, plus an additional Future Homes cost at £4,000 per dwelling, on the basis of no change to the market values (we would question this approach, as discussed earlier in the report, however we have adopted this approach just for the purposes of the sensitivity testing). This is shown in the report summaries as 'S106 & FH per unit' £8,500. The results are as follows (again we have focused only on typologies that were viable in the base modelling):

Site Type 1 - 5 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.17	£ 8,500	£171,330	£812,500	£135,417	£ 35,914	26.52%	VIABLE
Value area 2	Greenfield	0.00%	0.17	£ 8,500	£222,974	£812,500	£135,417	£ 87,557	64.66%	VIABLE
Value area 3	Greenfield	0.00%	0.17	£ 8,500	£277,518	£812,500	£135,417	£142,101	104.94%	VIABLE
Value area 1	Brownfield	0.00%	0.17	£ 8,500	£116,760	£600,000	£100,000	£ 16,760	16.76%	VIABLE
Value area 2	Brownfield	0.00%	0.17	£ 8,500	£169,032	£600,000	£100,000	£ 69,032	69.03%	VIABLE
Value area 3	Brownfield	0.00%	0.17	£ 8,500	£212,570	£600,000	£100,000	£112,570	112.57%	VIABLE
Site Type 2 - 10 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 3	Greenfield	30.00%	0.37	£ 8,500	£302,864	£812,500	£300,926	£ 1,938	0.64%	VIABLE
Value area 3	Brownfield	30.00%	0.37	£ 8,500	£198,955	£600,000	£200,000	£- 1,045	-0.52%	UNVIABLE
Site Type 3 - 20 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 3	Greenfield	25.00%	0.67	£ 8,500	£543,735	£812,500	£546,218	£- 2,484	-0.45%	UNVIABLE
Value area 3	Brownfield	25.00%	0.67	£ 8,500	£362,483	£600,000	£342,857	£ 19,626	5.72%	VIABLE

Site Type 4 - 50 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	1.90	£ 8,500	£1,349,408	£487,500	£928,571	£ 420,837	45.32%	VIABLE
Value area 2	Greenfield	26.00%	1.90	£ 8,500	£1,778,487	£487,500	£928,571	£ 849,916	91.53%	VIABLE
Value area 3	Greenfield	26.00%	1.90	£ 8,500	£2,101,048	£487,500	£928,571	£1,172,477	126.27%	VIABLE
Value area 1	Brownfield	26.00%	1.90	£ 8,500	£ 921,947	£600,000	£857,143	£ 64,804	7.56%	VIABLE
Value area 2	Brownfield	26.00%	1.90	£ 8,500	£1,327,611	£600,000	£857,143	£ 470,468	54.89%	VIABLE
Value area 3	Brownfield	26.00%	1.90	£ 8,500	£1,578,353	£600,000	£857,143	£ 721,210	84.14%	VIABLE
Site Type 5 - 100 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	4.40	£ 8,500	£2,560,268	£487,500	£2,142,857	£ 417,411	19.48%	VIABLE
Value area 2	Greenfield	25.00%	4.40	£ 8,500	£3,420,286	£487,500	£2,142,857	£1,277,429	59.61%	VIABLE
Value area 3	Greenfield	25.00%	4.40	£ 8,500	£4,125,829	£487,500	£2,142,857	£1,982,972	92.54%	VIABLE
Value area 1	Brownfield	25.00%	4.40	£ 8,500	£1,729,631	£600,000	£1,714,286	£ 15,346	0.90%	VIABLE
Value area 2	Brownfield	25.00%	4.40	£ 8,500	£2,590,120	£600,000	£1,714,286	£ 875,834	51.09%	VIABLE
Value area 3	Brownfield	25.00%	4.40	£ 8,500	£3,295,878	£600,000	£1,714,286	£1,581,592	92.26%	VIABLE
Site Type 6 - 250 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.20%	12.99	£ 8,500	£ 6,597,246	£487,500	£6,331,169	£ 266,078	4.20%	VIABLE
Value area 2	Greenfield	25.20%	12.99	£ 8,500	£ 8,791,104	£487,500	£6,331,169	£2,459,936	38.85%	VIABLE
Value area 3	Greenfield	25.20%	12.99	£ 8,500	£10,546,316	£487,500	£6,331,169	£4,215,147	66.58%	VIABLE
Value area 1	Brownfield	25.20%	12.99	£ 8,500	£ 4,495,786	£600,000	£4,285,714	£ 210,072	4.90%	VIABLE
Value area 2	Brownfield	25.20%	12.99	£ 8,500	£ 6,706,998	£600,000	£4,285,714	£2,421,284	56.50%	VIABLE
Value area 3	Brownfield	25.20%	12.99	£ 8,500	£ 8,474,553	£600,000	£4,285,714	£4,188,839	97.74%	VIABLE
Site Type 7 - 500 dwellings										
Value Area	Land	AH %	Gross area (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£ 8,500	£13,172,773	£487,500	£12,662,338	£ 510,436	4.03%	VIABLE
Value area 2	Greenfield	25.00%	25.97	£ 8,500	£17,318,199	£487,500	£12,662,338	£ 4,655,861	36.77%	VIABLE
Value area 3	Greenfield	25.00%	25.97	£ 8,500	£20,728,162	£487,500	£12,662,338	£ 8,065,825	63.70%	VIABLE
Value area 1	Brownfield	25.00%	25.97	£ 8,500	£ 9,109,680	£600,000	£ 8,571,429	£ 538,251	6.28%	VIABLE
Value area 2	Brownfield	25.00%	25.97	£ 8,500	£13,319,296	£600,000	£ 8,571,429	£ 4,747,867	55.39%	VIABLE
Value area 3	Brownfield	25.00%	25.97	£ 8,500	£16,777,838	£600,000	£ 8,571,429	£ 8,206,410	95.74%	VIABLE
Site Type 8 - 40 retirement flats										
Value Area	Land	AH %	Gross (Ha)	S106 & FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 2	Greenfield	25.00%	0.57	£ 8,500	£373,757	£812,500	£464,286	£- 90,528	-19.50%	UNVIABLE
Value area 3	Greenfield	25.00%	0.57	£ 8,500	£626,778	£812,500	£464,286	£162,492	35.00%	VIABLE
Value area 2	Brownfield	25.00%	0.57	£ 8,500	£204,740	£600,000	£240,000	£- 35,260	-14.69%	UNVIABLE
Value area 3	Brownfield	25.00%	0.57	£ 8,500	£458,989	£600,000	£240,000	£218,989	91.25%	VIABLE

7.6.2. Similar to the Nutrient Neutrality outcomes (although slightly better), for the 5, 50, 100, 250 and 500 dwelling typologies the schemes remain viable with Future Homes applied. For the 10 and 20 dwellings, though, the schemes are either only just viable or just unviable. In the 40 retirement typology on Value area 3 schemes continue to show a viable outcome.

7.7. Sensitivity Testing 6 – reduced externals at 15%

7.7.1. In this test, for those housing typologies (10, 20 and 20 bungalows) that showed an unviable outcome in the base modelling, we have reduced the external costs from 20% to 15% of the BCIS plot cost, to see if this changes the overall outcome (still assuming 25% affordable and £4,500 per dwelling in S106):

Site Type 2 - 10 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Externals (% of build cost)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	30.00%	0.37	15.00%	£ 4,500	£245,728	£812,500	£300,926	-£ 55,198	-18.34%	UNVIABLE
Value area 2	Greenfield	30.00%	0.37	15.00%	£ 4,500	£324,796	£812,500	£300,926	£ 23,870	7.93%	VIABLE
Value area 1	Brownfield	30.00%	0.37	15.00%	£ 4,500	£142,562	£600,000	£200,000	-£ 57,438	-28.72%	UNVIABLE
Value area 2	Brownfield	30.00%	0.37	15.00%	£ 4,500	£222,821	£600,000	£200,000	£ 22,821	11.41%	VIABLE
Site Type 3 - 20 dwellings											
Value Area	Land	AH %	Gross area (Ha)	Externals (% of build cost)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.67	15.00%	£ 4,500	£432,368	£812,500	£546,218	-£113,850	-20.84%	UNVIABLE
Value area 2	Greenfield	25.00%	0.67	15.00%	£ 4,500	£609,048	£812,500	£546,218	£ 62,830	11.50%	VIABLE
Value area 1	Brownfield	25.00%	0.67	15.00%	£ 4,500	£253,453	£600,000	£342,857	-£ 89,404	-26.08%	UNVIABLE
Value area 2	Brownfield	25.00%	0.67	15.00%	£ 4,500	£430,171	£600,000	£342,857	£ 87,314	25.47%	VIABLE
Site Type 11 - 20 bungalows											
Value Area	Land	AH %	Gross (Ha)	Externals (% of build cost)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	0.94	15.00%	£ 4,500	£541,128	£812,500	£764,706	-£223,578	-29.24%	UNVIABLE
Value area 2	Greenfield	25.00%	0.94	15.00%	£ 4,500	£712,974	£812,500	£764,706	-£ 51,732	-6.76%	UNVIABLE
Value area 3	Greenfield	25.00%	0.94	15.00%	£ 4,500	£814,391	£812,500	£764,706	£ 49,685	6.50%	VIABLE
Value area 1	Brownfield	25.00%	0.94	15.00%	£ 4,500	£315,136	£600,000	£480,000	-£164,864	-34.35%	UNVIABLE
Value area 2	Brownfield	25.00%	0.94	15.00%	£ 4,500	£481,240	£600,000	£480,000	£ 1,240	0.26%	VIABLE
Value area 3	Brownfield	25.00%	0.94	15.00%	£ 4,500	£582,656	£600,000	£480,000	£102,656	21.39%	VIABLE

7.7.2. As shown, this does have a positive impact on the viability outcomes for some of the typologies, changing previously unviable outcomes to viable outcomes.

7.8. Sensitivity Testing 7 – affordable rented replaced by all social rented

7.8.1. In this test, for those housing typologies that showed a viable outcome in the base modelling, we have replaced the affordable (limited to the 50, 100, 250 and 500 dwelling scenarios) rented units with social rented units (which generally attract lower revenues).

Site Type 4 - 50 dwellings														
Value Area	Land	SR 1bed	SR 2bed	SR 3bed	Units	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	4	4	3	50	26.00%	1.90	£ 4,500	£1,297,932	£487,500	£928,571	£ 369,360	39.78%	VIABLE
Value area 2	Greenfield	4	4	3	50	26.00%	1.90	£ 4,500	£1,714,878	£487,500	£928,571	£ 786,307	84.68%	VIABLE
Value area 3	Greenfield	4	4	3	50	26.00%	1.90	£ 4,500	£2,028,522	£487,500	£928,571	£1,099,951	118.46%	VIABLE
Value area 1	Brownfield	4	4	3	50	26.00%	1.90	£ 4,500	£ 870,471	£600,000	£857,143	£ 13,328	1.55%	VIABLE
Value area 2	Brownfield	4	4	3	50	26.00%	1.90	£ 4,500	£1,264,002	£600,000	£857,143	£ 406,859	47.47%	VIABLE
Value area 3	Brownfield	4	4	3	50	26.00%	1.90	£ 4,500	£1,505,827	£600,000	£857,143	£ 648,684	75.68%	VIABLE
Site Type 5 - 100 dwellings														
Value Area	Land	SR 1bed	SR 2bed	SR 3bed	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 1	Greenfield	7	7	6	25.00%	4.40	£ 4,500	£2,497,208	£487,500	£2,142,857	£ 354,351	16.54%	VIABLE	
Value area 2	Greenfield	7	7	6	25.00%	4.40	£ 4,500	£3,334,428	£487,500	£2,142,857	£1,191,571	55.61%	VIABLE	
Value area 3	Greenfield	7	7	6	25.00%	4.40	£ 4,500	£4,024,054	£487,500	£2,142,857	£1,881,197	87.79%	VIABLE	
Value area 1	Brownfield	7	7	6	25.00%	4.40	£ 4,500	£1,666,572	£600,000	£1,714,286	-£ 47,714	-2.78%	UNVIABLE	
Value area 2	Brownfield	7	7	6	25.00%	4.40	£ 4,500	£2,504,262	£600,000	£1,714,286	£ 789,976	46.08%	VIABLE	
Value area 3	Brownfield	7	7	6	25.00%	4.40	£ 4,500	£3,194,103	£600,000	£1,714,286	£1,479,817	86.32%	VIABLE	
Site Type 6 - 250 dwellings														
Value Area	Land	SR 1bed	SR 2bed	SR 3bed	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 1	Greenfield	17	18	15	25.20%	12.99	£ 4,500	£ 6,437,748	£487,500	£6,331,169	£ 106,579	1.68%	VIABLE	
Value area 2	Greenfield	17	18	15	25.20%	12.99	£ 4,500	£ 8,574,640	£487,500	£6,331,169	£2,243,471	35.44%	VIABLE	
Value area 3	Greenfield	17	18	15	25.20%	12.99	£ 4,500	£10,289,611	£487,500	£6,331,169	£3,958,442	62.52%	VIABLE	
Value area 1	Brownfield	17	18	15	25.20%	12.99	£ 4,500	£ 4,336,288	£600,000	£4,285,714	£ 50,574	1.18%	VIABLE	
Value area 2	Brownfield	17	18	15	25.20%	12.99	£ 4,500	£ 6,490,534	£600,000	£4,285,714	£2,204,819	51.45%	VIABLE	
Value area 3	Brownfield	17	18	15	25.20%	12.99	£ 4,500	£ 8,217,848	£600,000	£4,285,714	£3,932,134	91.75%	VIABLE	

Site Type 7 - 500 dwellings													
Value Area	Land	SR 1bed	SR 2bed	SR 3bed	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	40	40	20	25.00%	25.97	£ 4,500	£12,921,021	£487,500	£12,662,338	£ 258,683	2.04%	VIABLE
Value area 2	Greenfield	40	40	20	25.00%	25.97	£ 4,500	£16,965,988	£487,500	£12,662,338	£ 4,303,650	33.99%	VIABLE
Value area 3	Greenfield	40	40	20	25.00%	25.97	£ 4,500	£20,290,962	£487,500	£12,662,338	£ 7,628,624	60.25%	VIABLE
Value area 1	Brownfield	40	40	20	25.00%	25.97	£ 4,500	£ 8,857,927	£600,000	£ 8,571,429	£ 286,499	3.34%	VIABLE
Value area 2	Brownfield	40	40	20	25.00%	25.97	£ 4,500	£12,967,085	£600,000	£ 8,571,429	£ 4,395,656	51.28%	VIABLE
Value area 3	Brownfield	40	40	20	25.00%	25.97	£ 4,500	£16,340,638	£600,000	£ 8,571,429	£ 7,769,209	90.64%	VIABLE

7.8.2. As shown above, replacing the affordable rented dwellings with social rent does not change the viability outcomes (bar 1 exception for the 100 dwelling scenario Value area 1 brownfield).

7.9. Sensitivity Testing 8 – higher proportion of discounted market sale

7.9.1. In this test, for those housing typologies (10, 20 and 20 bungalows) that showed an unviable outcome in the base modelling, we have assumed all of the affordable units would be provided as discounted market sale:

Site Type 2 - 10 dwellings												
Value Area	Land	DMS 2 bed	DM2 3 bed	AH %	Gross area (Ha)	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	2	1	30.00%	0.37	£ 4,500	£204,965	£812,500	£300,926	-£ 95,961	-31.89%	UNVIABLE
Value area 2	Greenfield	2	1	30.00%	0.37	£ 4,500	£286,009	£812,500	£300,926	-£ 14,917	-4.96%	UNVIABLE
Value area 1	Brownfield	2	1	30.00%	0.37	£ 4,500	£ 98,947	£600,000	£200,000	-£101,053	-50.53%	UNVIABLE
Value area 2	Brownfield	2	1	30.00%	0.37	£ 4,500	£180,870	£600,000	£200,000	-£ 19,130	-9.56%	UNVIABLE

Site Type 3 - 20 dwellings												
Value Area	Land	DMS 2 bed	DM2 3 bed	AH %	Gross area (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	3	2	25.00%	0.67	£ 4,500	£371,400	£812,500	£546,218	-£174,818	-32.01%	UNVIABLE
Value area 2	Greenfield	3	2	25.00%	0.67	£ 4,500	£551,791	£812,500	£546,218	£ 5,572	1.02%	VIABLE
Value area 1	Brownfield	3	2	25.00%	0.67	£ 4,500	£187,714	£600,000	£342,857	-£155,143	-45.25%	UNVIABLE
Value area 2	Brownfield	3	2	25.00%	0.67	£ 4,500	£369,900	£600,000	£342,857	£ 27,043	7.89%	VIABLE

Site Type 11 - 20 bungalows												
Value Area	Land	DMS 2 bed	DM2 3 bed	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	5	0	25.00%	0.94	£ 4,500	£520,514	£812,500	£764,706	£-244,192	-31.93%	UNVIABLE
Value area 2	Greenfield	5	0	25.00%	0.94	£ 4,500	£698,420	£812,500	£764,706	£- 66,286	-8.67%	UNVIABLE
Value area 3	Greenfield	5	0	25.00%	0.94	£ 4,500	£802,866	£812,500	£764,706	£ 38,160	4.99%	VIABLE
Value area 1	Brownfield	5	0	25.00%	0.94	£ 4,500	£292,022	£600,000	£480,000	£-187,978	-39.16%	UNVIABLE
Value area 2	Brownfield	5	0	25.00%	0.94	£ 4,500	£464,186	£600,000	£480,000	£- 15,814	-3.29%	UNVIABLE
Value area 3	Brownfield	5	0	25.00%	0.94	£ 4,500	£568,631	£600,000	£480,000	£ 88,631	18.46%	VIABLE

7.9.2. As shown, adjusting the affordable housing units solely to discount market helps a some of the schemes generate a viable outcome, however a number remain unviable.

7.10. Sensitivity Testing 9 – Biodiversity Net Gain 20%

7.10.1. In this test, for those typologies that showed a viable outcome in the base modelling, we have increased the biodiversity net gain provision in the modelling from £30,000 per Ha to £100,000 per Ha (deemed to be sufficient to cover a 20% biodiversity net gain).

Site Type 1 - 5 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 1	Greenfield	0.00%	0.17	£ 16,667	£ 4,500	£178,133	£812,500	£135,417	£ 42,717	31.54%	VIABLE	
Value area 2	Greenfield	0.00%	0.17	£ 16,667	£ 4,500	£229,777	£812,500	£135,417	£ 94,360	69.68%	VIABLE	
Value area 3	Greenfield	0.00%	0.17	£ 16,667	£ 4,500	£284,109	£812,500	£135,417	£148,693	109.80%	VIABLE	
Value area 1	Brownfield	0.00%	0.17	£ 16,667	£ 4,500	£123,474	£600,000	£100,000	£ 23,474	23.47%	VIABLE	
Value area 2	Brownfield	0.00%	0.17	£ 16,667	£ 4,500	£175,610	£600,000	£100,000	£ 75,610	75.61%	VIABLE	
Value area 3	Brownfield	0.00%	0.17	£ 16,667	£ 4,500	£219,148	£600,000	£100,000	£119,148	119.15%	VIABLE	

Site Type 2 - 10 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 3	Greenfield	30.00%	0.37	£ 37,037	£ 4,500	£313,357	£812,500	£300,926	£ 12,431	4.13%	VIABLE
Value area 3	Brownfield	30.00%	0.37	£ 37,037	£ 4,500	£209,284	£600,000	£200,000	£ 9,284	4.64%	VIABLE

Site Type 3 - 20 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 3	Greenfield	25.00%	0.67	£ 67,227	£ 4,500	£569,695	£812,500	£546,218	£ 23,476	4.30%	VIABLE
Value area 3	Brownfield	25.00%	0.67	£ 67,227	£ 4,500	£387,563	£600,000	£342,857	£ 44,706	13.04%	VIABLE

Site Type 4 - 50 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	1.90	£190,476	£ 4,500	£1,399,275	£487,500	£928,571	£ 470,703	50.69%	VIABLE
Value area 2	Greenfield	26.00%	1.90	£190,476	£ 4,500	£1,828,354	£487,500	£928,571	£ 899,783	96.90%	VIABLE
Value area 3	Greenfield	26.00%	1.90	£190,476	£ 4,500	£2,150,915	£487,500	£928,571	£1,222,343	131.64%	VIABLE
Value area 1	Brownfield	26.00%	1.90	£190,476	£ 4,500	£ 969,320	£600,000	£857,143	£ 112,177	13.09%	VIABLE
Value area 2	Brownfield	26.00%	1.90	£190,476	£ 4,500	£1,374,985	£600,000	£857,143	£ 517,842	60.41%	VIABLE
Value area 3	Brownfield	26.00%	1.90	£190,476	£ 4,500	£1,625,726	£600,000	£857,143	£ 768,583	89.67%	VIABLE

Site Type 5 - 100 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	4.40	£439,560	£ 4,500	£2,617,806	£487,500	£2,142,857	£ 474,949	22.16%	VIABLE
Value area 2	Greenfield	25.00%	4.40	£439,560	£ 4,500	£3,477,824	£487,500	£2,142,857	£1,334,967	62.30%	VIABLE
Value area 3	Greenfield	25.00%	4.40	£439,560	£ 4,500	£4,183,367	£487,500	£2,142,857	£2,040,510	95.22%	VIABLE
Value area 1	Brownfield	25.00%	4.40	£439,560	£ 4,500	£1,781,416	£600,000	£1,714,286	£ 67,130	3.92%	VIABLE
Value area 2	Brownfield	25.00%	4.40	£439,560	£ 4,500	£2,641,904	£600,000	£1,714,286	£ 927,619	54.11%	VIABLE
Value area 3	Brownfield	25.00%	4.40	£439,560	£ 4,500	£3,347,662	£600,000	£1,714,286	£1,633,377	95.28%	VIABLE

Site Type 6 - 250 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.20%	12.99	£1,298,701	£ 4,500	£ 6,601,496	£487,500	£6,331,169	£ 270,328	4.27%	VIABLE
Value area 2	Greenfield	25.20%	12.99	£1,298,701	£ 4,500	£ 8,795,354	£487,500	£6,331,169	£2,464,186	38.92%	VIABLE
Value area 3	Greenfield	25.20%	12.99	£1,298,701	£ 4,500	£10,550,566	£487,500	£6,331,169	£4,219,397	66.64%	VIABLE
Value area 1	Brownfield	25.20%	12.99	£1,298,701	£ 4,500	£ 4,483,036	£600,000	£4,285,714	£ 197,322	4.60%	VIABLE
Value area 2	Brownfield	25.20%	12.99	£1,298,701	£ 4,500	£ 6,694,248	£600,000	£4,285,714	£2,408,534	56.20%	VIABLE
Value area 3	Brownfield	25.20%	12.99	£1,298,701	£ 4,500	£ 8,461,803	£600,000	£4,285,714	£4,176,089	97.44%	VIABLE

Site Type 7 - 500 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£2,597,403	£ 4,500	£13,181,273	£487,500	£12,662,338	£ 518,936	4.10%	VIABLE
Value area 2	Greenfield	25.00%	25.97	£2,597,403	£ 4,500	£17,326,699	£487,500	£12,662,338	£ 4,664,361	36.84%	VIABLE
Value area 3	Greenfield	25.00%	25.97	£2,597,403	£ 4,500	£20,736,662	£487,500	£12,662,338	£ 8,074,325	63.77%	VIABLE
Value area 1	Brownfield	25.00%	25.97	£2,597,403	£ 4,500	£ 9,084,180	£600,000	£ 8,571,429	£ 512,751	5.98%	VIABLE
Value area 2	Brownfield	25.00%	25.97	£2,597,403	£ 4,500	£13,293,796	£600,000	£ 8,571,429	£ 4,722,367	55.09%	VIABLE
Value area 3	Brownfield	25.00%	25.97	£2,597,403	£ 4,500	£16,752,338	£600,000	£ 8,571,429	£ 8,180,910	95.44%	VIABLE

Site Type 8 - 40 retirement flats											
Value Area	Land	AH %	Gross (Ha)	BNG Offsite	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 2	Greenfield	25.00%	0.57	£ 57,143	£ 4,500	£481,843	£812,500	£464,286	£ 17,558	3.78%	VIABLE
Value area 3	Greenfield	25.00%	0.57	£ 57,143	£ 4,500	£734,864	£812,500	£464,286	£270,578	58.28%	VIABLE
Value area 2	Brownfield	25.00%	0.57	£ 57,143	£ 4,500	£313,307	£600,000	£240,000	£ 73,307	30.54%	VIABLE
Value area 3	Brownfield	25.00%	0.57	£ 57,143	£ 4,500	£566,327	£600,000	£240,000	£326,327	135.97%	VIABLE

7.10.2. As shown, all of the typology outcomes remain viable with this adjustment viable.

7.11. Sensitivity Testing 10 – ‘Worst case’ with above adjustments applied

7.11.1. In this test, for those typologies that showed a viable outcome in the base modelling, we have included adjustments referred to individually above:

- For typologies of 100, 250 and 500 dwellings, the developer profit for the market value units is increased from 18.5% on revenue to 20% on revenue.
- Nutrient Neutrality at £5,900 per dwelling.
- Future Homes at £4,000 per dwelling (no increase in market values).
- Biodiversity Net Gain 20% (assumed cost at £100,000 per Ha).

Site Type 1 - 5 dwellings											
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	\$106/NN/ FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.17	£ 16,667	£14,400	£130,006	£812,500	£135,417	£ 5,411	-4.00%	UNVIABLE
Value area 2	Greenfield	0.00%	0.17	£ 16,667	£14,400	£182,009	£812,500	£135,417	£ 46,593	34.41%	VIABLE
Value area 3	Greenfield	0.00%	0.17	£ 16,667	£14,400	£237,621	£812,500	£135,417	£102,204	75.47%	VIABLE
Value area 1	Brownfield	0.00%	0.17	£ 16,667	£14,400	£ 74,716	£600,000	£100,000	£ 25,284	-25.28%	UNVIABLE
Value area 2	Brownfield	0.00%	0.17	£ 16,667	£14,400	£127,430	£600,000	£100,000	£ 27,430	27.43%	VIABLE
Value area 3	Brownfield	0.00%	0.17	£ 16,667	£14,400	£171,380	£600,000	£100,000	£ 71,380	71.38%	VIABLE

Site Type 2 - 10 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106/NN/ FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 3	Greenfield	30.00%	0.37	£ 37,037	£14,400	£220,039	£812,500	£300,926	-£ 80,887	-26.88%	UNVIABLE	
Value area 3	Brownfield	30.00%	0.37	£ 37,037	£14,400	£113,045	£600,000	£200,000	-£ 86,955	-43.48%	UNVIABLE	

Site Type 3 - 20 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106/NN/ FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?	
Value area 3	Greenfield	25.00%	0.67	£ 67,227	£14,400	£384,565	£812,500	£546,218	-£161,654	-29.60%	UNVIABLE	
Value area 3	Brownfield	25.00%	0.67	£ 67,227	£14,400	£201,091	£600,000	£342,857	-£141,766	-41.35%	UNVIABLE	

Site Type 4 - 50 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106/NN/ FH per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	26.00%	1.90	£190,476	£14,400	20.00%	£ 670,935	£487,500	£928,571	-£ 257,637	-27.75%	UNVIABLE
Value area 2	Greenfield	26.00%	1.90	£190,476	£14,400	20.00%	£1,087,888	£487,500	£928,571	£ 159,316	17.16%	VIABLE
Value area 3	Greenfield	26.00%	1.90	£190,476	£14,400	20.00%	£1,399,825	£487,500	£928,571	£ 471,254	50.75%	VIABLE
Value area 1	Brownfield	26.00%	1.90	£190,476	£14,400	20.00%	£ 240,876	£600,000	£857,143	-£ 616,267	-71.90%	UNVIABLE
Value area 2	Brownfield	26.00%	1.90	£190,476	£14,400	20.00%	£ 634,518	£600,000	£857,143	-£ 222,625	-25.97%	UNVIABLE
Value area 3	Brownfield	26.00%	1.90	£190,476	£14,400	20.00%	£ 874,636	£600,000	£857,143	£ 17,493	2.04%	VIABLE

Site Type 5 - 100 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106/NN/ FH per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	4.40	£439,560	£14,400	20.00%	£1,369,760	£487,500	£2,142,857	-£ 773,097	-36.08%	UNVIABLE
Value area 2	Greenfield	25.00%	4.40	£439,560	£14,400	20.00%	£2,213,576	£487,500	£2,142,857	£ 70,719	3.30%	VIABLE
Value area 3	Greenfield	25.00%	4.40	£439,560	£14,400	20.00%	£2,905,482	£487,500	£2,142,857	£ 762,625	35.59%	VIABLE
Value area 1	Brownfield	25.00%	4.40	£439,560	£14,400	20.00%	£ 533,370	£600,000	£1,714,286	-£1,180,916	-68.89%	UNVIABLE
Value area 2	Brownfield	25.00%	4.40	£439,560	£14,400	20.00%	£1,377,656	£600,000	£1,714,286	-£ 336,630	-19.64%	UNVIABLE
Value area 3	Brownfield	25.00%	4.40	£439,560	£14,400	20.00%	£2,069,777	£600,000	£1,714,286	£ 355,491	20.74%	VIABLE

Site Type 6 - 250 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106/NN/ FH per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.20%	12.99	£1,298,701	£14,400	20.00%	£ 3,489,944	£487,500	£6,331,169	£2,841,225	-44.88%	UNVIABLE
Value area 2	Greenfield	25.20%	12.99	£1,298,701	£14,400	20.00%	£ 5,643,076	£487,500	£6,331,169	£ 688,093	-10.87%	UNVIABLE
Value area 3	Greenfield	25.20%	12.99	£1,298,701	£14,400	20.00%	£ 7,364,499	£487,500	£6,331,169	£1,033,330	16.32%	VIAIBLE
Value area 1	Brownfield	25.20%	12.99	£1,298,701	£14,400	20.00%	£ 1,371,484	£600,000	£4,285,714	£2,914,230	-68.00%	UNVIABLE
Value area 2	Brownfield	25.20%	12.99	£1,298,701	£14,400	20.00%	£ 3,541,969	£600,000	£4,285,714	£ 743,745	-17.35%	UNVIABLE
Value area 3	Brownfield	25.20%	12.99	£1,298,701	£14,400	20.00%	£ 5,275,737	£600,000	£4,285,714	£ 990,022	23.10%	VIAIBLE

Site Type 7 - 500 dwellings												
Value Area	Land	AH %	Gross area (Ha)	BNG Offsite	S106/NN/ FH per unit	Profit % (MV Homes)	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	25.00%	25.97	£2,597,403	£14,400	20.00%	£ 6,950,136	£487,500	£12,662,338	£ 5,712,202	-45.11%	UNVIABLE
Value area 2	Greenfield	25.00%	25.97	£2,597,403	£14,400	20.00%	£11,014,815	£487,500	£12,662,338	£ 1,647,523	-13.01%	UNVIABLE
Value area 3	Greenfield	25.00%	25.97	£2,597,403	£14,400	20.00%	£14,356,589	£487,500	£12,662,338	£ 1,694,251	13.38%	VIAIBLE
Value area 1	Brownfield	25.00%	25.97	£2,597,403	£14,400	20.00%	£ 2,853,042	£600,000	£ 8,571,429	£ 5,718,387	-66.71%	UNVIABLE
Value area 2	Brownfield	25.00%	25.97	£2,597,403	£14,400	20.00%	£ 6,981,912	£600,000	£ 8,571,429	£ 1,589,517	-18.54%	UNVIABLE
Value area 3	Brownfield	25.00%	25.97	£2,597,403	£14,400	20.00%	£10,372,265	£600,000	£ 8,571,429	£ 1,800,836	21.01%	VIAIBLE

Site Type 8 - 40 retirement flats											
Value Area	Land	AH %	Gross (Ha)	BNG Offsite	S106/NN/ FH per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 2	Greenfield	25.00%	0.57	£ 57,143	£14,400	£106,489	£812,500	£464,286	-£357,797	-77.06%	UNVIABLE
Value area 3	Greenfield	25.00%	0.57	£ 57,143	£14,400	£364,604	£812,500	£464,286	-£ 99,682	-21.47%	UNVIABLE
Value area 2	Brownfield	25.00%	0.57	£ 57,143	£14,400	-£ 71,060	£600,000	£240,000	-£311,060	-129.61%	UNVIABLE
Value area 3	Brownfield	25.00%	0.57	£ 57,143	£14,400	£194,521	£600,000	£240,000	-£ 45,479	-18.95%	UNVIABLE

7.11.2. As shown, with all of the above adjustments, this generally has a significant impact, changing the majority of the typologies from a viable outcome to an unviable outcome. However, a number still show a viable outcome, particularly in Value area 3.

7.12. Sensitivity Testing 11 – Build to Rent apartment scheme

7.12.1. As demonstrated in the base appraisals, for apartment schemes the viability pressure is high. However, this is the case across the country. Still, though, multi storey apartment schemes are still being delivered. A key reason for this is the through the growth of the 'Build to Rent' sector where schemes are constructed, often on a 'forward funded' basis (i.e. where a deal is already in place with an end investor) which allows the entire building to be transferred across to an investor (often institutional investors like pension funds). This significantly reduces the risk associated with this type of development, where traditional flats were sold individually on a speculative basis as opposed to effectively a 'pre-sale'.

7.12.2. Whilst Build to Rent schemes have tended to be within city locations it is conceivable that certain areas of the District (larger urban centres) could attract this type of opportunity. However, another key component of a Build to Rent scheme is quantum; a developer would only likely progress such an opportunity if sufficient volume is being provided (in our experience this is typically schemes of 100 or more apartments, but often significantly larger).

7.12.3. On this basis, we have run a model based on a Build to Rent scenario in an urban location. We have applied 100 dwellings. However, revenue is based on the investment value of the rental income and the developer profit is significantly reduced to 10% on revenue to reflect the lower risks associated with this type of development. We have also assumed 25% onsite affordable rented dwellings (which have a rental rate equivalent to 80% of the Market Rent). Our findings are as follows (which reflects a brownfield typology, which is considered more likely for an urban setting):

SENSITIVITY TEST 11 - BUILD TO RENT APARTMENTS								
GROSS DEVELOPMENT VALUE (GDV)								
Description	Units	NSA sq m (each)	NSA sq m (total)	Rent pcm	Rent p.a.	Gross Rent p.a.	Operating costs	£ total
Market Rent flat	75	60	4,500	1,100	13,200	990,000	25.00%	742,500
Affordable Rent flat	25	60	1,500	880	10,560	264,000	25.00%	198,000
Sub totals	100		6,000			1,254,000		940,500
				Yield	5.75%	17.3913		16,356,522
				Purchaser's costs	4.80%			-785,113
GDV TOTALS		Units 100	AH 25	Sq m 6,000				GDV 15,571,409
			25.00%					
GROSS DEVELOPMENT COSTS (GDC) - including land value and developer's profit								
Benchmark / Threshold Land Value								
Gross site area		0.25 Ha			0 per net Ha		0	BLV
Net site area		0.25 Ha						150,000
Purchase costs							600,000 per Ha	
Purchase legals			0.50%		0			
Purchase agents			1.00%		0			
Stamp Duty Land Tax					2,000		2,000	2,000
Standard Construction								
Flat construction		7,500 sq m GIA		at	1,609 per sq m		12,067,500	
Externals	10.00%	of build costs					1,206,750	13,274,250
Contingency	5.00%	of build costs					663,713	13,937,963
Abnormal Construction / Other costs								
Abnormals allowance				at	500,000 per Ha		125,000	
Biodiversity net gain - 10%				at	30,000 per Ha		7,500	
Part L & F Building Regulations uplift				at	4,000 per dwelling		400,000	
Electric car charging points				at	1,000 per dwelling		100,000	
SUDS				at	50,000 per Ha		12,500	
M4(2)				at	2,000 per dwelling		200,000	
M4(3)			5%	at	26,000 per dwelling		130,000	975,000
Professional Fees								
Architect, QS, Engineer etc	8.00%	of build costs						1,061,940
Planning Policy Contributions								
S106				at	4,500 per dwelling		450,000	450,000
Finance								
Interest	calculated by cash flow		8.00% debit		0.00% credit		590,627	
Developer's Target Profit								
Market Value units	10.00% of	GDV					1,635,652	
TOTAL COSTS								18,653,182
Total income								15,571,409
Total outgoings								18,653,182
Outcome (any surplus deemed to show a viable scheme)								-3,081,773
Conclusion:								UNVIABLE

7.12.4. With 25% onsite affordable this returns an unviable outcome. We have subsequently re run the model with reduced affordable / S106 to see at what point (if any) the appraisal generates a viable outcome:

SENSITIVITY TEST 12 - BUILD TO RENT APARTMENTS - adjusted								
GROSS DEVELOPMENT VALUE (GDV)								
Description	Units	NSA sq m (each)	NSA sq m (total)	Rent pcm	Rent p.a.	Gross Rent p.a.	Operating costs	£ total
Market Rent flat	100	60	6,000	1,100	13,200	1,320,000	25.00%	990,000
Affordable Rent flat	0	60	0	880	10,560	0	25.00%	0
Sub totals	100		6,000			1,320,000		990,000
				Yield	5.75%	17.3913		17,217,391
				Purchaser's costs	4.80%			-826,435
GDV TOTALS		Units 100	AH 0	Sq m 6,000				GDV 16,390,957
			0.00%					
GROSS DEVELOPMENT COSTS (GDC) - including land value and developer's profit								
Benchmark / Threshold Land Value								
Gross site area	0.25 Ha				0 per net Ha	0		BLV
Net site area	0.25 Ha							150,000
Purchase costs							600,000 per Ha	
Purchase legals			0.50%		0			
Purchase agents			1.00%		0			
Stamp Duty Land Tax					2,000		2,000	2,000
Standard Construction								
Flat construction	7,500 sq m GIA			at	1,609	per sq m	12,067,500	
Externals	10.00%		of build costs				1,206,750	13,274,250
Contingency	5.00%		of build costs				663,713	13,937,963
Abnormal Construction / Other costs								
Abnormals allowance				at	500,000	per Ha	125,000	
Biodiversity net gain - 10%				at	30,000	per Ha	7,500	
Part L & F Building Regulations uplift				at	4,000	per dwelling	400,000	
Electric car charging points				at	1,000	per dwelling	100,000	
SUDS				at	50,000	per Ha	12,500	
M4(2)				at	2,000	per dwelling	200,000	
M4(3)			5%	at	26,000	per dwelling	130,000	975,000
Professional Fees								
Architect, QS, Engineer etc	8.00%		of build costs					1,061,940
Planning Policy Contributions								
S106				at	0	per dwelling	0	0
Finance								
Interest	calculated by cash flow		8.00% debit		0.00% credit			590,627
Developer's Target Profit								
Market Value units	10.00% of		GDV					1,721,739
TOTAL COSTS								18,289,269
Total income								16,390,957
Total outgoings								18,289,269
Outcome								(any surplus deemed to show a viable scheme)
								-1,898,312
Conclusion:								UNVIABLE

7.12.5. The above shows that even with nil affordable housing, nil S106 and a nil land value this is still significantly unviable. This suggests that Build to Rent schemes of this nature and scale and likely to face deliverability issues in the District.

7.13. Sensitivity Testing 12 – 100% Affordable Housing

7.13.1. As the Council has a policy for exception sites on the basis of 100% affordable housing we have also run models on this basis. Taking into account what we consider to be the likely schemes that would come forward on this basis, we have tested a 50 dwelling typology and a 100 dwelling typology. The assumptions adopted are the same as the base modelling, except for the following adjustments:

- 100% affordable housing is likely to attract grant funding, which needs to be reflected in the viability testing. In our experience, with grant funding included, the revenue / value of a 100% affordable housing scheme is typically circa 75% to 90% of the equivalent market values of the dwellings. For the purposes of our review we have assumed the mid-point of this range (i.e. 82.5% of the equivalent market value).
- We have based the mix of affordable dwellings on the HEDNA recommendation, being 35% 1 bed, 35% 2 bed, 20% 3 bed and 10% 4 bed.
- We have assumed around 30% of the affordable dwellings are provided as social rent, the rest as affordable rent.
- As the level of risk is reduced for this type of development, we have adopted an 'affordable profit' rate at 6% on revenue.

Site Type 4 - 50 dwellings									
Value Area	Land	AH %	S106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	100.00%	£ 4,500	£ 474,726	£487,500	£928,571	-£ 453,846	-48.88%	UNVIABLE
Value area 2	Greenfield	100.00%	£ 4,500	£ 861,791	£487,500	£928,571	-£ 66,780	-7.19%	UNVIABLE
Value area 3	Greenfield	100.00%	£ 4,500	£1,066,419	£487,500	£928,571	£ 137,847	14.85%	VIALE
Value area 1	Brownfield	100.00%	£ 4,500	£ 57,816	£600,000	£857,143	-£ 799,326	-93.25%	UNVIABLE
Value area 2	Brownfield	100.00%	£ 4,500	£ 429,032	£600,000	£857,143	-£ 428,111	-49.95%	UNVIABLE
Value area 3	Brownfield	100.00%	£ 4,500	£ 561,840	£600,000	£857,143	-£ 295,303	-34.45%	UNVIABLE

Site Type 5 - 100 dwellings									
Value Area	Land	AH %	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	100.00%	£ 4,500	£ 949,058	£487,500	£2,142,857	-£1,193,799	-55.71%	UNVIABLE
Value area 2	Greenfield	100.00%	£ 4,500	£1,631,109	£487,500	£2,142,857	-£ 511,748	-23.88%	UNVIABLE
Value area 3	Greenfield	100.00%	£ 4,500	£2,096,240	£487,500	£2,142,857	-£ 46,617	-2.18%	UNVIABLE
Value area 1	Brownfield	100.00%	£ 4,500	£ 151,243	£600,000	£1,714,286	-£1,563,043	-91.18%	UNVIABLE
Value area 2	Brownfield	100.00%	£ 4,500	£ 836,655	£600,000	£1,714,286	-£ 877,631	-51.20%	UNVIABLE
Value area 3	Brownfield	100.00%	£ 4,500	£1,302,001	£600,000	£1,714,286	-£ 412,285	-24.05%	UNVIABLE

7.13.2. As shown above, the viability pressure is high for 100% affordable housing schemes (with at least 30% provided as social rented units).

7.14. Sensitivity Testing 13 – Affordable housing offsite commuted sum at £120,000 per unit

7.14.1. Upon the request of the Council, for all of the typologies (except for the 5 dwelling typology where there is no affordable housing provision) we have replaced the onsite affordable housing provision with an average commuted sum equivalent to £120,000 per affordable dwelling. For example, in the 20-dwelling typology the affordable housing provision is 25% (i.e. 5 units). In this scenario, we have subsequently assumed 20 market value dwellings, but with a commuted sum of £600,000 in lieu of an onsite provision.

Site Type 2 - 10 dwellings											
Value Area	Land	AH %	Gross area (Ha)	AH commuted sum	\$106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.37	£ 360,000	£ 4,500	£ 2,576	£812,500	£300,926	£-298,350	-99.14%	UNVIABLE
Value area 2	Greenfield	0.00%	0.37	£ 360,000	£ 4,500	£ 96,560	£812,500	£300,926	£-204,366	-67.91%	UNVIABLE
Value area 3	Greenfield	0.00%	0.37	£ 360,000	£ 4,500	£190,193	£812,500	£300,926	£-110,733	-36.80%	UNVIABLE
Value area 1	Brownfield	0.00%	0.37	£ 360,000	£ 4,500	£-111,017	£600,000	£200,000	£-311,017	-155.51%	UNVIABLE
Value area 2	Brownfield	0.00%	0.37	£ 360,000	£ 4,500	£ 18,514	£600,000	£200,000	£-218,514	-109.26%	UNVIABLE
Value area 3	Brownfield	0.00%	0.37	£ 360,000	£ 4,500	£ 75,999	£600,000	£200,000	£-124,001	-62.00%	UNVIABLE

Site Type 3 - 20 dwellings											
Value Area	Land	AH %	Gross area (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.67	£ 600,000	£ 4,500	£ 47,407	£812,500	£546,218	£ 498,812	-91.32%	UNVIABLE
Value area 2	Greenfield	0.00%	0.67	£ 600,000	£ 4,500	£ 252,459	£812,500	£546,218	£ 293,759	-53.78%	UNVIABLE
Value area 3	Greenfield	0.00%	0.67	£ 600,000	£ 4,500	£ 406,354	£812,500	£546,218	£ 139,864	-25.61%	UNVIABLE
Value area 1	Brownfield	0.00%	0.67	£ 600,000	£ 4,500	£ 155,367	£600,000	£342,857	£ 498,225	-145.32%	UNVIABLE
Value area 2	Brownfield	0.00%	0.67	£ 600,000	£ 4,500	£ 52,163	£600,000	£342,857	£ 290,694	-84.79%	UNVIABLE
Value area 3	Brownfield	0.00%	0.67	£ 600,000	£ 4,500	£ 212,908	£600,000	£342,857	£ 129,949	-37.90%	UNVIABLE

Site Type 4 - 50 dwellings											
Value Area	Land	AH %	Gross area (Ha)	AH commuted sum	\$106 per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	1.90	£1,500,000	£ 4,500	£ 953,665	£487,500	£928,571	£ 25,094	2.70%	VIALE
Value area 2	Greenfield	0.00%	1.90	£1,500,000	£ 4,500	£1,432,465	£487,500	£928,571	£ 503,893	54.27%	VIALE
Value area 3	Greenfield	0.00%	1.90	£1,500,000	£ 4,500	£1,790,984	£487,500	£928,571	£ 862,412	92.88%	VIALE
Value area 1	Brownfield	0.00%	1.90	£1,500,000	£ 4,500	£ 498,154	£600,000	£857,143	£ 358,989	-41.88%	UNVIABLE
Value area 2	Brownfield	0.00%	1.90	£1,500,000	£ 4,500	£ 953,538	£600,000	£857,143	£ 96,395	11.25%	VIALE
Value area 3	Brownfield	0.00%	1.90	£1,500,000	£ 4,500	£1,240,238	£600,000	£857,143	£ 383,095	44.69%	VIALE

Site Type 5 - 100 dwellings											
Value Area	Land	AH %	Gross area (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	4.40	£3,000,000	£ 4,500	£1,675,338	£487,500	£2,142,857	£ 467,520	-21.82%	UNVIABLE
Value area 2	Greenfield	0.00%	4.40	£3,000,000	£ 4,500	£2,628,591	£487,500	£2,142,857	£ 485,733	22.67%	VIALE
Value area 3	Greenfield	0.00%	4.40	£3,000,000	£ 4,500	£3,402,168	£487,500	£2,142,857	£1,259,311	58.77%	VIALE
Value area 1	Brownfield	0.00%	4.40	£3,000,000	£ 4,500	£ 788,601	£600,000	£1,714,286	£ 925,685	-54.00%	UNVIABLE
Value area 2	Brownfield	0.00%	4.40	£3,000,000	£ 4,500	£1,742,324	£600,000	£1,714,286	£ 28,039	1.64%	VIALE
Value area 3	Brownfield	0.00%	4.40	£3,000,000	£ 4,500	£2,516,117	£600,000	£1,714,286	£ 801,832	46.77%	VIALE

Site Type 6 - 250 dwellings											
Value Area	Land	AH %	Gross area (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	12.99	£7,500,000	£ 4,500	£ 4,391,934	£487,500	£6,331,169	£1,939,235	-30.63%	UNVIABLE
Value area 2	Greenfield	0.00%	12.99	£7,500,000	£ 4,500	£ 6,819,994	£487,500	£6,331,169	£ 488,825	7.72%	VIABLE
Value area 3	Greenfield	0.00%	12.99	£7,500,000	£ 4,500	£ 8,746,928	£487,500	£6,331,169	£2,415,760	38.16%	VIABLE
Value area 1	Brownfield	0.00%	12.99	£7,500,000	£ 4,500	£ 2,150,224	£600,000	£4,285,714	£-2,135,490	-49.83%	UNVIABLE
Value area 2	Brownfield	0.00%	12.99	£7,500,000	£ 4,500	£ 4,595,637	£600,000	£4,285,714	£ 309,923	7.23%	VIABLE
Value area 3	Brownfield	0.00%	12.99	£7,500,000	£ 4,500	£ 6,534,916	£600,000	£4,285,714	£2,249,202	52.48%	VIABLE
Site Type 7 - 500 dwellings											
Value Area	Land	AH %	Gross area (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	25.97	£15,000,000	£ 4,500	£ 8,455,562	£487,500	£12,662,338	£ 4,206,776	-33.22%	UNVIABLE
Value area 2	Greenfield	0.00%	25.97	£15,000,000	£ 4,500	£13,014,770	£487,500	£12,662,338	£ 352,432	2.78%	VIABLE
Value area 3	Greenfield	0.00%	25.97	£15,000,000	£ 4,500	£16,784,970	£487,500	£12,662,338	£ 4,122,632	32.56%	VIABLE
Value area 1	Brownfield	0.00%	25.97	£15,000,000	£ 4,500	£ 4,111,968	£600,000	£ 8,571,429	£ 4,459,460	-52.03%	UNVIABLE
Value area 2	Brownfield	0.00%	25.97	£15,000,000	£ 4,500	£ 8,735,367	£600,000	£ 8,571,429	£ 163,938	1.91%	VIABLE
Value area 3	Brownfield	0.00%	25.97	£15,000,000	£ 4,500	£12,554,146	£600,000	£ 8,571,429	£ 3,982,717	46.47%	VIABLE
Site Type 8 - 40 retirement flats											
Value Area	Land	AH %	Gross (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.57	£ 1,200,000	£ 4,500	£ 221,456	£812,500	£464,286	£ 685,742	-147.70%	UNVIABLE
Value area 2	Greenfield	0.00%	0.57	£ 1,200,000	£ 4,500	£ 71,509	£812,500	£464,286	£ 535,794	-115.40%	UNVIABLE
Value area 3	Greenfield	0.00%	0.57	£ 1,200,000	£ 4,500	£ 226,749	£812,500	£464,286	£ 237,536	-51.16%	UNVIABLE
Value area 1	Brownfield	0.00%	0.57	£ 1,200,000	£ 4,500	£ 421,857	£600,000	£240,000	£ 661,857	-275.77%	UNVIABLE
Value area 2	Brownfield	0.00%	0.57	£ 1,200,000	£ 4,500	£ 271,910	£600,000	£240,000	£ 511,910	-213.30%	UNVIABLE
Value area 3	Brownfield	0.00%	0.57	£ 1,200,000	£ 4,500	£ 27,985	£600,000	£240,000	£ 212,015	-88.34%	UNVIABLE
Site Type 9 - 20 flats											
Value Area	Land	AH %	Gross (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.10	£ 600,000	£ 4,500	£ 501,594	£812,500	£81,250	£ 582,844	-717.35%	UNVIABLE
Value area 2	Greenfield	0.00%	0.10	£ 600,000	£ 4,500	£ 416,164	£812,500	£81,250	£ 497,414	-612.20%	UNVIABLE
Value area 3	Greenfield	0.00%	0.10	£ 600,000	£ 4,500	£ 247,238	£812,500	£81,250	£ 328,488	-404.29%	UNVIABLE
Value area 1	Brownfield	0.00%	0.10	£ 600,000	£ 4,500	£ 579,844	£600,000	£60,000	£ 639,844	-1066.41%	UNVIABLE
Value area 2	Brownfield	0.00%	0.10	£ 600,000	£ 4,500	£ 494,066	£600,000	£60,000	£ 554,066	-923.44%	UNVIABLE
Value area 3	Brownfield	0.00%	0.10	£ 600,000	£ 4,500	£ 323,691	£600,000	£60,000	£ 383,691	-639.49%	UNVIABLE

Site Type 10 - 50 flats											
Value Area	Land	AH %	Gross Area (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.25	£ 1,500,000	£ 4,500	£-1,673,946	£812,500	£203,125	£-1,877,071	-924.10%	UNVIABLE
Value area 2	Greenfield	0.00%	0.25	£ 1,500,000	£ 4,500	£-1,507,105	£812,500	£203,125	£-1,710,230	-841.96%	UNVIABLE
Value area 3	Greenfield	0.00%	0.25	£ 1,500,000	£ 4,500	£-1,122,874	£812,500	£203,125	£-1,325,999	-652.80%	UNVIABLE
Value area 1	Brownfield	0.00%	0.25	£ 1,500,000	£ 4,500	£-1,893,316	£600,000	£150,000	£-2,043,316	-1362.21%	UNVIABLE
Value area 2	Brownfield	0.00%	0.25	£ 1,500,000	£ 4,500	£-1,698,757	£600,000	£150,000	£-1,848,757	-1232.50%	UNVIABLE
Value area 3	Brownfield	0.00%	0.25	£ 1,500,000	£ 4,500	£-1,312,242	£600,000	£150,000	£-1,462,242	-974.83%	UNVIABLE
Site Type 11 - 20 bungalows											
Value Area	Land	AH %	Gross (Ha)	AH commuted sum	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Value area 1	Greenfield	0.00%	0.94	£ 600,000	£ 4,500	£ 291,626	£812,500	£764,706	£-473,080	-61.86%	UNVIABLE
Value area 2	Greenfield	0.00%	0.94	£ 600,000	£ 4,500	£ 489,728	£812,500	£764,706	£-274,978	-35.96%	UNVIABLE
Value area 3	Greenfield	0.00%	0.94	£ 600,000	£ 4,500	£ 604,272	£812,500	£764,706	£-160,434	-20.98%	UNVIABLE
Value area 1	Brownfield	0.00%	0.94	£ 600,000	£ 4,500	£ 43,629	£600,000	£480,000	£-436,371	-90.91%	UNVIABLE
Value area 2	Brownfield	0.00%	0.94	£ 600,000	£ 4,500	£ 244,274	£600,000	£480,000	£-235,726	-49.11%	UNVIABLE
Value area 3	Brownfield	0.00%	0.94	£ 600,000	£ 4,500	£ 358,817	£600,000	£480,000	£-121,183	-25.25%	UNVIABLE

7.14.2. At a level of £120,000 per unit, the outcomes shown above are worse than in the base testing where an onsite affordable housing provision is included. This is to the extent that, in some case, the viability outcome changes from previously being viable to unviable. For example, in “Site Type 5 – 100 dwellings” Value area 1 greenfield, in the base modelling (i.e. with 25% onsite affordable housing) the outcome is viable, with a surplus of 36.93%. If the onsite affordable provision is replaced by a commuted sum at £120,000 per unit, the outcome changes to unviable, with a deficit of -21.82%. Having a commuted sum at £120,000 per unit therefore has a negative impact on the appraisals. For the commuted sum to result in a similar outcome to the onsite provision (for example, in the aforementioned typology to have a viable outcome with a surplus of 36.93%), we calculate that the offsite commuted sum would need to be around £72,500 per unit, rather than £120,000.

7.15. Summary

7.15.1. Generally, the 5 dwelling typology testing shows strong viable outcomes with S106 / water efficiency asks at £4,500 per dwelling (or higher), aided by the fact that the affordable housing provision does not apply at this level.

7.15.2. For schemes of 10 and 20 dwellings, which factor in the 25% affordable housing policy as well as S106 / water efficiency asks at £4,500 per dwelling only the Value Area 3 typologies show a viable outcome, for Value Areas 1 and 2 these are unviable with this level of policy provision. However, particularly in Value Area 2, relatively small adjustments in the policy asks result in a viable outcome.

7.15.3. For schemes of 50, 100, 250 and 500 dwellings, all of which factor in the 25% affordable housing policy as well as S106 / water efficiency asks at £4,500 per dwelling, the outcomes are mostly positive showing a good level of viability.

7.15.4. The 40 dwelling retirement typology also shows viable outcomes with 25% affordable and S106 / water efficiency asks at £4,500 per dwelling, bar the Value Area 1 greenfield, which is marginally unviable (and would become viable with relatively small adjustments in the planning policy asks).

7.15.5. The non-retirement apartment schemes, though, including Build to Rent scenarios, all show an unviable outcome. Even with changes in the planning policies, most still return an unviable outcome. This is being driven by a current imbalance between value and costs (i.e. costs are proportionally higher than the values that can be achieved for the apartments).

7.15.6. Finally, the 20 bungalow typology is unviable with 25% affordable and £4,500 per dwelling S106 / water efficiency asks. However, these outcomes can be turned viable through adjustments in the level of policy provision.

8. COMMERCIAL VIABILITY TESTING AND RESULTS

8.1. Scheme typologies

- 8.1.1.** During the stakeholder engagement the following typologies were put forward for the viability testing (which were based on other assumptions applied to other Local Plan viability studies as well as our professional experience):

Table 8.1 – Suggested commercial typologies for testing

Type	Gross site area Ha	Site coverage	GIA (sq m)
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500

- 8.1.2.** No comments were received through the stakeholder engagement process. We have subsequently adopted the above for the purposes of the testing.

8.2. Approach

- 8.2.1.** The methodology is the same as the residential testing. A residual approach is applied whereby the gross development value (i.e. revenue) of the completed scheme is established, from which all the development costs (including developer profit) are deducted. This leaves a residual land value. This is compared to a separately established benchmark land value. If the residual land value is above the benchmark land value the scheme is deemed to be viable, if it falls below it is unviable.

8.2.2. In assessing non-residential gross development value, we have mostly adopted a 'rent and yield' approach, whereby the Market Rent is identified for the completed accommodation and then capitalised using an appropriate yield. This reflects standard practice within the industry.

8.2.3. Please note, in terms of our market review, in some cases there is a lack of evidence from within Breckland. Where necessary we have subsequently expanded our review to include neighbouring authority areas.

8.3. Office

8.3.1. In recent years there has been an increase in serviced / flexible office accommodation, where tenants typically agree short term arrangements on an all-inclusive basis (i.e. a rent which covers all costs of equipment, electricity, broadband etc). These arrangements can often be on a 'per desk' basis paid monthly. However, and whilst this sector has grown, the majority of office accommodation is still based on a more traditional approach, whereby accommodation is let on fixed tenancy agreements typically for 5 to 15 year terms. For the purposes of our modelling we have subsequently assumed that new build office accommodation would be let on longer, fixed terms arrangements.

8.3.2. As for rental evidence, we note a modern, purpose built office in Thetford (Thetford Innovation Centre) currently showing office availability at £20.27 per sq ft. However, Thetford Business Centre (St Nicholas St) is showing availability at £7.26 per sq ft (although there is a penthouse office available at £10 per sq ft). At Neaton Business Park, Watton there is availability at £15.94 per sq ft, and at Breckland Business Centre, Dereham £19 per sq ft.

- 8.3.3.** Whilst it is anticipated that a new office building is likely to attract some level of premium, in reality it is anticipated that Breckland would be regarded as more of a secondary office market location (with Norwich, Ipswich and Cambridge attracting more demand for the wider region). We therefore consider that a rental rate of no more than £20 per sq ft (£215 per sq m) would be achievable. We have subsequently applied this to our modelling.
- 8.3.4.** For the purposes of the modelling, we have assumed 5 year tenancy agreements, with 6 month rent free incentives (as is common place in the market for lease terms of this length).
- 8.3.5.** In terms of an appropriate investment yield, this is a reflection of risk and therefore ultimately depends on the nature of the tenant and the covenant strength. A multi-national company, for example, would be perceived as a low-risk of default from an investors perspective, which means that they would be willing to pay a higher investment price for this type of covenant (as there would be a stronger chance that the full term of the tenancy arrangement would be met). The effect is that this serves to reduce the yield. However, conversely, a small, new company would be perceived by an investor to have a higher risk of default, therefore they would be willing to pay less, which would inflate the yield.
- 8.3.6.** Having reviewed the market, we note that there are numerous investment deals in recent years across the wider North East market for office investments which have tenants regarded as being weaker covenant strengths. Where this is the case, yields in excess of 10% are commonplace. However, for stronger covenants, sub 7% yields have been recorded.

- 8.3.7.** For the purposes of the modelling, we have assumed that an average covenant strength tenant would be secured. We have subsequently assumed a yield of 8.5%, which is considered to be realistic for office accommodation in the borough.
- 8.3.8.** For build costs, we have again referred to the Build Cost Information Service (“BCIS”) database, which we referred to in the residential testing. For general office accommodation in Breckland (which is considered to be appropriate) the current median rate of £2,328 per sq m. Please note, we have assumed a gross to net ratio of 80% for the accommodation (with the rental income applied to the net internal area and the build costs applied to the gross internal area, as is common practice when assessing office accommodation).
- 8.3.9.** The BCIS excludes externals, contingency, abnormals and professional fees, therefore it is necessary to allow for these separately. Based on our experience, in both models for externals we have assumed 5%, contingency 3%, professional fees 8%. For the modelling we have assumed £250,000 per net Ha (i.e. in line with our greenfield residential assumptions).
- 8.3.10.** We have also allowed 10% of the Market Rent as a letting fee, plus 5% of the Market Rent for legals. For the investment sale purchaser’s costs are assumed at 5.8% (to cover stamp duty, legal costs and investment agent fee).
- 8.3.11.** For developer profit we have assumed 15% on cost, which is commonly used for this type of development.
- 8.3.12.** For the benchmark land values, we have assumed the same ‘brownfield’ value used in the viability modelling, i.e. £600,000 per Ha.
- 8.3.13.** The appraisal generates a significant deficit. The residual land value is – (minus) £3,119,754 and is therefore unviable.

8.4. Industrial

8.4.1. As per the approach to the office typologies, we consider it appropriate to assume fixed tenancy agreements for industrial accommodation. For the small workshop typology we have assumed the 5,000 sq m would be provided through multiple smaller units (as small as 500 sq m but no larger than 1,000 sq m) and shorter 5 year tenancy agreement, with 6 month rent free periods. For the medium typology we have again assumed this would be based on multiple units, no larger than 5,000 sq m per unit. For this scale of accommodation, we have assumed a 15 year term with 6 months rent free. For the large typology we have assumed this would be provided through no more than 2 units, with 15 year terms and 12 month rent free periods.

8.4.2. For rental evidence, we note:

- Unit 14 Lodge Way, Thetford: modern unit 2,296 sq m currently available for £53.79 per sq m (£5 per sq ft).
- 16 Burrell Way, Thetford: modern unit 1,249 sq m currently available at £50.04 per sq m (£4.65 per sq ft).
- Stallands Farm, Great Ellingham: refurbished unit 929 sq m currently available at £59.20 per sq m (£5.50 per sq ft).
- Athena House, Yaxham Rd Industrial Estate, Dereham: refurbished unit 946 sq m currently available at £91.44 per sq m (£8.40 per sq ft). Mostly office space though.

8.4.3. Given the lack of rental evidence, we have also considered capital values and note the following:

Table 8.2 – Industrial Capita Value Evidence

Street	Town/City	Sold / asking	Date	Sq m	£ psm
BURRELL WAY	THETFORD	£ 800,000	23.09.2011	1,850	£ 432.52
BURRELL WAY	THETFORD	£ 800,000	23.09.2011	1,850	£ 432.52
MAURICE GAYMER ROAD	ATTLEBOROUGH	£ 2,200,000	05.08.1999	2,032	£ 1,082.59
MAURICE GAYMER ROAD	ATTLEBOROUGH	£ 2,200,000	05.08.1999	2,032	£ 1,082.59
HARGHAM ROAD	SNETTERTON	£ 2,560,000	09.11.2017	3,602	£ 710.74
HARGHAM ROAD	SNETTERTON	£ 2,560,000	09.11.2017	3,602	£ 710.74
LONDON ROAD	ATTLEBOROUGH	£ 849,999	31.07.2024	4,108	£ 206.93
LONDON ROAD	ATTLEBOROUGH	£ 849,999	31.07.2024	4,108	£ 206.93
MUNDFORD ROAD	THETFORD	£ 2,820,000	12.03.2024	4,417	£ 638.43
MUNDFORD ROAD	THETFORD	£ 2,820,000	12.03.2024	4,417	£ 638.43
VINCES ROAD	DISS	£ 900,000	01.01.1970	4,866	£ 184.94
VINCES ROAD	DISS	£ 900,000	01.01.1970	4,866	£ 184.94
WATTON ROAD	ATTLEBOROUGH	£ 750,000	01.01.1970	7,294	£ 102.82
WATTON ROAD	ATTLEBOROUGH	£ 750,000	01.01.1970	7,294	£ 102.82
ASH CLOSE	THETFORD	£ 2,300,000	12.06.2024	9,279	£ 247.88
ASH CLOSE	THETFORD	£ 2,300,000	12.06.2024	9,279	£ 247.88
HARLING ROAD	NORWICH	£ 304,800	22.08.2005	33,694	£ 9.05
HARLING ROAD	NORWICH	£ 304,800	22.08.2005	33,694	£ 9.05

8.4.4. Having considered the above (and using the capital values as a ‘sense check’ of the rent and yield approach) for the smaller workshop style industrial buildings, we consider £91 per sq m (£8.50 per sq ft) to be realistic for brand new accommodation. For the medium scale development, we have reduced this to an average of £80 per sq m (£7.50 per sq ft). Finally, for the distribution size warehousing we have adopted £75 per sq m (£6.97 per sq ft).

8.4.5. In terms of an appropriate investment yield, this is a reflection of risk and therefore ultimately depends on the nature of the tenant and the covenant strength.

8.4.6. For smaller workshop units we have assumed that small, local business would most likely be the type of tenants attracted, which would require shorter lease arrangements (assumed to be 5 years). This increases the perceived yield associated with the investment. A yield of 8.5% is therefore deemed appropriate. For the medium scale development this is likely to attract larger, more established businesses and furthermore longer term leases (we have assumed 15 years) which would reduce the associated risks of this investment. To reflect this our yield has been reduced to 7.5%. For distribution facilities this is likely to attract larger regional / national operators deemed to be attractive occupiers to investors due to the security of rental income that this brings. For this typology we have assumed a 6.5% yield.

8.4.7. In terms of build costs, we have again referred to the BCIS database, which we referred to in the residential testing. For smaller industrial units the current relevant rate in Breckland is £1,359 per sq m. For medium scale it is £900 per sq m, whilst for large distribution facilities it is £727 per sq m. We have applied these rates to our modelling.

8.4.8. The BCIS excludes externals, contingency, abnormals and professional fees, therefore it is necessary to allow for these separately. Based on our experience, in all the models for externals we have assumed 10%, contingency 3%, professional fees 8%. For each scenario we have assumed abnormal costs at £250,000 per net Ha.

8.4.9. We have also allowed 10% of the Market Rent as a letting fee, plus 5% of the Market Rent for legals. For the investment sale purchaser's costs are assumed at 5.8% (to cover stamp duty, legal costs and investment agent fee).

8.4.10. For developer profit we have assumed 15% on cost, which is commonly used for this type of development.

8.4.11. For the benchmark land values, we have assumed £487,500 per net Ha, which is in line with the figure used in the greenfield residential testing.

8.4.12. For the small workshop style industrial accommodation, the appraisal generates a significant deficit. The residual land value is – (minus) £4,482,641. This is significantly below the benchmark land value and therefore is unviable.

8.4.13. For the medium scale industrial development, the appraisal generates a significant deficit. The residual land value is – (minus) £2,228,946. This is significantly below the benchmark land value and therefore is unviable.

8.4.14. For the large scale distribution industrial development the appraisal generates a significant deficit. The residual land value is – (minus) £4,843,802. This is significantly below the benchmark land value and therefore is unviable.

8.5. Retail warehouse

8.5.1. Again, we consider it appropriate to assume fixed tenancy agreements for retail accommodation. For each of the typologies we have assumed 15 year terms with 12 month rent free periods.

8.5.2. The only current rental evidence noted within a circa 15 mile range of Thetford is at Broad Rd, Bacton where a modern showroom has an asking rent of £127 per sq m (£11.83 per sq ft).

8.5.3. For retail warehousing, we have assumed this would comprise a number of units, no more than 500 sq m for an individual unit. We have assumed a rental equivalent to £150 per sq m. A yield of 6.5% is also considered to be realistic for this type of development (on the basis that large, good strength covenant tenants are likely to be attracted).

- 8.5.4.** For the supermarket model, in reality the majority of the 'big 6' operators are not currently actively pursuing new developments, particularly for larger scale stores. Instead, the majority of new development activity in recent years has been from 'discount' brands, mainly Aldi and Lidl. Our supermarket typology therefore reflects this type of operator. Based on schemes we have appraised in the past we consider a rental equivalent to £225 per sq m to be reasonable for an Aldi / Lidl supermarket. As for the yield, this would be perceived as a high strength covenant which would serve to reduce the yield. An allowance of 5.5% is considered to be reasonable.
- 8.5.5.** In terms of build costs, we have again referred to the BCIS database, which we referred to in the residential testing. For retail warehousing it is £900 per sq m, whilst for supermarkets it is £1,669 per sq m.
- 8.5.6.** The BCIS excludes externals, contingency, abnormals and professional fees, therefore it is necessary to allow for these separately. We have assumed 5% for externals, increasing to 10% for the retail warehousing and supermarket. Contingency has been assumed at 3% for all 3, as well as 8% for professional fees. Abnormals are £250,000 per net Ha.
- 8.5.7.** We have also allowed 10% of the Market Rent as a letting fee, plus 5% of the Market Rent for legals. For the investment sale purchaser's costs are assumed at 5.8% (to cover stamp duty, legal costs and investment agent fee).
- 8.5.8.** For developer profit we have assumed 15% on cost, which is commonly used for this type of development.
- 8.5.9.** For the benchmark land values, for the retail warehousing and supermarket we have assumed £600,000 per net Ha, which is the mid-range figure used in the greenfield residential testing.

8.5.10. For the retail warehousing, the appraisal returns a residual land value of £1,058,793. This is above the benchmark land value of £264,000 and therefore is deemed to be viable.

8.5.11. For the small supermarket, the appraisal returns a residual land value of £1,490,878. This is comfortably above the benchmark land value of £450,000 and therefore is deemed to be viable.

8.6. Summary

8.6.1. The office and industrial typologies return unviable outcomes, showing significant viability pressures.

8.6.2. However, for the retail warehousing, this returns a viable outcome, with a good level of surplus. Furthermore, the small supermarket scheme is comfortably viable with a healthy surplus.

9. CONCLUSIONS AND RECOMMENDATIONS

9.1. For residential sites, the typology tests show that the majority of development across the District is viable and able to deliver the full policy contribution, which includes:

- Breckland Design Guide
- Policy HOU 05 – Large sites
- Policy HOU 08 – Affordable Housing Exception Sites
- Policy HOU 11 – Single plot exception sites
- Policy HOU 12 – Specialist Housing and Accommodation Needs (2 or more dwellings)
- Policy HOU 13 – Self and Custom Built Homes
- Policy HOU 18 – Build to Rent:
- Policy HOU 20 – Technical Standards for New Dwellings:
- Policy HOU 21 – Securing a mix of housing
- Policy HOU 24 – Affordable Housing
- Policy EMP 02 – Employment land provision
- Policy EC 01– Town centre retail strategy
- Policy ENV 01 – Climate Responsive Design
- Policy ENV 02 – Retaining and enhancing green and blue infrastructure
- Policy ENV 03 – Biodiversity Net Gain
- Policy ENV 10 – Nutrient Neutrality in sensitive zones
- Policy ENV 12 – Open space, sport and recreation
- Policy COM 01 – Healthy Lifestyles
- Policy COM 01 – New Developments and Health Impacts
- Policy INF 02 – Transport Requirements
- Policy INF 03 – Flood Risk and Surface Water Drainage
- Policy INF 06 – Developer Contributions

9.2. In our modelling, we have run a ‘base’ assessment, plus the following sensitivity testing:

Sensitivity Test 1	At what level of policy provision are the 10 dwelling typology, 20 dwelling, 20 flats, 50 flats and 20 bungalows viable (if at all)
Sensitivity Test 2	‘Tipping point’ of viability based on increased S106 asks
Sensitivity Test 3	100, 250 and 500 at increased profit (market value 20% on revenue)
Sensitivity Test 4	Nutrient Neutrality
Sensitivity Test 5	Future Homes costs at £4,000 per dwelling
Sensitivity Test 6	Reduced externals at 15%
Sensitivity Test 7	Affordable rented replaced by all social rented
Sensitivity Test 8	Higher proportion of discounted market sale
Sensitivity Test 9	Biodiversity Net Gain at 20%
Sensitivity Test 10	‘Worst case’ with above adjustments applied
Sensitivity Test 11	Build to Rent apartment scheme
Sensitivity Test 12	100% Affordable Housing
Sensitivity Test 13	Affordable housing offsite commuted sum at £120,000 per unit

9.3. Based on our modelling we conclude the following:

- **Affordable Housing:** Based on our modelling we consider the proposed 25% affordable dwelling policy to be generally appropriate for all schemes providing 10 or more dwellings (at a 85/15 split between affordable rented products and affordable home ownership, with a minimum of 30% of the affordable rented products provided as social rent). However, the Council may wish to consider the following:

- The 10 and 20 housing typologies (including the bungalows typology) currently show higher viability pressure, with some returning unviable outcomes at the full affordable housing level. Whilst this may simply be a current reflection of market conditions (and is likely to improve during the lifetime of the Local Plan) the Council could consider a relaxation of the affordable housing ask for say schemes providing 20 or less dwellings. This, though, may introduce unwanted complexity to the policy and therefore the Council should consider this carefully.
- Similarly, the apartment only typologies (with the exception of the retirement apartment typology) generally show unviable outcomes, even with reduced planning policies. The Council may therefore wish to consider a reduction in the affordable housing requirement / exemption for apartment only schemes. Again, though, this will need to be balanced against the Council needing to provide a clear and simple policy.
- **Nationally Described Space Standards:** the testing demonstrates that imposing these standards as a minimum requirement does not undermine viability.
- **Biodiversity Net Gain:** this can be viably supported through a combination of onsite land allocation and offsite contributions. Furthermore, our modelling suggests that an enhanced 20% net gain is also deliverable, if the Council wishes to pursue this option.
- **Housing standards:** development in the District can viably sustain current and the forthcoming changes to building regulations.
- **Accessibility and adaptability standards:** the Council's accessibility and adaptability standard requirements are deliverable.

- **General S106 asks:** contributions to these policy requirements can be viably supported through development schemes.
- **Nutrient Neutrality:** this will impact on viability and in some cases will result in the need to reduce other planning policies asks in order to help scheme deliverability (which can be determined on a case-by-case basis at the planning application stage). However, our modelling shows that for the majority achieving Nutrient Neutrality requirements will be achievable alongside full policy provision.
- **Future Homes:** as and when introduced, our modelling shows that this will not undermine the proposed Council policy requirements.

9.4. For the commercial testing, only the retail warehousing and small supermarket typologies return a viable outcome, all the rest show a deficit below what is perceived to be the viable outcome. However, it is stressed that investments of this nature are particularly sensitive to small changes in yields. If yields were to contract, then it is likely the leisure typology would return a viable outcome. It is also conceivable that the medium and large-scale industrial schemes could also reach a viable position, albeit may not just require a contracting of yields but also an adjustment in developer profit expectations.