

**DEVELOPMENT VIABILITY REPORT
FOR RESIDENTIAL DEVELOPMENT ON LAND AT
LEONORA HOUSE AND 90-92 WOOD LANE,
CHIPPENHAM, WILTS, SN15 3DY.**

On behalf of Horizon Homes Ltd

**By Simon Corp BSc (Hons) MCIOB
Revision A- 23rd March 2026**



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1.0 Introduction and Instructions

1.1 Simon Corp trading as s106 Affordable Housing has been instructed by Horizon Homes Ltd to prepare a development viability assessment to determine the viable level of affordable housing provision that can be provided on the proposed development of the former Leonora House residential care home and 90-92 Wood Lane, Chippenham providing 31no apartments, 9no newbuild houses and retaining 2no existing houses.

1.2 The development at 90-92 Wood Lane falls outside the red line area of application PL/2026/00902 and these other developments on a stand alone basis are below the threshold for affordable housing. It is however common viability assessment practice where adjacent developments are in the same ownership and are intended to be developed in a broadly similar timescale that a comprehensive assessment is undertaken including all elements of the applicants landholding. The site was marketed as a single development site including both Leonora House and 90-92 Wood Lane and so this approach was considered to reflect the reality of the transaction. We understand the planning applications were processed separately for reasons of practicality to simplify the delivery arrangements where the apartment scheme will be developed for an RP who will need to planning to be discharged without reference to other elements of development.

1.3 The report has been prepared by Simon Corp, I have a BSc (Hons) in Residential Development from Nottingham Trent University and 32 years experience in affordable housing development. During this period I have been employed by Registered Providers developing affordable housing projects including Aldwyck Housing Group, Raglan Housing Group now Stonewater and Eastleigh Housing now Vivid Group and for the last 12 years I have provided development viability consultancy services.

1.4 The purpose of the study is to set out the policy background, development details, viability and cost issues and make a case for the level of affordable housing provision the development can viably sustain. Our methodology will be to carry out a viability assessment without any affordable housing provision and compare the resultant residual land value with the benchmark existing land value to determine the total development subsidy that is available to fund any affordable housing provision.

1.5 The appraisal has been carried out using the HCA (now Homes England) economic Appraisal Toolkit (EAT), where information is not available any assumptions made are either in line with industry norms or the default settings of the toolkit.

1.6 The updated NPPF and Planning Practice Guidance (Viability) states that an applicant must make a case why a viability assessment is required and a

viability assessment should refer back to the viability assumptions adopted at plan making stage. The council Local Plan policies were viability tested in the Local Plan Viability Assessment September 2023 provided by Urba and Poter Economics. In common with all borough wide assessments this is based on a range of development typologies and appraisal assumptions, it is therefore reasonable to provide a scheme specific assessment to compare the broad assumptions in the plan assessment with the site specific circumstances.

- 1.7 This report has been undertaken with objectivity, impartiality, without interference and this instruction does not result in any conflict of interest. This instruction is on a fixed fee basis, in preparing this report no performance related fees nor have any contingent fees have been agreed.

2.0 Executive Summary

- 2.1 The application site extends to 1.36 acres and is made up of the former Leonora House residential care home which provided 19no bedrooms and residential properties 90, 90a and 92 Wood Lane, Chippenham. The proposal is to demolish the existing properties (apart from 90 and 92 Wood Lane) and develop 31no one and two bedroom apartments across 5no blocks on the site occupied by Leonora House and 9no new three bedroom houses and retaining 2no existing properties on the land at 90-92 Wood Lane, Chippenham. Including the existing properties being refurbished the overall development will provide 42no dwellings.
- 2.2 The Wiltshire Core Strategy was adopted in January 2015 and policy CP43 requires affordable housing from residential developments providing 5 or more dwellings and in this part of the county 40% affordable housing is required. This will equate to a policy requirement to provide 16no dwellings, as the existing buildings have been vacant for a number of years we have applied the Vacant Building Credit which reduces the policy requirement to 7.4 dwellings which has been rounded down to 7no dwellings. We have assumed this will need to be delivered as 5no affordable rent and 2no shared ownership dwellings.
- 2.3 To assess if the development can viably support the policy level affordable housing requirement, we have been instructed to prepare a viability assessment to establish if a residual land value surplus is generated by the development which can be used to support affordable housing provision or other planning obligations. In line with the Planning Practice Guidance we have appraised the proposed development on a residual valuation basis and compared the resultant land value with the benchmark land value assessed on an existing use plus premium or Alternative Use basis.

- 2.4 We have prepared a EAT appraisal for the proposed scheme on a residual land value basis and the results are summarised below:

Appraisal Scenario	Residual land value (£)	Benchmark land value (£)	Surplus/deficit (£)
Open market	-£752,659	£1,720,000	-£2,472,659
Policy compliant	-£952,309	£1,720,000	-£2,672,309

- 2.5 The appraisal constructed on an open market basis with no affordable housing shows a viability deficit on the benchmark land value and so clearly no surplus is generated to support any affordable housing or other additional s106 costs.

- 2.6 The Planning Practice Guidance states that a viability assessment should refer back to the assumptions used at plan making stage. The Wiltshire Council affordable housing policy has been tested with a Local Plan Viability Assessment provided by Urba and Porter Economics in September 2023 and so we have summarised below the assumptions used in the plan level assessment with the assumptions used to construct the viability assessment. This shows the assumptions are in the main either in line or at a lower level than the assumptions used in the Local Plan Viability Assessment.

Assumption	Local Plan Assumption	Scheme Assumption
Build costs	BCIS median rate	Scheme specific cost estimate
External works	10%	Included in estimate
Contingency	4%	Included in estimate
Professional fees	8%	8%
Sales costs	3% of GDV	2.5% of GDV
Finance costs	8%	7%
Open market return	17.5% of GDV	17.5% of GDV
Affordable housing return	6%	6%

- 2.7 In summary the appraisal on an open market basis shows a viability deficit and clearly therefore no surplus is generated to fund any affordable housing provision or other additional s106 costs.

3.0 Viability Assessment

- 3.1 The application site extends to 1.36 acres and is made up of the former Leonora House care home which provided 19no bedrooms and 90, 90a and 92 Wood Lane, Chippenham. The proposal is to demolish the existing buildings (apart from 90 and 92 Wood Lane) and develop 31no one and two bedroom apartments across 5no blocks on the site occupied by Leonora House and 9no new three bedroom houses and retaining 2no existing properties on the land at 90-92 Wood Lane, Chippenham. Including the existing properties being refurbished the overall development will provide 42no dwellings providing the following mix of accommodation:

No	Type	Floor Area (m ²)
9	1b2p apartment	50-51
22	2b3p apartment	61-70
9	3b5p house	101-121
2	3b5p existing	116-118
42		3,056

- 3.2 The Wiltshire Core Strategy was adopted in January 2015 and policy CP43 requires affordable housing from residential developments providing 5 or more dwellings and in this part of the county 40% affordable housing is required. This will equate to a policy requirement to provide 15no dwellings, as the existing buildings have been vacant for a number of years we have applied the Vacant Building Credit as set out below:

Total proposed gross floor area	3056m ²
Existing floor area	<u>1628m²</u>
Net increase in floor area	1428m ²
Percentage net to gross	46.72%
16no x 46.72%	7.4 say 7no dwellings

- 3.3 S106 Affordable Housing has been instructed to assess if the policy level affordable housing can be viably funded from the proposed development. A development is deemed to be viable if the residual land value derived by the scheme is above the existing land value assessed on an existing use plus premium or Alternative Use basis, the surplus providing the subsidy available to support the affordable housing provision. Our methodology is therefore to assess the residual land value derived by the scheme on an open market basis and compare the resultant land value with the benchmark existing land value to assess if a development surplus is generated to support affordable housing provision.

- 3.4 An EAT appraisal for the proposed open market scheme shows a negative residual land value at -£752,659 allowing for a developers return at 17.5% of GDV which is at the mid point of the range set out in the Planning Practice Guidance at 15-20% of GDV. To generate a positive residual land value the developers profit will need to reduce to circa 9.5% of GDV.
- 3.5 To fully assess the viability of the scheme we need to compare the resultant level of residual value derived from the proposed scheme with the existing benchmark land value. The Planning Practice Guidance states that benchmark land value is based on an existing use plus premium valuation or a reasonable alternative use valuation. The EUV plus premium method is essentially valuing the property on an existing use value taking account of its current lawful planning use and allowing for an additional landowner's incentive to encourage the landowner to bring the site forward to the market. The Planning Practice Guidance also states that an Alternative Use Valuation (AUV) can be used if that alternative use complies with local plan policies but an AUV valuation is deemed to be inclusive of any landowner's premium.
- 3.6 The application extends to 1.36 acres and is currently occupied by the former Leonora House residential care home which provided 19no bedrooms with a gross floor area at 1394m² and the following residential properties:

Property	Type	Floor Area (m ²)	Use
90a Wood Lane	3b5p	165	demolished
90 Wood Lane	3b5p	116	retained
92 Wood Lane	3b5p	118	retained

To value Leonora House we have looked at comparable vacant residential care homes currently available in the market place, the best comparable is a property located on Draycott Road, Chiseldon, near Swindon. This property is vacant with lapsed registration providing 20 bedrooms and is currently on the market for £750,000. We also identified a 14 bedroom home in Warminster which is still trading on the market at £900,000. The subject property is located in a better trading location and position for a care home than the comparable properties, but to reflect the fact it is vacant and would require some investment to bring it up to a trading condition we have adopted an existing use value at £750,000. This value has been further tested in section 5 of this report.

- 3.7 For the 3no residential values we have adopted gross valuations in line with the evidence set out in section 5 of this report adopting an average value at the lower end of the range at circa £3,200/m² with a capped value at £475,000 for 90a Wood Lane and we have allowed for budget costs at £100,000 per property to bring them up to a marketable standard generating the following values:

Property	Type	Floor Area (m ²)	Gross Market Value (£)	EUV (£)
90a Wood Lane	3b5p	165	£475,000	£375,000
90 Wood Lane	3b5p	116	£395,000	£295,000
92 Wood Lane	3b5p	118	£400,000	£300,000
Total				£970,000

3.8 The combined existing use value is therefore £1,720,000. We have not allowed for any landowners premium as the site has been vacant and we do not consider any additional incentive would be required, so we have adopted a benchmark land value at £1,720,000 for viability assessment purposes.

3.9 In summary the appraisal results are set out below:

Appraisal Scenario	Residual land value (£)	Benchmark land value (£)	Surplus/deficit (£)
Open market	-£752,659	£1,720,000	-£2,472,659
Policy compliant	-£952,309	£1,720,000	-£2,672,309

3.10 The open market appraisal with no allowance for any affordable housing shows a viability deficit and therefore clearly no surplus is generated to support any affordable housing provision. In line with standard viability practice the appraisals allow for a developers return, we have adopted 17.5% of GDV which is at the mid point of the range set out in the Planning Practice Guidance at 15-20% of GDV. For the development to come forward the developer will need to take a commercial view to accept a lower level of return and the developer should not be expected to provide affordable housing until the threshold level of return as set out in the guidance has been achieved.

3.11 For comparative purposes we have also run a policy compliant iteration of the appraisal including the 7no affordable housing units which increases the scheme deficit to circa -£2.6m. Clearly introducing the affordable housing compounds the existing viability pressure and may prevent the development from coming forward.

3.12 The viability guidance states that we should consider the sensitivity of the appraisal results to changes in inputs, we have set out below on a cumulative basis the effect of increasing the sales values by 5% and reducing the construction costs by 5%. It can be seen from any reasonable viability test no surplus is generated to support any affordable housing:

Appraisal Scenario	Residual land value (£)	Benchmark land value (£)	Surplus/deficit (£)
Sales values +5%	-£377,440	£1,720,000	-£2,097,440
Build costs -5%	£15,255	£1,720,000	-£1,704,745

- 3.13 The assessment has been constructed with residential sales values based on local comparable evidence within 0.5 miles of the site which average £354/ft². The construction costs are based on a site specific cost estimate which is set out in section 5 of this report and all other assumptions are in line with standard viability assessment assumptions we have agreed on similar assessments across the region.
- 3.14 In summary the appraisal on an open market basis shows a viability deficit and so clearly no surplus is generated to support any affordable housing provision or other additional s106 costs.

4. Policy Background

Local Plan Policies

- 4.1 The Wiltshire Council Core Strategy was adopted in January 2015 and policy CP43 states that residential developments providing 5 or more homes in the Chippenham area should provide 40% affordable housing.
- 4.2 The policy goes on to state that only in exceptional circumstances the council may accept a financial contribution in place of onsite delivery of affordable housing and there is a recognition of the role of viability in the agreement of affordable housing provision.

National Planning Policy Framework

- 4.3 The NPPF was last updated in December 2024 and we have highlighted below the parts of the guidance that have relevance to viability assessment.
- 4.4 Section 35 states that Local Plans should set out the obligations that are expected from developments including affordable housing, however it says that such plans should not undermine the deliverability of the plan
- 4.5 As set out in the previous iterations of the framework planning obligations should only be sought where they meet the following tests:
 - Necessary to make the development acceptable in planning terms.
 - Directly related to the development
 - Fairly and reasonably related in scale and kind to the development
- 4.6 Section 59 of the framework sets out one of the key changes around viability, this states that where policies around contributions have been set out in the plan, schemes that comply with them will be deemed to be viable. It is up to the applicant to demonstrate that circumstances differ from the Local Plan assumptions which require a viability assessment. Such examples would be particular existing use that was not modelled at plan making stage, abnormal costs or movement in the market since the plan was adopted.
- 4.7 Section 65 states that affordable housing should not be sought from schemes which are not major developments, this is defined at 10 units except in designated rural areas where a lower threshold can apply.

Planning Practice Guidance

- 4.8 The viability section of the Planning Practice Guidance has also been updated and there have been some changes introduced in the recommended assumptions for constructing a viability assessment. The key change being land value should be based on an EUV plus premium valuation method. The guidance now also states that a viability assessment should refer back to the viability assumptions which backed up the Local Plan and should evidence how circumstances have changed to justify the need for a viability assessment.
- 4.9 The guidance now specifically states the EUV plus premium method should be adopted where as before a range of options were set out including the market value approach. This is a clear change of direction to provide more clarity on how to set a benchmark land value in a viability assessment.
- 4.10 The guidance also states that the use of an alternative use value is allowed if it is a reasonable alternative use and a planning consent on the site exists for that use.
- 4.11 The guidance states that developer's return in the range of 15-20% of gross development value is appropriate for plan making purposes but alternative levels can be utilised where it is justified by the scale and complexity of the development.
- 4.12 The guidance also states methodologies for assessing gross development value and build costs but these are broadly unchanged since the previous version of the guidance.
- 4.13 The guidance states that a viability assessment should be presented in a clear way so the assumptions for GDV, costs and developers profit are clear.

5. Cost and Value Assumptions

Benchmark Land Value

- 5.1 The Planning Practice Guidance states that benchmark land value is based on an existing use plus premium valuation or a reasonable alternative use valuation. The EUV plus premium method is essentially valuing the property on an existing use value taking account of its current lawful planning use and allowing for an additional landowner's incentive to encourage the landowner to bring the site forward to the market. The Planning Practice Guidance also states that an Alternative Use Valuation (AUV) can be used if that alternative use complies with local plan policies but an AUV valuation is deemed to be inclusive of any landowner's premium.
- 5.2 The application extends to 1.36 acres and is currently occupied by the former Leonora House residential care home which provided 19no bedrooms with a gross floor area at 1394m² and the following residential properties:

Property	Type	Floor Area (m ²)	Use
90a Wood Lane	3b5p	165	demolished
90 Wood Lane	3b5p	116	retained
92 Wood Lane	3b5p	118	retained

To value Leonora House we have looked at comparable vacant residential care homes currently available in the market place, the best comparable is a property located on Draycott Road, Chiseldon, near Swindon. This property is vacant with lapsed registration providing 20 bedrooms and is currently on the market for £750,000. We also identified a 14 bedroom home in Warminster which is still trading on the market at £900,000. The subject property is located in a better trading location and position for a care home than the comparable properties, but to reflect that it is vacant and would require some investment to bring it up to a trading condition we have adopted an existing use value in line with the Chiseldon comparable property at £750,000.

- 5.3 As a cross check a typical value for a care home bedroom which meets the CQC registration standards will be in the range of £150,000-200,000 per bedroom. If we adopt a gross value at the lower end of the range at say £160,000 per bedroom we have set out below a net value allowing for the costs of bringing the property back into use:

Gross value	£3,040,000
Refurbishment say £1500/m ²	£2,091,000
Surveyors fees 5%	£104,550

Net value £ 844,450

- 5.4 The valuation should also reflect additional acquisition, legal and associated costs so a net value at circa £750,000 would be a reasonable reflection of an achievable market value.
- 5.5 For the 3no residential values we have adopted gross valuations in line with the evidence set out in the following sections adopting an average value at the lower end of the range at circa £3,200/m² with a capped value at £475,000 for 90a Wood Lane and we have allowed for budget costs at £100,000 per property to bring them up to a marketable standard generating the following values:

Property	Type	Floor Area (m ²)	Gross Market Value (£)	EUV (£)
90a Wood Lane	3b5p	165	£475,000	£375,000
90 Wood Lane	3b5p	116	£395,000	£295,000
92 Wood Lane	3b5p	118	£400,000	£300,000
Total				£970,000

- 5.6 The combined existing use value is therefore £1,720,000. We have not allowed for any landowner's premium as the site has been vacant and we do not consider any additional incentive would be required, so we have adopted a benchmark land value at £1,720,000 for viability assessment purposes.

Residential Values

- 5.7 To establish the achievable residential gross development value we have looked at the market evidence provided by comparable properties on the market and sold transactions in the last twelve months within a 0.5 mile radius of the site.
- 5.8 The best evidence will be provided by comparable newbuild developments which reflect a new home premium, within the search area the only newbuild properties where retirement homes with the benefit of communal facilities and services which are not considered comparable. Extending the search area we identified the Langley Park development located on Foundry Lane, Chippenham, on this development a two bedroom apartment is being marketed at £235,000 and a one bedroom apartment at £187,000. We don't have any floor area data to enable any further analysis.
- 5.9 We also identified a conversion development on Market Place, Chippenham providing 8no properties within a listed building where one bedroom apartments are being marketed at £140,000.

- 5.10 Looking at the general second hand market to benchmark the one bedroom apartments we identified a large one bedroom apartment on St Marys Street, Chippenham with a floor area at 67.6m² on the market at £200,000 and a smaller one bedroom apartment on London Road with a floor area at 32.4m² on the market at £110,000. To benchmark the two bedroom apartments we identified a two bedroom apartment within The Paddocks, Chippenham with a floor area at 80m² on the market at £199,950 and a property on Pheonix Close with a floor area at 63.1m² on the market at £170,000.
- 5.11 To benchmark the three bedroom houses we identified a three bedroom semi-detached house on Hawkins Close with a floor area at 94.5m² on the market at £375,000 and a further three bedroom semi-detached house on Wood Lane, Chippenham on the market at £325,000.
- 5.12 We need to be cautious relying on properties on the market as the listed values can be subject to offers and price reductions. A more reliable evidence base will be sold values taken from Land Registry records from which we have identified the following comparable transactions. We have included evidence of each of these transactions within appendices attached to this report, the transactions are summarised below:

Property Address	Floor Area (m²)	Sales Value (£)	Sale Date	£/m²
20 Bowles Court, Westmead Lane, Chippenham- 2 bed flat	60	£130,000	Oct 2025	£2,166
56 Bowles Court, Westmead Lane, Chippenham- 2 bed flat	88	£175,000	Sept 2025	£1,988
34 Queens Square, Chippenham- 1 bed flat	36	£135,000	Aug 2025	£3,750
26 Louise Rayner Place, Chippenham-2 bed flat	82	£195,000	Aug 2025	£2,378
31 Bowles Court, Westmead Lane, Chippenham- 1 bed flat	59	£185,000	Aug 2025	£3,135
7 Queens Square, Chippenham- 1 bed flat	44	£152,000	Aug 2025	£3,750
4 Flowers Yard, Chippenham- 1 bed flat	39.1	£132,500	Aug 2025	£3,388
5 Pewsham Lock, Chippenham- 3 bed house	81	£282,000	Sept 2025	£3,481
66 Hardens Mead, Chippenham- 3 bed house	111	£370,000	Aug 2025	£3,333
78 Hardens Mead, Chippenham- 3 bed house	96	£365,000	April 2025	£3,802

5.13 The typical second hand value for an apartment appears to top out at £200,000 but we do need to reflect a new home premium and a value for a two bedroom apartment in line with the Langley Park evidence would seem reasonable. The sales evidence from Bowles Court is generally at a lower level which reflects a lower value base for a retirement development, we have adopted values based on the other non-retirement properties at the upper end of the range but included the Bowles Court development to show the full range of market evidence. A base second hand value for a three bedroom house is in the range of £360,000-370,000 but it would be reasonable to adopt a slightly higher value to reflect a new home premium. For the refurbished existing houses we have adopted a lower new home premium. Taking account of the range of evidence, the floor areas and the location and setting of the site we have adopted the following range of sales values:

No	Type	Floor Area (m ²)	Sales Values (£)
9	1b2p apartment	50-51	£190,000
22	2b3p apartment	61-70	£235,000-265,000
9	3b5p house	101-121	£410,000-450,000
2	3b5p existing	116-118	£395,000-400,000
42		3,056	£11,650,000

5.14 The overall residential gross development value is £11,650,000 which equates to an average sales value at £3,812/m². The actual price achieved will be dependent on market conditions at the time of marketing, competitor developments and the completed specification and finishes.

Construction Costs

5.15 We have been provided with a budget cost plan for the development provided by Cubix Construction Consultants. The total cost including abnormal costs and a contingency allowance is £8,372,264 which equates to £2,740/m². This cost is in line with other assessments we have agreed where the development is predominantly apartments, in this case the cost is increased because the apartments are set out across 5no separate blocks. A copy of the cost report is included in the appendices to this report.

5.16 It should be noted the cost plan includes a contingency allowance, so to avoid any double counting we have not included a separate contingency allowance in the viability appraisal.

5.17 It should also be noted we have not made any allowance at this stage for Bio Diversity Net Gain (BNG) credit costs, when this information is available the assessment may need to be updated.

- 5.18 We have separately allowed for design and professional fees at 8% which is in line with the Local Plan Viability Assessment and the assumption we have agreed on other similar developments across the region.

Developers Profit

- 5.19 The revised Planning Practice Guidance recommends a developers profit allowance in the range of 15-20% of GDV and the developer's profit should reflect the developers risk profile. The Local Plan Viability Assessment has adopted an open market developers profit at 17.5% of GDV which is in line with other viability assessments we have agreed in the Wiltshire area.
- 5.20 Over the last few years we have agreed a 17.5-18% of GDV profit level as a default position but with a backdrop of a strong economy and a rising market. Coming out of the Covid 19 pandemic, leaving the EU and the conflict in the Ukraine all contributed to inflationary pressure in the economy leading to several increases in the base lending rate from 2022. The base rate have since reduced to 3.75% but remain higher than the average for the last few years and the growth forecasts for the economy remain pessimistic.
- 5.21 Although a case can be made for a higher level of return to reflect the challenging economic conditions, we have adopted the same profit assumption for the open market housing at 17.5% of GDV and the affordable housing return has been set at the standard 6%.

Affordable Housing Assumption

- 5.22 To model the affordable housing value we have assumed the affordable rent units will have rents set at 80% of market rents subject to being no more than the relevant Local Housing Allowance rate. Local market rents would result in an affordable rent well in excess of the LHA and so we have adopted the LHA rate at £136.93pw for a one bedroom apartment and £166.85pw for a two bedroom apartment.
- 5.23 The shared ownership has been based on initial sales at 40% of open market value and a rent on the unsold equity at the Homes England maximum level of 2.75%.
- 5.24 In line with HCA guidance in the AHP bidding round that grant would not be supported on s106 units, we have not included any grant funding in the appraisals.

5.25 The net affordable housing revenue reflect average sector cost allowances for management, repairs, sinking fund and voids and has been capitalised at 5.5%.

6 Other Model Assumptions and Inputs

- 6.1 The basis for assumptions on sales values, construction costs and profit are set out in section 5.

Programme

- 6.2 The EAT assumes a 6 month lead in to site start for detail design, building regulations approval, clearing pre-start planning conditions and site set up. The contract period is 18 months with a sales period of 10 months.

S106 and CIL Contributions

- 6.3 We have allowed for CIL using the 2026 Zone 1 index linked rate at £130.73m² generating a CIL cost for the open market scheme at £410,100. In line with standard practice we have not included for any s106 costs so we can assess the total surplus which is generated to fund all other planning obligations.

Interest Rates

- 6.4 Over the last few years we have agreed a standard finance rate at 6.5% but during that time base lending rates have been set at 0.5-0.75% which equates to a lending margin in excess of 5.75 points. The base rate increased significantly to 5.25% before dropping back to the current rate at 3.75% and it would be reasonable to now adopt a higher finance cost assumption. We have therefore adopted an increased finance rate at 7% which is an assumption we have agreed on recent similar assessments. We have not included a credit balance interest rate at the EAT model does not allow a credit rate to be applied and the cash flow is in deficit so this would not have any effect on the viability outcome.

Sales and marketing costs

- 6.5 We have allowed for an allowance to fund sales and marketing costs at 2.5% of GDV this will fund a showhome, sales agent, development branding, advertising and promotion. We have also allowed for £1,000 a dwelling for sales legal costs.

7 Conclusion

- 7.1 The combined proposed development will provide 40no dwellings and Wiltshire Council Core Strategy policy CP43 will require 40% affordable housing equating to 15no dwellings, but we have applied the Vacant Building Credit which reduces the requirement to 7no dwellings. We have assumed this will be required as 5no affordable rent and 2no shared ownership dwellings.
- 7.2 To establish if the requirement can be viably delivered we have appraised the development on an all open market basis to establish if a surplus is generated over the existing land value based on an Existing Use plus Premium or Alternative Use Valuation. This approach is in line with the Planning Practice Guidance and accepted standard practice.
- 7.3 The appraisal constructed on an open market basis excluding any affordable housing provision shows a viability deficit and clearly no surplus is generated to fund any affordable housing provision or other s106 costs. The development can still come forward as all the costs are funded, but the developer should not be expected to contribute towards affordable housing until the benchmark level of return at 15-20% of GDV is achieved.

