
**Residential development for the erection of 21no dwellings and associated works on land
at Elmfield House, Petersfinger Road, Petersfinger, Salisbury, SP5 3BZ**

Elmfied Spinney Development Limited

PLANNING VIABILITY ASSESSMENT

November 2023

On behalf of: Elmfield Spinney Development Limited

On instruction of: Dr Keith Rodgers.

Subject matter: Planning Viability Assessment Report.

**Report Version 1.
Document Control**

Date	Revision Description	Issued to
10-11-2023	Version 1	Dr Keith Rogers - Elmfield Spinney Development Limited David Thompson – Thompson Bell. D Roycroft & B Kelly – Atlas Planning

Contents.

1. Introduction.
2. Planning Policy Context
3. Wiltshire Council Planning Policies
4. Vacant Building Credit
5. Financial Viability Approach
6. Planning History
7. Summary of Viability Information.
8. Proposed Development
9. Gross Development Value
10. Benchmark Land Value
11. Land Acquisition Costs
12. Section 106 Contributions
13. CIL Charges
14. Design & Professional Fees.
15. Construction Costs
16. Market Sale; Sales & Marketing Costs.
17. Finance Costs.
18. Developer Return / Profit.
19. Appraisal Results.
20. Conclusions

Worksheets

- 1 Viability Assessment Summary.
- 2 Schedule of Existing Buildings.
- 3 Accommodation Schedule and Gross Development Value.
- 4 Market Sale Comparable
- 5 Affordable Housing Gross Development Value
- 6 Benchmark Land Value.
- 7 SDLT Calculation.
- 8 S106 and CIL Charges.
- 9 Design and Professional Fees
10. Build Cost Summary.
11. Programme.
12. BCIS Benchmark Cost Assessment

Appendices

1. Location Plan
2. Proposed Site Layout Plan.
3. Affordable Housing Discounted Cash Flow Appraisal (Assessment 1)
4. Indicative Construction Cost Estimate
5. BCIS All In Tender Price Index.
6. BCIS Residential Build Costs

1. Introduction.

- 1.1. Cotesbury is instructed by Elmfield Spinney Development Limited (the applicant) to undertake a financial viability assessment (FVA) in support of the Full Planning application for the proposed development.
- 1.2. Proposed Development - is located on land Elmfield House, Petersfinger Road, Petersfinger, Salisbury, SP5 3BZ and seeks to create 21no dwellings comprising of those summarised below (the Scheme).
 - a. 15no new build dwellings.
 - b. The conversion and extension of Elmfield House to form 4no apartments.
 - c. The conversion of the existing outbuildings to form 2no dwellings.
 - d. Estate road, landscaping and associated works.
- 1.3. Planning – the property benefits from an extant Reserved Matters planning consent relating to application reference number 19/00967/OUT. The Reserved Matters planning consent is for the erection of 5no detached dwellings, associated works and means of access.
- 1.4. The purpose of this FVA is to support the Full Planning application for the Scheme and to demonstrate to Wiltshire Council it is not economically viable and cannot support the Core Strategy Policy provision of affordable housing.
- 1.5. The report has been prepared having regard to:
 - National Planning Policy Framework (NPPF) updated 5th September 2023.
 - Planning Practice Guidance on Viability (PPG, September 2019).
 - RICS Assessing financial viability in planning under the National Planning Policy Framework 2019 for England, guidance notes (March 2021)
 - Local Plan Core Strategy Policy.
- 1.6. Please note this assessment is undertaken at a point in time (October 2023). Values and costs will change over time, and it must be understood that our assessment is based on current estimated values and estimated costs as at the date of this report and is not a projection of value and or costs.
- 1.7. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which may it appear.
- 1.8. The advice contained herein does not constitute a formal valuation and cannot be used for purposes other than this planning viability assessment, including loan security purposes. The advice contained in this report is exempt from the current RICS Valuation Professional Standards March 2014 – Global and UK Edition (the Red Book).

2. Planning Policy Context.

- 2.1. This section highlights the key planning guidance that is relevant to the Viability Assessment (VA) and does not seek to reiterate the full planning policy context.

National Planning Policy Framework.

- 2.2. The NPPF published updated Viability guidance on 1st September 2019 which has been taken in account in this Assessment.
- 2.3. Viability Assessment – para 010 advises:
Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.
- 2.4. Benchmark Land Value (BLV) – para 013 advises 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. The premium that incentivises the landowner to release the land

for development (EUV+). The premium should reflect the minimum return that it is considered a reasonable landowner will release their land for development. The guidance also includes the use of Alternative Use Value (AUV) to determine the BLV.

- 2.5. Benchmark Land Value – para 017 further advises Alternative Use Value (AUV) of the land may be informative in establishing benchmark land value. Alternative uses should be limited to those uses which would fully comply with up-to-date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan.
- 2.6. Costs – para 011 advises 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. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

Para 012 further advises assessment of costs should be based on evidence which is reflective of local market conditions.

- 2.7. Gross Return – para 018 advises for the purpose of 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.

RICS Guidance Note: Financial Viability in Planning

- 2.8. The RICS Guidance Note (GN) March 2021 sets out best practice for the implementation of the current planning policy and to enable all participants in the planning process to have a more objective and transparent basis for understanding and evaluating financial viability in a planning context. It provides practitioners involved in financial viability in planning and related matters with an objective methodology framework and set of principles that can be applied for both plan making and development management.
- 2.9. The RICS GN also addresses the term “competitive return” as set out in the NPPF as follows:

“A Competitive Return in the context of land and / or premises equates to the Site Value as defined by this guidance, i.e., the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. A Competitive Return in the context of a developer bringing forward development should be in accordance with a ‘market risk adjusted return’ to the developer, as defined in this guidance, in viably delivering a project.”

3. Wiltshire Council Planning Policies.

Wiltshire Core Strategy January 2015.

- 3.1. The following are the primary Wiltshire Core Strategy Policies relating to the viability assessment of the proposed development.
- 3.2. Core Policy 43 - Providing Affordable Housing page 243.
Requires on sites of five or more dwellings, affordable housing provision of at least 40% of the dwellings to be for affordable housing. This level of provision should be delivered with nil public subsidy, unless otherwise agreed by the Council.

The provision of affordable housing may vary on a site-by-site basis taking into account evidence of local need, mix of affordable housing proposed and, where appropriate, the viability of the development. All affordable housing will be subject to an appropriate legal agreement with the council.

Tenure will be negotiated on a site-by-site basis to reflect the nature of the development and local needs as set out in Core Policy 45.

Affordable housing units will be dispersed throughout a development and designed to a high quality, so as to be indistinguishable from other development.

The proposed development therefore requires **8no affordable housing dwellings** (21no – 1no existing dwellings being converted x 40% = 8no dwellings).

- 3.3. Core Policy 45 - Meeting Wiltshire's Housing Need.
New housing, both market and affordable, must be well designed to address local housing need incorporating a range of different types, tenures and sizes of homes to create mixed and balanced communities.
- Housing size and type, including any distinction between flats and houses, will be expected to reflect that of the demonstrable need for the community within which a site is located.
- 3.4. Core Policy 50 - Biodiversity and geodiversity.
Development proposals must demonstrate how they protect features of nature conservation and geological value as part of the design rationale. There is an expectation that such features shall be retained, buffered, and managed favourably in order to maintain their ecological value, connectivity and functionality in the long-term.
- 3.5. Core Policy 51 – Landscape.
Development should protect, conserve and where possible enhance landscape character and must not have a harmful impact upon landscape character, while any negative impacts must be mitigated as far as possible through sensitive design and landscape measures. Proposals should be informed by and sympathetic to the distinctive character areas identified in the relevant Landscape Character Assessment(s) and any other relevant assessments and studies
- 3.6. Core Policy 52 – Green Infrastructure.
Development shall make provision for the retention and enhancement of Wiltshire's green infrastructure network and shall ensure that suitable links to the network are provided and maintained.
- 3.7. Core Policy 57 - Ensuring High Quality Design and Place Shaping 283.
A high standard of design is required in all new developments, including extensions, alterations, and changes of use of existing buildings. This includes:
- Enhancing local distinctiveness by responding to the value of the natural and historic environment, relating positively to its landscape setting and the existing pattern of development and responding to local topography by ensuring that important views into, within and out of the site are to be retained and enhanced.
 - The retention and enhancement of existing important landscaping and natural features, (e.g., trees, hedges, banks and watercourses), in order to take opportunities to enhance biodiversity, create wildlife and recreational corridors,
 - Effectively integrate the development into its setting and to justify and mitigate against any losses that may occur through the development.
 - Making efficient use of land whilst taking account of the characteristics of the site and the local context to deliver an appropriate development which relates effectively to the immediate setting and to the wider character of the area.

4. Vacant Building Credit.

- 4.1. Vacant Building Credit applies where the building or any part of the building has not been in lawful use for a continuous period of at least six months within the three years ending on the day planning permission and the building has not been abandoned.
- 4.2. Vacant Building Credit is applicable to this proposed development.

5. Financial Viability Approach.

- 5.1. In assessing the viability of the Proposed Development, we have adopted a residual land valuation model in accordance with the RICS Guidance Note. This approach uses various inputs to establish the gross development value (GDV) of the Proposed Development from which the development costs are deducted to arrive at either a residual Site Value or developer's return (profit).
- 5.2. In this VA we have determined developer's profit as an output including a residual site value as an input from which the benchmark viability. This approach is summarised below:

$$\begin{array}{r}
 \text{Gross Development Value (GDV)} \\
 \text{less} \\
 \text{Development Costs including Benchmark Land Value} \\
 \text{less} \\
 \text{Planning Obligations}
 \end{array}$$

equals
Developer's Gross Profit Margin

- 5.3. When a developer's return is adopted as the benchmark variable, a scheme should be considered viable, if the cost implications of planning obligations are not set at a level at which the developer's return (after allowing for all development costs including Site Value) falls below that which is acceptable in the market for the risk in undertaking the development scheme. If the cost implications of the obligations erode a developer's return below an acceptable market level for the scheme being assessed, the extent of those obligations will be deemed to make a development unviable as the developer would not proceed on that basis. (RICS GN Para 3.3.1).

Benchmark Developer Profit.

- 5.4. Developer's return or gross profit should be at a level reflective of the market at the time of the assessment being undertaken. It includes the risks attached to the specific development. This includes both property specific risk, i.e., the direct development risks within the scheme being considered, and broader market risk issues, such as the strength of the economy, market demand, the level of capital values, the level of interest rate and availability of finance.
- 5.5. NPPF paragraph 57 and NPPG paragraph 018 states - For the purpose of 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.
- 5.6. We have considered the risk profile of this scheme. The risk associated with this scheme is increased by:
- a. The conversion of listed buildings.
 - b. The time duration for all sales completion once the development is completed.
 - c. The risk of reduction in sales values given the construction period and sales period following completion of the construction.
- 5.7. Having regard to the above a target profit rate of **17.5% of GDV for open market units and 6% of GDV for affordable housing units** is considered appropriate, having regard to the risk associated with the scheme.

6. Planning History.

- 6.1. 18/00152/OUT Construction of residential units (Outline application with all matters reserved). This application was withdrawn.
- 6.2. 19/00967/OUT Construction of residential units was approved on 27th January 2021. The following matters were reserved:
- a. The scale of the development.
 - b. The layout of the development.
 - c. The external appearance of the development.
 - d. The landscaping of the site.
 - e. The means of access to the site.
- 6.3. PL/2021/07611 Reserved Matters consent relating to outline planning consent reference number 19/00967. The application was granted planning consent on 21st June 2022.

The development comprising the erection of 5no detached dwellings, access and associated external works and landscaping. The proposed dwellings comprising of:

Plot	Description	Configuration	Build Type	GIFA (msq)	Garage / Parking
1	5-bedroom 6-person house	Detached	New Build	193.1	Double garage
2	5-bedroom 6-person house	Detached	New Build	192.8	Double garage
3	5-bedroom 6-person house	Detached	New Build	192.8	Double garage
4	5-bedroom 6-person house	Detached	New Build	192.8	Double garage
5	5-bedroom 6-person house	Detached	New Build	193.1	Double garage

7. Summary of Viability Information.

7.1. This Section provides the primary information.

Site Name	Development of land at Elmfield House, and the conversion of Elmfield House and Yewtree House, Petersfinger Road, Petersfinger, Salisbury, SP5 3BZ.
Site Address and Post Code	Elmfield House and Yewtree House, Petersfinger Road, Petersfinger, Salisbury, SP5 3BZ.
Location	The Site Location Plan is provided at Appendix 1.
Site Description	One existing dwelling being Elmsfield House and associated outbuildings, garden area and a residential development site with extant planning consent for 5no detached dwellings.
Proposed Site Layout	The Proposed Site Layout Plan is provided at Appendix 2. The proposed development totalling 21no dwellings, when allowing for the one existing dwellings (Elmsfield House) there is a net gain of 20no dwellings.
Development Site Area (hectares)	Totals 0.945 hectares (2.35 acres)
Total Number of Proposed Dwellings	Total of 21no dwellings providing a net gain of 20no dwellings.
Dwelling numbers for each element/phase of the proposed development	Single phase of 21no dwellings.
Dwelling mix and GIFA	<u>21no dwelling scheme.</u> 3no 4-bedroom detached two storey houses (new build) 4no 3-bedroom detached chalet bungalows (new build) 2no 3-bedroom detached two storey houses (new build) 6no 3-bedroom terrace three storey houses (new build) 2no 3-bedroom semi-detached 1.5 storey houses (conversion and extension of the existing outbuildings) 2no 2-bedroom flats (conversion and extension of Elmsfield House) 2no 1-bedroom flats (conversion and extension of Elmsfield House) This is detailed in the Accommodation Schedule at Worksheet 3.
Gross Development Value	Assessment 1 – Policy Compliant Scheme 13no market sale dwellings and 8no Affordable Housing dwellings GDV = £8,905,000 Assessment 2 – Adjusted Viable Scheme. 21no market sale dwellings and nil Affordable Housing dwellings GDV = £10,806,000
Gross Development Value – Market Sale Dwellings	Assessment 1. 13no market sale units = £7,365,000 Assessment 2 21no market sale units = £10,806,000

Gross Development Value – s106 Affordable Housing.	Assessment 1. 8no affordable housing units = £1,540,000 Assessment 2. No affordable housing units= £0
Anticipated residential market sales rate	3.0 market sale dwellings per month. This reflective of the type and value of the properties proposed.
Basis Site Value & Benchmark Land Value	In the order of £1,795,000 The basis of the Benchmark Land Value (BLV) is provided at Worksheet 6 .
SDLT	£79,250 . See calculation at Worksheet 7 .
S106 Financial Contributions	£3,153 including indexation allowance. The Calculation is provided at Worksheet 8
Community Infrastructure Levy (CIL):	£248,067.40. The Calculation is provided at Worksheet 8 and the BCIS All In Tender Price Index for inflation calculation is provided at Appendix 6
Design and professional fees	£248,500 + VAT for the conversion works = £261,155 . The breakdown is provided at Worksheets 9 .
Build costs	£7,074,000 when including contingency and VAT the sum is £7,766,453 . See Build Cost Summary as Worksheet 10 and see Indicative Construction Cost Estimates at Appendix 4.1 and 4.2 .
Project Programme	Assumed: Planning application submitted – December 2023 Commencement on Site – August 2024 Build duration – 18 months First sales – 12 months after construction commences Final sale – 20 months after construction commences See outline programme at Worksheet 11 .
Market Sales Programme	First sale – 12 months after construction commences. Final Sale – 2 months after construction completes, 20 months after construction commences
Finance costs	See calculation at Worksheet 1 . Assumed an all-interest rate of 7.0%. When allowing for cash flow this equates to 5.50% all cost

8. Proposed Development.

8.1. The application site is in Salisbury, Wiltshire which is in the administrative area and local planning authority of Wiltshire Council.

8.2. The subject site is:

- Located to the south west of the city centre adjacent to the A36 Southampton Road.
- The site totals approximately 0.945 hectares (2.35 acres)
- There one exiting dwelling, Elmsfield House, which along with the associated outbuildings are to be converted to create 2no 1-bedroom apartments, 1no 2-bedroom apartment and 2no 3-bedroom houses.

- There are existing outbuildings which are to be converted to form 2no 2-bedroom houses.
- The land to rear of the existing dwellings benefits from extant planning consent to erect 5no 5-bedroom detached houses with double garages. These dwellings are Plots 1 to 5.
- The site is accessed via Petersfinger Road.
- Site topography gentle falls from north to south.

The Location Plan is provided at **Appendix 1** and the proposed site layout plan is provided at **Appendix 2**.

9. Gross Development Value.

- 9.1. GDV Market Sale - in arriving at our Market Sale Gross Development Value, we have considered comparable property values which are provided at **Worksheet 3**. This shows:

4-bedroom houses.

- Average sold price, updated to current day rates average £381/ sqft.
- Average current asking prices £381/sqft.
- Average of sold and asking prices equates to £376/sqft.
- The viability assessment has assumed a rate of £390/sqft which reflects the above and allows for a new build premium.

3-bedroom chalet bungalows

- The viability assessment has assumed a rate of £395/sqft for the reasons stated above.

3-bedroom houses

- Average sold price, updated to current day rates average £344/ sqft.
- The viability assessment has assumed a rate of £390/sqft for the 3-bedroom detached houses and £345/sqft for the terrace houses which reflects the above and allows for a new build premium.

Apartments.

- Comparable sold prices equate to £234/sqft.
- Recognise the unique quality of the conversion and new build premium a rate of £325/sqft has been assumed.

Given the unique nature of the conversions and quality of the development and the outcome of the viability assessment, upper range market sales value assumptions have been applied.

The GDV for each dwelling is provided at **Worksheet 3**.

- 9.2. GDV Affordable Housing – has been determined based on:

- Assessment 1 has applied an 8no affordable housing dwellings comprising of 5no Affordable Rent dwellings (63% of the affordable housing) comprising of 2no 1-bedroom flats for Affordable Rent and 2no 2-bedroom apartments and 1no 3-bedroom house. 3no Shared Ownership (37% of the affordable housing dwellings) comprising of 3no 3-bedroom houses.
- The Affordable Rents and Shared Ownership Open Market Value, initial equity sales percentage and rent on the unsold equity is set out in **Worksheet 5**.
- Discounted Cash Flow Appraisals have been prepared in the line RICS Valuation of land for affordable housing guidance April 2016. This appraisal is provided at **Appendix 3**.

10. Benchmark Land Value.

- Site value is defined in the RICS GN as follows (para 2.8) - "Site Value should equate to the Market Value subject to the following assumption - that the value has regard to the development plan policies and all other material considerations and disregards that which is contrary to the development plan".
- The RICS GN goes on to say practitioners should have regard to current and Alternative Use Value, market/transactional evidence, and all material considerations including planning policy in deriving the Site Value. Site Value must be, by definition, at a level at which a landowner would be willing to sell at a competitive return, as recognised by the NPPF.

10.3. If the Benchmark Land Value was derived from:

- a. The existing use value (EUV) for the existing dwelling, Elmsfield House.
- b. An EUV Plus premium of 20% for the existing dwellings as contained planning policy guidance.
- c. The residual land value for the development land which benefits from extant planning consent.

The basis of the benchmark land value is provided at **Worksheet 6**. The indicative estimate of the build costs included in this calculation are provided at **Appendix 9**.

10.4. The viability assessment has determined a Benchmark Land Value of **£1,795,000**.

11. Land Acquisition Costs.

11.1. The land acquisition costs comprise of:

- a. Benchmark Land Value as evidenced above.
- b. SDLT in accordance with HMRC rates. The calculation is provided at **Worksheet 7**.
- c. Legal fees based on current market rates.
- d. Valuation fees based on current market rates.

The market rates used have been considered and agreed in a number of recent planning viability assessment in a number of local planning authorities.

These costs are set out the Viability Summary at **Worksheet 1**.

12. Section 106 Financial Contributions.

12.1. The planning application consultation has advised financial contributions for waste and recycling containers for the apartments will be required. This sum being £3,090. Indexation based on BCIS All In Tender Prices Indices has been applied from the date of planning consent to the date of payment. This increases the s106 financial contributions total to **£3,153**. The basis of the calculation is provided at **Worksheet 8**. The BCIS All IN Tender Price Index is provided at **Appendix 5**.

13. Community Infrastructure Levy (CIL).

13.1. Wiltshire Council's CIL Charging Schedule confirms:

- a. The property is in CIL Charging Zone 1.
- b. The rate for Zone 1 is £85:00 per msq of proposed floor area
- c. Indexation is applied from the date of the CIL Charging adoption (May 2015) to the date of planning consent which is assumed to be September 2022.
- d. The formula for calculating the CIL charges is:

$$\frac{R \times A \times I_p}{I_c}$$

Where:

R is the CIL rate in £/ sq m

A is the net increase in gross internal floor area

I_p is the All-in Tender Price Index for the year in which planning permission was Granted

I_c is the All-in Tender Price Index for the year in which the charging schedule started operation

13.2. The CIL Charges calculation is provided at **Worksheet 8**. The BCIS All In Tender Price Index on which the inflation cost has been calculated is provided at **Appendix 5**.

13.3. The CIL charges included in the viability are £172,128. When including indexation from the date of the CIL Charges Schedule adoption to the assumed payment date the CIL Charges total **£248,067**. The basis of this calculation is provided at **Worksheet 8**.

14. Design & Professional Fees.

- 14.1. A breakdown of the survey fees, design and professional fees and fees and charges have been assessed and provided at **Worksheets 9**. The viability has included the sum of £248,500. This increases to **£261,155** when including VAT.
- 14.2. VAT will be applicable for design and professional fees associated with the conversion element of the proposed development. The existing property is occupied and therefore 20% VAT is applicable.

15. Construction Costs.

- 15.1. An indicative construction estimate for the works has been prepared on the following basis.
- Elemental breakdown as contained in the Indicative Construction Cost Estimate provided at **Appendix 4.1 and 4.2**.
 - The rates are reflective of current market conditions including those from comparable projects which have been procured via single stage competitive tenders and negotiated contracts.
 - Rates being inclusive of main contractor's overhead and profit.
 - The costs include the abnormal site factors which have been identified separately in the Indicative Construction Cost Estimate.
- 15.2. Archaeological - evaluation of the site has been required no further investigation works were required.
- 15.3. Drainage – the drainage strategy forming part of the outline planning consent identified:
- Foul drainage would discharge to an adopted foul pump station which will connect to the existing sewer. At this stage the final drainage strategy has not been determined and the costs have assumed connection to a sewer at the site boundary. No cost allowance has been included for off-site drainage works to connect to an existing beyond the site boundary.
 - Surface water from the dwellings would discharge to aqua cell soakaways located in the gardens.
 - Surface water from the estate roads would discharge into the dry canal, via percolation. The assessment has further attenuation provided via a swale along the line of the dry canal. The assessment has also assumed a hydrobrake to regulate the flow rate.
- 15.4. Ecology – the ecology survey and plan established the following requirements for which allowance has been made:
- A minimum 5-meter vegetation zone retained between the site boundary and any new building.
 - Temporary vegetation and tree protection to accord with the above the existing trees to be retained.
 - 2no bee bricks per new build dwelling.
 - 1no bird box per new build dwelling.
 - 1no bat tube per new build dwelling.
 - 4no bird boxes located in the site.
 - 1no bee / insect hotel.
 - Expansion of the pond under the bridge.
 - Hedgehog access gates in fencing.
 - 1no hedgehog house in the landscape zone to the southern boundary.
 - Formation of a log pile for hibernating reptile.
- 15.5. Site investigation and geotechnical survey – we are advised the site investigation has concluded pile foundations are required. Allowance has been included for pile foundations to the new build dwellings.
- 15.6. Noise Assessment prepared by 24 Acoustics dated 23rd May 2019 identified the following noise mitigation measures:
- MVHR systems in the southern half of the site which will include Plots 2 to 5, 8, 9 and 10 to 15.
 - Type A glazing to Plots 2 to 5, 8, 9 and 10 to 15.
 - 3-meter-high close boarded fence to southern boundary of the site along the A36. Elsewhere 1.8m high timber close boarded fences to be provided.
- 15.7. The indicative construction estimate shows the cost to be in order of £7,074,000 and when including VAT applicable to the conversion works these increases to **£7,766,453**.

15.8. The table below provides the construction cost estimate is provided at **Appendix 4.1 and 4.2.**

The table below provides the indicative construction costs excluding external works, drainage, services and abnormal to enable a comparison to be made with BCIS Cost Data for residential projects. This shows the cost equates £1,179/msq of new build dwellings.

Indicative construction cost estimate	£7,427,700.00
Less Design Fees included in the design and professional fees	-£175,000
Less External works	-£796,000
Less Drainage	-£518,000
Less Services	-£327,000
Less Contingency	-£353,700
Less Abnormal pile foundations	-£333,710
Less Abnormal; beam and block floor	-£8,899
Less Abnormal; radon barrier	-£6,674
Less Abnormal, MVHR installation	-£64,100
Less Abnormal; acoustic glazing specification	-£28,500
Less Abnormal ecology measures to dwellings	-£13,500
Less Abnormal ASHP and PV panels	-£177,750
Less extra over for conversion	-£1,091,458
Less Garages and carports	-£20,000
Net Indicative Build Cost Estimate	£3,513,409
Average Cost per msq.	£1,719.13

BCIS Cost data is provided at **Appendix 6.** The BCIS cost data has been applied to the proposed development for the different house configurations proposed. This assessment is provided at **Worksheet 12.** This assessment shows BCIS cost benchmarks range for Median to Upper Quartile from £1,902/msq and £2,040/msq. Given the design and quality of the proposed development the application of Median to Upper Quartile benchmarks is appropriate. This shows the rates assumed in the Indicative Construction Estimate to be reasonable and reflect of market rates.

16. Market Sale; Sales & Marketing Costs.

16.1. The Assessment has included costs associated with the sales and marketing for the market sale units under Assessment 2. The services and rates assumed are:

- Sales and Marketing – typical rates range from 1.25% to 2.0% of GDV. The FVA has assumed a competitive rate of 1.25% of the market sale GDV.
- Estate Agent – rates range from 1.25% to 2.0%. The FVA has assumed a competitive rate of 1.25% of the market sale GDV for estate agent costs.
- Legal conveyance costs – a rate of £650 per dwelling has been included which is reflective of current market rates.

16.2. A breakdown of these costs is provided in the Viability Summary at **Worksheet 1.**

17. Finance Costs.

17.1. The finance costs are based on the following programme assumptions which are set out in **Worksheet 11:**

- Debt finance for 65% of the total development cost.
- Pre-construction programme being 37 weeks.
- The construction period being 18 months.
- Total sales period of 20 months from commencement of construction to completion of the final sale.

17.2. The finance cost including arrangement and exit fees, legal fees, valuation fees, monitoring fees and interest total **£558,832.**

18. Developer Return / Profit.

18.1. The FVA has assumed a target gross development profit / return rates:

Market Sale	17.5% of market rent GDV. NPPG advises a return of 15% to 20% so this assumption accords with this Guidance.
Affordable Housing:	6.0% of the affordable housing GDV

18.2. The actual Developer return, and the benchmark developer return for each assessment is provided at the Viability Summary at **Worksheet 1**.

19. Appraisal Results.

19.1. A summary of the viability assessments is provided at **Worksheet 1**.

Item	Assessment 1	Sensitivity 1 No Affordable Housing	Sensitivity 2 No affordable housing and no s106 & CIL costs
Market Sale dwellings	13	21	21
Affordable Housing	8	0	0
Total Dwellings	21	21	21
Gross Development Value (GDV) of:	£8,905,000	£10,806,000	£10,806,000
Section 106 contributions: & CIL Charges	£251,220	£251,220	£0
Total Development Cost (excluding gross profit)	£10,922,786	£11,003,211	£10,742,055
Development Gross Return:	-£2,017,786	-£197,211	£63,945
Target Return (17.5% return on market sale GDV and 6% on Affordable Housing GDV)	£1,381,275	£1,891,050	£1,891,050

19.2. The Assessments shows the development cannot economically provide:

- Any s106 Affordable Housing dwellings.
- Any s106 financial contributions or CIL Charges.

20. Conclusions.

20.1. This report and accompanying appraisals demonstrate the inclusion of affordable housing, s106 financial contribution and cIL Charges would result in the proposed development being economically unviable.

20.2. The Assessment further demonstrates with nil affordable housing and nil s106 contributions the development does not achieve the target gross profit margin. The development could come forward the land and property owners are willing to proceed with development on the basis the residual land and property value will be below the Benchmark Land Value.

Matthew Hunt
Cotesbury Limited
Mobile: 07701 289405
Email: matthew@cotesbury.co.uk