

Development Viability Report

Home Farm, Deeping St Nicholas

Ashwood Homes

October 2020

Private and Confidential

Commercially Sensitive

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Declaration: Conformity with RICS Professional Statement

The RICS Professional Statement Financial Viability in Planning, September 2019, 1st Edition

Confirmation of conformity with the RICS Professional Statement Financial Viability in Planning, September 2019, 1st Edition, is set out within the following sub-sections.

In accordance with email correspondence and instruction dated 3rd December 2019, JLL are instructed to objectively assess the financial viability of an already commence residential development known as the Holland Park, Spalding SUE. The purpose of this assessment is to test the financial viability of the development, considering the policy requirements set by South Holland District Council, as well as national planning policy and guidance.

JLL have produced this report acting impartially and with reference to all appropriate available sources of information.

JLL have fully reviewed all evidence provided and have concluded their report with a full explanation and justification.

JLL confirms, to the best of its knowledge, that no conflict or risk of conflict of interest exists in carrying out this viability assessment on behalf of the applicant and in respect of the site.

In preparing this report, no performance related or contingent fees have been agreed between JLL and the applicant.

Material Uncertainty Provision

“Material opinion and advice uncertainty due to Novel Coronavirus (COVID – 19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the report date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our opinion(s) are therefore reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our opinion than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the report and advice for this property under frequent review.”

1. Introduction

- 1.1. JLL are instructed by Ashwood Homes to undertake an independent financial viability appraisal of the proposed development at Home Farm, Deeping St Nicholas.
- 1.2. The proposals comprise a residential development of the site for up to 120 dwellings alongside providing an access, landscaping, drainage, and associated infrastructure. The proposals also include for the construction of a new community hall and car park within the site to include on-site areas of public open space (POS).
- 1.3. This appraisal will inform Ashwood Homes in their discussions with South Holland Council (SHC) officers regarding the viability of delivering an affordable housing policy compliant scheme.
- 1.4. This report has been written by the JLL Development Consultancy department, based in the East Midlands region.
- 1.5. Our appraisal report will be subject to our General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports.
- 1.6. Our total liability in respect of this report shall not exceed £5,000,000. Please note the exclusions and limitations of liability in our General Terms and Conditions of Business or pre-agreed terms of engagement or service agreement agreed between us.
- 1.7. The site has not been visited by the author of this report. In addition, the appraisal has not involved any formal discussion with planning officers at the Local Planning Authority.
- 1.8. It is important to note that the development appraisals undertaken to inform this report are for the purpose of assessing the viability of the scheme only. It does not constitute a 'valuation' which is in accordance with the Royal Institution of Chartered Surveyors (RICS) Professional Standards known as 'The Red Book'.
- 1.9. This report, and the supporting development appraisals, are provided on a private and confidential basis. Therefore, we request that the report is not to be disclosed to any third parties under the Freedom of Information Act 2000 (Sections 41 and 43(2)) or the Environmental Information Regulations.
- 1.10. This report, and the supporting documentation are provided on a private and confidential basis. Therefore, we request that the report is not to be disclosed to any third parties under the Freedom of Information Act 2000 (Sections 41 and 43(2)) or the Environmental Information Regulations.

JLL

- 1.11. JLL is a multidisciplinary property practice, well known for being a residential and commercial property agent throughout the UK, Europe and beyond. JLL is an active agency throughout the Midlands property market in both the residential and commercial sectors, advising a wide selection of stakeholders including occupiers, developers/house builders, investors, funders and land owners.

Scope of this Report

- 1.12. This report describes and comments upon the proposals and discusses the key planning policies relating to the scheme. It assesses the Site within its local context and reviews relevant planning history relating to the Site. This report also includes an assessment of the relevant adopted planning policy at local level.
- 1.13. The report undertakes detailed development appraisals pertaining to the proposed scheme, informed by costs provided by the developer, as well as applying values to the market aspects of the scheme and project obligations detailed within the proposed S106 items from the pre-application discussion with planning officers at South Holland Council.

Remaining Structure of the report

- 1.14. This Development Viability Appraisal Report is structured as follows: -
 - **Section 2** provides an overview of the site and its location;
 - **Section 3** outlines the planning history relevant to the site and current proposals;
 - **Section 4** provides details of the relevant planning policies relating to the site;
 - **Section 5** provides a market commentary and comparable local evidence;
 - **Section 6** outlines the method undertaken when carrying out the development viability;
 - **Section 7** details the actual costs and assumptions which have been included within the appraisals;
 - **Section 8** details the findings of the appraisal;
 - **Section 9** provides the summary and conclusions.

2. Site Location and Characteristics

Location

- 2.1. The site, indicated at Appendix 1, is located in Deeping St Nicholas approximately 4.5 miles (7.55km) to the southwest of Spalding Town Centre and 10.6 miles (17.0km) to the north east of Peterborough City Centre. Land use in the immediate surrounding area to the Site are largely agricultural in nature with some existing residential dwellings of various ages also present.
- 2.2. The site is situated on the A1175 which dissects the settlement.
- 2.3. Vehicular access to the site is gained via Littleworth Drove (A1175) which is where the proposed site entrance would be for residential development.
- 2.4. The site is bounded by existing residential stock on the eastern boundary, whilst more sporadic larger single residential dwellings are present on Littleworth Drove which forms the northern boundary of the site. Agricultural farming land is present to the south and west of the site.
- 2.5. There are bus stops located just outside the site's boundary on Littleworth Drove with a frequent bus service (203 and 301) every 50 mins in either direction. This route Starts at Spalding and travels to Stamford Town Centre with a journey time of approximately 45 minutes.
- 2.6. Spalding train station is just over 5 miles away with an hourly service to Peterborough and an hourly service to Lincoln.
- 2.7. Overall the Site lies is considered to be in a fairly sustainable location in close proximity to a range of public transport services and access to Spalding and the wider area.

Situation

- 2.8. The site comprises Brownfield land and is predominantly covered with a large portal frame barn on concrete hardstanding. To the rear of the building is agricultural land which is currently used for the production of bio fuel.
- 2.9. The site is broadly rectangular in shape, widening in the south western corner with an existing landscape buffer separating the site from the existing residential properties on Wheatsheaf Court. The access to the site is in the form of a wide strip of land from Littleworth Drove to the northern boundary of the site.
- 2.10. The village centre of Deeping St Nicholas offers small retail provision with a small farm shop present to the western periphery of the village.
- 2.11. The site is located within close proximity to the following primary schools:
 - 2.11.1. Deeping St Nicholas Primary School – Ofsted Good
 - 2.11.2. The Cowbit St Mary's (Endowed) C of E Primary School – Ofsted Requires Improvement
 - 2.11.3. South View Community Primary School – Ofsted Requires Improvement
- 2.12. The site is located within close proximity to the following secondary schools:
 - 2.12.1. Spalding Grammar School (Boys only) – Ofsted Good

2.12.2. Spalding High School (Girls Only)– Ofsted Outstanding

2.12.3. Spalding Academy – Ofsted Good

Description

- 2.13. The planning application proposals include a residential development of up to 120 dwellings with all matters reserved save for access.
- 2.14. The land available measures 4.5 hectares (11.1 acres) in total.
- 2.15. The site has two existing large residential properties either side of the proposed point of access.
- 2.16. The proposals offer a housing extension to the settlement with the benefit of a new community building, which is proposed to be occupied and managed by the Parish Council.
- 2.17. A site plan can be seen at **Appendix two**.

3. Planning History and Proposals

- 3.1. A desktop review of the Site's planning history has been undertaken, utilising South Holland Council's website.
- 3.2. **Table 1** below sets out relevant planning history for the site.

Table 1: Planning History at Home Farm, Deeping St Nicholas

Planning Reference Number	Description of Development	Decision (and Date of Decision)
H03-0161-17	Outline planning application with all matters reserved - Erection of up to 120 dwellings and a village hall and ancillary development. <i>Given a resolution to grant subject to the agreement of a Section 106. This application was since withdrawn following discussion with officers at the Council to amend the proposals.</i>	Undecided

- 3.3. Following the withdrawal of the initial application, the application proposals have now been amended to include the village hall on the application site in addition to 120 residential units.

Planning Application Proposals

- 3.4. Waller Planning on behalf of Ashwood Homes have submitted a revised outline planning application for up to 120 dwellings.

Key components of the proposed scheme include:

- Up to 120 houses, with an assumed mix of 2 (30%), 3 (50%) and 4 (20%) bedroom properties.
- Surface water attenuation pond, which will be incorporated as part of the landscaping on the southern boundary.
- The retainment of a buffer at the western boundary of the site.
- Vehicular access via the existing site access providing a single point of access and egress, which becomes shared surface throughout the development.

- 3.5. Further details regarding proposed storey heights and design elements, are explained in the amendment letters which is part of the planning application submission.
- 3.6. A copy of the submitted illustrative layout plan is attached at Appendix 3.

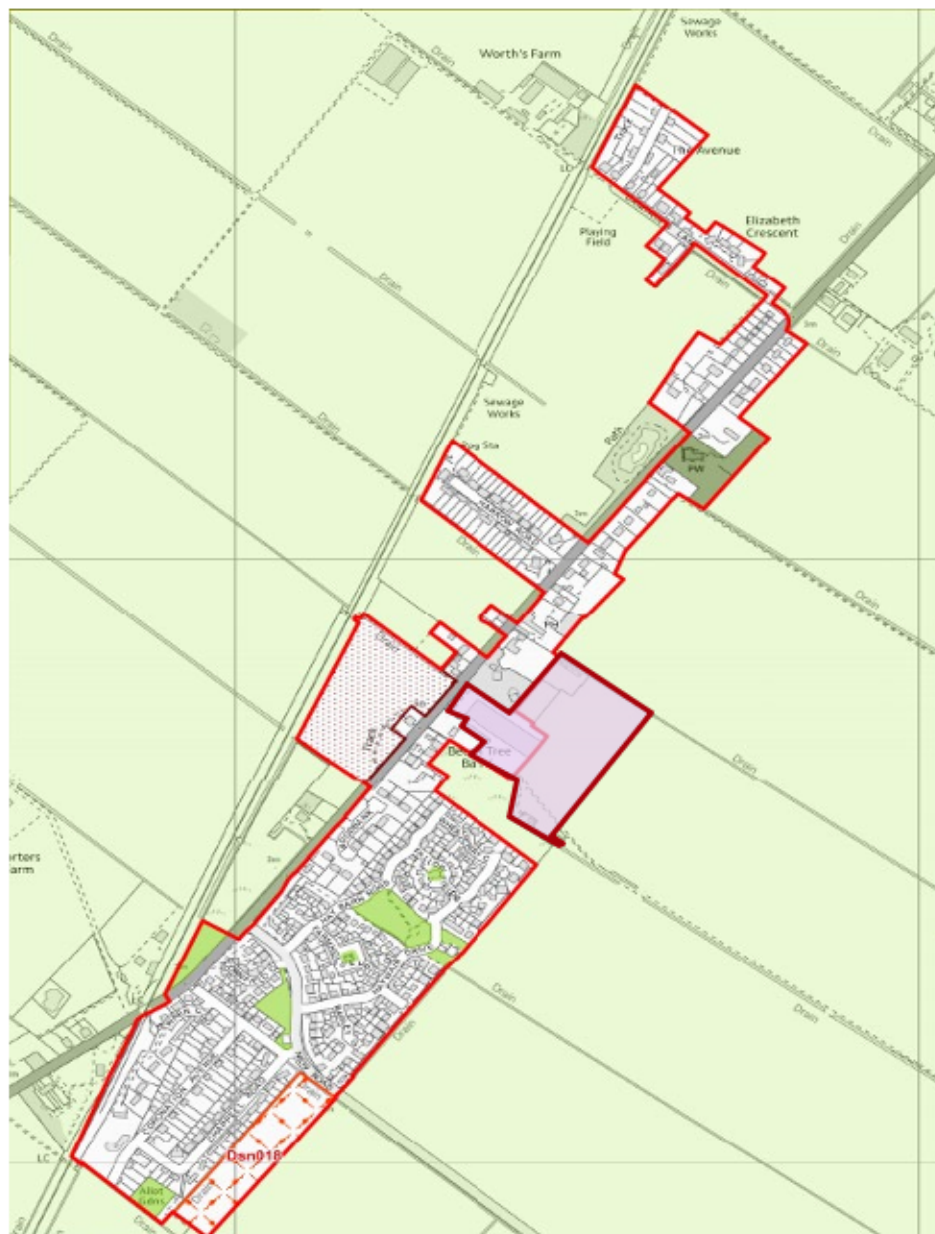
4. Planning Policy

- 4.1. Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires decisions of development proposals to be taken in accordance with the adopted development plan for the area unless material considerations indicate otherwise.

Local Planning Policy

- 4.2. The current Local Plan covering Deeping St Nicholas comprises the South East Lincolnshire Local Plan (adopted 8th March 2019).

South East Lincolnshire Local Plan – Inset Policy Map – Deeping St Nicholas



4.3. The South East Lincolnshire Local Plan (adopted 8th March 2019) sets out the strategic policy direction for future development in South East Lincolnshire (Boston Borough, South Holland District) and provides detailed policies for specific allocations, allocations of non-strategic sites and designations for new housing, employment, retail, community facilities, recreation and open space, nature conservation and other land uses until 2036.

4.4. The site itself is not specifically identified in the South East Lincolnshire Local Plan as a Housing allocations site, with Deeping St Nicholas itself identified as an Area of Limited Development Opportunity. As such Deeping St Nicholas in Policy 11: Distribution of New Housing, as a whole has an allocation for approximately 80 houses with development normally limited to allocated and committed sites.

4.4. **The Local Plan Policy 17: Providing a Mix of Housing**

The provision of new houses will seek to meet the long term needs of the Plan area in order to maintain and provide mixed, inclusive and sustainable communities. Family homes of two or three bedrooms are in highest demand for both the market and affordable housing sectors and one bedroom homes are also required to meet affordable needs.

4.5. The Strategic Housing Market Assessments for both Boston and South Holland identify that over 80% of new homes (for market houses) should provide two or three bedrooms (about 30% two bedrooms and 50% three bedrooms). The need for four or more bedrooms as market housing is above 15% for South Holland but in Boston Borough this need is less (at about 12%).

4.6. **In terms of Affordable Housing, Policy 18: Affordable Housing**

In South East Lincolnshire the following need for affordable housing has been identified:

- A. In Boston Borough about 263 new affordable dwellings per annum, equating to over 80% of the overall annual housing need; and
- B. In South Holland about 282 new affordable dwellings per annum, equating to about 60% of the overall annual housing need.

The affordable housing need will be sought on:

- A. Market housing sites of 11 or more dwellings (or residential developments with an internal floor area of 1,000sqm or more with a requirement of:
 - i. about 20% being affordable housing on sites in Boston Borough; and
 - ii. about 25% being affordable housing on sites in South Holland;
- B. sites proposed by developers specifically for affordable housing; and
- C. Rural Exceptions Sites.

The proportion of affordable housing that can be provided on market housing sites may vary according to the site specific considerations such as viability, other infrastructure requirements and the type of affordable housing need to be met. The following provision will be sought in each Local Planning Area:

- D. on sites in Boston Borough a mix of about 75% affordable for rent and about 25% intermediate housing for sale; and
- E. on sites in South Holland District a mix of about 70% affordable for rent and about 30% intermediate housing for sale.
- 4.7. Affordable for rent may include social rented, affordable rented or intermediate rented and intermediate housing for sale may include shared ownership, shared equity and starter homes depending on the identified need.
- 4.8. Policy 18 also states that in particular cases there may be good planning reasons why, as an exception to this normal requirement it would be preferable either for the affordable homes to be provided by the developer on another site or for the Council to accept a financial contribution to an affordable housing scheme on another site.
- 4.9. This site is both brownfield and greenfield and is located on the edge of the main built up existing urban area of Deeping St Nicholas. It is currently used as an agricultural barn and arable land for crop growth.
- 4.10. The initial mix of dwellings based on Local Plan Policy 17: Providing a Mix of Housing from 2 bedroom to 4 bedroom properties and are evenly distributed throughout the scheme. **Table 2** sets out a possible dwelling mix for the scheme.

Table 2: Possible Housing Mix for fully market scheme with 0% affordable housing

Dwelling	Unit Number	Mix
2 bed	36 no.	30%
3 bed	60 no.	50%
4 bed	24 no.	20%
Total	120	100%

Policy S106 Obligations

4.11. As part of the revised application consultation responses provided by South Holland Council, the following requirements of the developer are sought:

- Education Contribution totalling £605,392
 - Primary Contribution - £157,870
 - Secondary Contribution - £373,812
 - Sixth-form - £73,710
- 30% Affordable Housing
- POS Contribution
- Community Hall

- Healthcare

4.12. The site sits in a zero rated area for CIL contributions, although contributions will be secured through Section 106 agreements. Developer contributions will also be subject to the criteria set out in the Community Infrastructure Regulations (2010), which require any financial contributions or contributions in kind towards infrastructure to meet a number of criteria, to include; affordable housing, transport infrastructure, education facilities, health facilities, and sport facilities.

4.13. The application for this proposed residential development will provide a new Community Hall which will be delivered through the Section 106 agreement.

4.14. The planning application proposals would bring several environmental, social and economic benefits, and in particular the following:

- New housing in the area
- Residents to support the local economy
- A new community building to support the local community groups and Parish Council
- On site Public Open Space
- Education contribution
- Health Contribution

National Planning Policy

National Planning Policy Framework

4.15. The National Planning Policy Framework (NPPF) sets out the Government's economic, environmental and social planning policies for England. The revised document was published in February 2019, replacing both the previous versions and all the national planning policy statements and guidance notes. The NPPF is a material planning consideration in the determination of the application.

4.16. Paragraph 56 of the NPPF states that planning obligations must only be sought when they satisfy 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

4.17. Consideration must also be given to the NPPF Paragraph 57 which states that '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 given 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'.

Planning Practice Guidance

- 4.18. Planning Practise Guidance (PPG) adds further context to the planning policies included in the NPPF. The latest update of the PPG was released in May 2019.
- 4.19. In terms of viability the PPG states ‘Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost and all relevant policies will not undermine deliverability of the plan’.
- 4.20. The PPG sets out the government’s recommended approach to undertaking viability assessments. It states that all assessments should be supported by appropriate available evidence informed by the engagement with developers and landowners.
- 4.21. In terms of education provision, the PPG has a dedicated paragraph. It states, ‘when considering viability, it is recommended that plan makers and local authorities for education work collaboratively to identify which schools are likely to expand, and where new schools will be needed as a result of planned growth’.
- 4.22. The Department for Education (DfE) published its guidance note ‘Securing developer contributions for education’ in April 2019. The document states that in order to carry out a viability assessment the following must be understood:
 - The education need arising from the development based on up to date pupil yield factor
 - The capacity of existing schools that will serve the development, taking into account pupil migration
 - The extent to which developer contributions are required

RICS Guidance

- 4.23. RICS released the 1st Edition of Financial Viability in Planning Profession Guidance document in 2012. This document is currently being updated to be in line with the 2019 version of the NPPF. Until this second version is released, this document provides the methodology framework and set of principles for application, when undertaking viability assessments.
- 4.24. Section 2.1 of the guidance states that ‘an objective financial viability test of the ability of a development project to meet its cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering the project.’
- 4.25. Section 4.2 states that it is important that viability assessments are supported by adequate comparable evidence, which is to be obtained by a suitably qualified surveyor. Viability assessment should be accompanied and supported with appropriate information and evidence. Qualified practitioners are to rely upon and form opinions on the various components of a viability assessment in order to arrive at an appropriate professional judgement.

5. Market Commentary

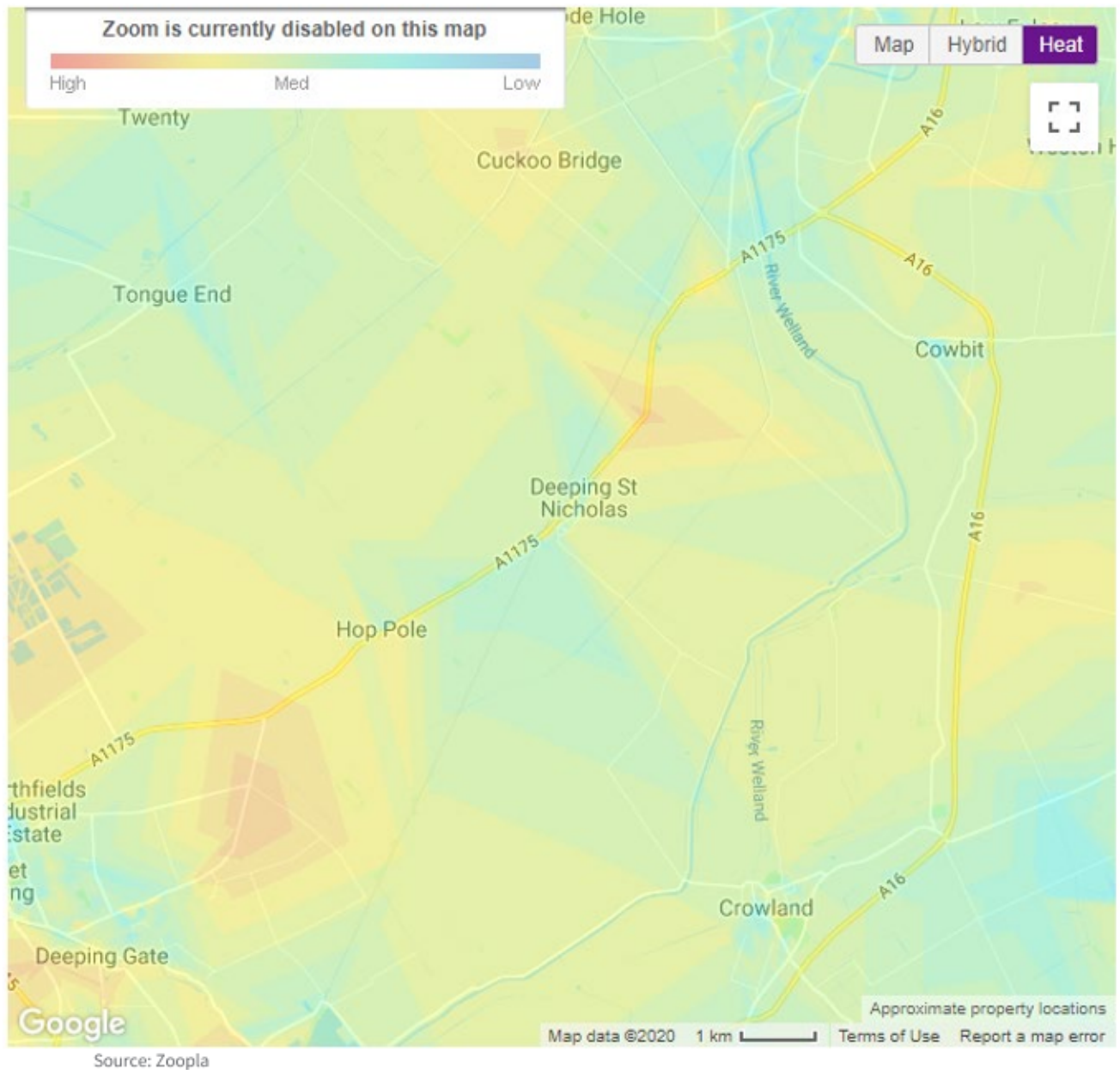
National

- 5.1 National statistics show that annual house price growth recovers to 1.5% in July 2020, with prices up 1.7% on the previous month. According to Nationwide:
 - 5.1.1 The average house price in July 2020 currently stands at £220,936 up 1.7% from June 2020 where the average house price stood at £216,403.
 - 5.1.2 The bounce back in prices reflects the unexpectedly rapid recovery in the housing market since the easing of the lockdown restrictions. The rebound in activity is down to a number of factors:-
 - 5.1.2.1 Pent up demand is coming through where decisions taken to move before lockdown are progressing.
 - 5.1.2.2 Behavioural shifts may be boosting activity, as people reassess their housing needs and preferences as a result of life in lockdown. Nationwide's research conducted in May indicated that around 15% of people surveyed were considering moving as a result of life in lockdown.
 - 5.1.3 These trends look set to continue in the near term, further boosted by the recently announced stamp duty holiday, which will serve to bring some activity forward.
 - 5.1.4 In contrast, Nationwide also expect labour market conditions to weaken significantly in the quarters ahead as a result of the aftereffects of the pandemic and as Government support schemes wind down. This may dampen housing activity in the quarters ahead.

Regional and Local

- 5.2 In September 2020, Nationwide reported 5.0% annual increase in house prices and Halifax reported a 7.3% increase in the East Midlands.
- 5.3 Across the East Midlands, 81,280 property sales were recorded in August 2020, 15.6% more than July but - 16.3% lower than August 2019 (HMRC).
- 5.4 Newly agreed sales over the last 9 months are 3% higher than over the same period last year and the time to sell a home has fallen by 31% (Zoopla).
- 5.5 Overall the East Midlands annual growth is 4.2%.
- 5.6 The average price for property in Deeping St Nicholas stood at £237,664 in October 2020. Overall, sold prices in Deeping St. Nicholas over the last year were 4% up on the previous year and 8% up on the 2017 peak of £219,963.
- 5.7 The majority of sales in Deeping St. Nicholas during the last year were semi-detached properties, selling for an average price of £165,938. Detached properties sold for an average of £333,300. This is according to the current Rightmove estimates.

5.8 The heat map below shows areas of concentrated housing market activity. Deeping St Nicholas shows medium to low activity over the last 12 months with some small pockets of high activity.



Source: Zoopla

5.9. The new build developments that have been included in our analysis are:

- **Broadgate Homes – St John’s Circus, Spalding** – This scheme of 312 dwellings offers a mix of 28% two bedroom, 57% three bedroom, 13% four bedroom and 2% 5-bedroom properties. The housetypes include 2 bedroom apartments, 2 and 3 bedroom semi-detached and 3, 4 and 5 bedroom detached houses. The site is a large development projecting delivery for the next 8 years.
- **Linden Homes – Springfield, Market Deeping** - A development of 77 dwellings comprising 2, 3 & 4 bedroom homes in Deeping St James.

- **Ashwood Homes – Kingsgate Mews, Crowland** - A development by the client of 47 dwellings comprising 2, 3- and 4-bedroom dwellings.
- **Kier Homes - Elsea Park, Bourne** – This development has been operating for 17 years offering a mix of 2, 3 and 4 bed properties. This scheme is in Bourne which is over under 12 miles from Deeping St Nicholas.
- **Kier Homes – Kingfisher Court, Spalding** - This site offers 2 and 3-bedroom properties. Overall, the scheme offers a greater number of smaller units which is serving the property demand in this location. Phase 1 complete. Phase 2 currently under construction – comprises 286 dwellings. All phases consist of only 2 and 3 bed dwellings.
- **Larkfleet Homes – Deeping Meadow, Market Deeping** - Now in phase 2 of this development, comprising 103 dwellings of 2, 3 and 4 bedrooms.
- **Taylor Wimpey - Oakspring Gardens, Bourne** - This development includes a mix of 2, 3, 4- and 5-bedroom properties near to the centre of Bourne.
- **Barratt Homes – The Furlongs, Bourne** - This scheme of 132 homes offers 2, 3- and 4-bedroom homes on the outskirts of Bourne.

5.10 In researching the comparable data for new build developments in the immediate area, there are several currently under construction.

5.11 The market data can be seen in the tables below. These figures show current newbuild availability as well as the second-hand stock currently marketed and recent sales completions.

5.12 This spread of data allows us to identify differentials such as a newbuild premium, and drivers such as location in the market values for available property in the area.

Table 3: New Build comparable schemes

Development	Address	Housetypes	Description	Price	Approx. Sq. ft *	Price per sq. ft
Broadgate Homes – St John's Circus, Spalding	Meadow Way, Spalding, PE11	Auchterarder	4 bedroom terraced townhouse, 3 storey	£259,995	1,436	£181.06
		Auchterarder	4 bedroom semi-detached townhouse, 3 storey	£249,995	1,436	£174.09
		Kenmore	3 bedroom terraced townhouse, 3 storey	£199,995	1,220	£163.93
		Errol	3 bedroom terraced townhouse, 3 storey	£184,995	1,102	£167.87
		Glencarse	3 bedroom semi-detached, 2 storey	£184,995	916	£201.96
		Insherrit	3 bedroom semi-detached townhouse, 3 storey	£184,995	1,042	£177.54
		Earn	3 bedroom terrace, 2 storey	£183,995	890	£206.74
		Glencarse	3 bedroom semi-detached, 2 storey	£182,495	916	£199.23

Development	Address	Housetypes	Description	Price	Approx. Sq. ft *	Price per sq. ft
		Earn	3 bedroom terrace, 2 storey	£183,995	890	£206.74
		Elcho	2 bedroom terrace, 2 storey	£156,995	772	£203.36
		Elcho	2 bedroom terrace, 2 storey	£156,995	772	£203.36
		This scheme of 312 dwellings offers a mix of 28% two bedroom, 57% three bedroom, 13% four bedroom and 2% 5-bedroom properties. The site is a large development currently under construction.				
Linden Homes - Springfield	Cowslip Drive, Market Deeping, PE6 8TE	Mylne	4 bedroom detached, 2 storey	£320,000	1,136	£281.69
		Mylne	4 bedroom detached, 2 storey	£315,000	1,136	£277.29
		Mylne	4 bedroom detached, 2 storey	£300,000	1,136	£264.08
		Eveleigh	3 bedroom semi-detached, 2 storey	£225,000	878	£256.26
		A development of 77 dwellings comprising 2, 3 & 4 bedroom homes in Deeping St James.				
Ashwood Homes – Kingsgate Mews	Crease Drove, Crowland, PE6	Lock	3 bedroom detached, 2 storey	£267,000	1,079	£247.45
		Dee	2 bedroom semi-detached, 2 storey	£194,950	732	£266.33
		Dee	2 bedroom semi-detached, 2 storey	£179,000	732	£244.54
		Dee	2 bedroom semi-detached, 2 storey	£179,000	732	£244.54
		Dee	2 bedroom semi-detached, 2 storey	£179,000	732	£244.54
		Dee	2 bedroom semi-detached, 2 storey	£179,000	732	£244.54
		A development of 47 dwellings comprising 2, 3 and 4 bedroom dwellings				
Kier Homes - Elsea Park	Newton Abbot Way Bourne Lincolnshire PE10 0ZA	Bluebell	3 bedroom semi-detached, 2 storey	£216,995	938	£231.34
		Ashingdon V1	3 bedroom terrace, 2 storey	£218,000	858	£254.08
		Palmerston	3 bedroom townhouse semi-detached, 3 storey	£220,000	1,117	£196.96
		Bullington	3 bedroom semi-detached, 2 storey	£225,000	947	£237.59
		Ardleigh	4 bedroom detached, 2 storey	£300,000	1,274	£235.48
		This development has been operating for 19 years offering a mix of 2, 3 and 4 bed properties. The available properties form Phase 5 of this development. This scheme is in Bourne which is over under 12 miles from Deeping St Nicholas.				
		Frampton	2 bedroom terrace, 2 storey	£149,995	630	£238.09

Development	Address	Housetypes	Description	Price	Approx. Sq. ft *	Price per sq. ft
Kier Homes – Kingfisher Court	Derwent Way, Off Monks House Lane Spalding Lincolnshire PE11 3WX	Hopwood	3 bedroom semi-detached, 2 storey	£199,995	938	£213.21
	This site offers 2 and 3-bedroom properties. Overall, the scheme offers a greater number of smaller units which is serving the property demand in this location. Phase 1 complete. Phase 2 currently under construction – comprises 286 dwellings. All phases consist of only 2 and 3 bed dwellings. Interest has been steady across all build types.					
Larkfleet Homes – Deeping Meadow	Northfield Road, Market Deeping, Lincolnshire PE6 8UN	Galway	4 bedroom detached, 2 storey	£349,995	1,616	£216.58
	Now in phase 2 of this development, comprising 103 dwellings of 2, 3 and 4 bedrooms. The units include solar panels as standard but there are no additional sales incentives needed for the unit sales.					
Taylor Wimpey - Oakspring Gardens	Land off Welland Drive, Bourne, Lincolnshire, PE10 0YH	Wortham	4 bedroom detached, 2 storey	£320,000	1,525	£209.84
		Langdale	4 bedroom detached, 2 storey	£320,000	1,531	£209.01
		Kentdale	4 bedroom detached, 2 storey	£285,000	1,222	£233.22
		Kentdale	4 bedroom detached, 2 storey	£285,000	1,222	£233.22
		Midford	4 bedroom semi-detached, 2 storey	£260,000	1,170	£222.22
		Midford	4 bedroom semi-detached, 2 storey	£260,000	1,170	£222.22
		Crofton G	3 bedroom semi-detached, 2 storey	£225,000	1,149	£195.82
		Crofton G	3 bedroom semi-detached, 2 storey	£220,000	1,149	£191.47
	This development includes a mix of 2, 3, 4 and 5 bedroom properties near to the centre of Bourne.					
Barratt Homes – The Furlongs	Southwell Way, Bourne, PE10 0YT	Radleigh	4 bedroom detached, 2 storey	£336,995	1,299	£259.43
		Alderney	4 bedroom detached, 2 storey	£314,995	1,225	£257.14
		Alderney	4 bedroom detached, 2 storey	£314,995	1,225	£257.14
		Alderney	4 bedroom detached, 2 storey	£314,995	1,225	£257.14
		Maidstone	3 bedroom detached, 2 storey	£233,995	830	£281.92
		Maidstone	3 bedroom detached, 2 storey	£233,995	830	£281.92
		Moresby	3 bedroom semi-detached, 2 storey	£230,995	854	£270.49

Development	Address	Housetypes	Description	Price	Approx. Sq. ft *	Price per sq. ft
		Maidstone	3 bedroom detached, 2 storey	£223,995	830	£269.87
This scheme of 132 homes offers 2, 3 and 4 bedroom homes on the outskirts of Bourne.						

- 5.13. Based on the new build comparable evidence we believe an appropriate level for new build dwellings in this location is circa £240/sqft. This price is based on the open market values for this area.
- 5.14. Some of the data shows higher values than this, however when factoring in the location and surrounding property, the Cowslip Drive development in Market Deeping and Oakspring Gardens in Bourne offer a larger product with a national housebuilder reputation in more premium locations.
- 5.15. The next table shows the current housing stock in the immediate vicinity of the site. The majority of these properties are circa 1930's semi-detached and terraced, with the larger detached properties located throughout the village and its surrounds.

Table 4: Property currently for sale

Property Type	Address	Description	Price	Sq ft**	Price per sq ft
2 bed	19 Fantail Close, Spalding	Detached	£180,000	721	£249.65
	2 Railway Cottage, Main Road, Deeping St Nicholas	Terrace	£175,000	915	£191.26
	Old Police House, Main Road, Deeping St Nicholas	Detached	£165,000	1,066	£154.78
	5 Wren Close, Deeping St. Nicholas	Semi-detached	£160,000	780	£205.13
	25 The Pastures, Cowbit	Terrace	£160,000	797	£200.75
	Fantail Close, Spalding	Semi-detached	£160,000	786	£203.56
3 bed	8 Willow Court, Cowbit	Detached	£240,000	1,076	£223.05
	5 Harrow Road, Deeping St. Nicholas	Semi-detached	£215,000	1,163	£184.87
	27 Harrow Road, Deeping St. Nicholas	Semi-detached	£230,000	1,582	£145.39
	Lucksbridge Farm, South Drove, Spalding	Detached	£195,000	1,313	£148.51
	28 Coronation Avenue, Deeping St Nicholas	Semi-detached	£185,000	754	£245.36
	17 Farmhouse Drive, Deeping St Nicholas	Terrace	£180,000	829	£217.13
	1 Coronation Avenue, Deeping St Nicholas	Semi-detached	£160,000	732	£218.58
	1 Alice Cottage, Main Road, Deeping St. Nicholas	Semi-detached	£149,995	937	£160.08

Property Type	Address	Description	Price	Sq ft**	Price per sq ft
4 bed	42 Spalding Common, Spalding	4 bed detached	£490,000	2,853	£171.75
	11 Woodbank, Deeping St Nicholas	4 bed detached	£440,000	2,422	£181.67
	The Lodge, 11 South Drove, Spalding	4 bed detached	£425,000	2,296	£185.10
	Nut Tree House, South Drove, Spalding	4 bed detached	£350,000	2,637	£132.73
	68 Stonegate, Cowbit	4 bed detached	£345,000	1,485	£232.32
	Main Road, Deeping St. Nicholas	4 bed detached	£335,000	2,321	£144.33
	1 Herdsmans Close, Deeping St Nicholas, Spalding	4 bed detached	£325,000	1,485	£218.86
	10 Barley Grove, Deeping St Nicholas	4 bed detached	£275,000	1,321	£208.18
	34 Haywain Drive, Deeping St Nicholas	4 bed detached	£240,000	1,087	£220.79

** All internal areas taken from EPCs

- 5.16. This exercise allows us to identify what level of competing property is available against the new build comparable schemes. Given there are no current developments under construction in Deeping St Nicholas, itself, those wanting to reside in the village can only choose from this second-hand stock.
- 5.17. The prices vary considerably; however, it is apparent that the smaller properties can yield a higher rate given the size of the dwellings. Some larger properties have similar rates/sqft particularly for well enhanced stock that has been looked after.
- 5.18. The final table shows recently achieved values in the area.

Table 5: Sales Values achieved

Property type	Address	Description	Price	Sq ft**	Price per sq ft
2 bed	4 Wheatsheaf Court, Deeping St Nicholas, Spalding, Lincolnshire PE11 3TH	Semi-detached	£152,000	646	£235.29
	13 Cornflower Close, Spalding, Lincolnshire PE11 3BH	Terraced	£120,000	818	£146.70
	20 Chapel Lane, Spalding, Lincolnshire PE11 1BP	Terraced	£88,000	743	£118.44
	Trinity Cottage, Westgate, Weston Hills, Spalding, Lincolnshire PE12 6DR	Detached	£155,000	657	£235.92
	30 Reform Street, Crowland, Peterborough, Lincolnshire PE6 0AN	Terraced	£147,000	797	£184.44
3 bed	2 Fallow Fields, Deeping St Nicholas, Spalding, Lincolnshire PE11 3TL	Detached	£230,000	1,098	£209.47

Property type	Address	Description	Price	Sq ft**	Price per sq ft
	12 Wheatsheaf Court, Deeping St Nicholas, Spalding, Lincolnshire PE11 3TH	Semi-detached	£170,000	829	£205.07
	10 Wren Close, Deeping St Nicholas, Spalding, Lincolnshire PE11 3DX	Detached	£214,800	1,378	£155.88
	23 Stowgate, Deeping St James, Peterborough, Lincolnshire PE6 8RW	Detached	£253,000	980	£258.16
	32 Milfoil Lane, Cowbit, Spalding, Lincolnshire PE12 6XF	Semi-detached	£165,000	811	£203.45
	142 Barrier Bank, Cowbit, Spalding, Lincolnshire PE12 6AL	Detached	£190,000	1,346	£141.16
	110 Spalding Common, Spalding, Lincolnshire PE11 3AU	Semi-detached	£170,000	872	£194.95
	44 Stonegate, Cowbit, Spalding, Lincolnshire PE12 6AH	Detached	£209,995	1,410	£148.93
	67 Back Gate, Cowbit, Spalding, Lincolnshire PE12 6AP	Semi-detached	£212,500	764	£278.14
4 bed	4 Barley Grove, Deeping St Nicholas, Spalding, Lincolnshire PE11 3UR	Semi-detached	£230,000	1,152	£199.65
	Willowtree Lodge, Main Road, Deeping St Nicholas, Spalding, Lincolnshire PE11 3DJ	Detached	£470,000	2,121	£221.59
	11 Wren Close, Deeping St Nicholas, Spalding, Lincolnshire PE11 3DX	Detached	£230,000	1,787	£128.71
	11 Woodbank, Deeping St Nicholas, Spalding, Lincolnshire PE11 3EL	Detached	£395,000	2,422	£163.09
	14 Darbyshire Close, Deeping St James, Peterborough, Lincolnshire PE6 8SF	Detached	£257,500	1,302	£197.77
	17 Aintree Drive, Spalding, Lincolnshire PE11 3BT	Detached	£270,000	1,475	£183.05
	18 Ascendale, Deeping St James, Peterborough, Lincolnshire PE6 8NZ	Detached	£280,000	1,130	£247.79
	47 Rycroft Avenue, Deeping St James, Peterborough, Lincolnshire PE6 8NT	Semi-detached	£210,000	1,184	£177.36
	41 Chestnut Way, Market Deeping, Peterborough, Lincolnshire PE6 8LP	Detached	£262,000	1,023	£256.11

** All internal areas taken from EPCs

- 5.19. This information supports the market review by allowing us to consider the achieved prices for the second hand stock against current asking prices for comparable property.

- 5.20. The data obtained shows that the achieved rates fall slightly below the asking rates per sqft, however some of the larger premium stock available on the second hand market can still achieve values comparable with newbuild rates in the area.

Sales Value Summary

- 5.21. We have analysed all the data referenced and would propose that given the outline nature of the planning application with details of specific accommodation reserved, a market rate of £240 per sq ft be applied to open market sales values.
- 5.21. For the Affordable Housing policy compliant appraisal, we have adopted a rate per sq ft of £108 for the affordable units reflecting a discount to market value of 55%. For Intermediate Housing, a rate per sq ft of £144 reflecting a 40% discount to market value.

Table 6: Indicative Sales Values for policy compliant scheme

House type	No. Units	Sale Value per Sqft	Sales Value
Market Housing	84	£240	£218,400
Intermediate Housing	11	£144	£131,040
Affordable	25	£108	£98,280

- 5.22. These affordable values are based on our experience in dealing with S106 transactions and baseline rates that are achieved when negotiating prices with Registered Providers. These rates can vary depending on the requirements of a Registered Provider in a specific location, however the proposed discount of market value proposed falls in line with average transaction values across the region.

6. Development Viability Process

- 6.1. This section sets out the Development Viability Analysis that we have undertaken for the proposed scheme. It also highlights any sensitivity testing of the proposals that we have undertaken.
- 6.2. Our viability assessment has had to make several assumptions as to how the outline element of the proposals will be developed through the reserved matters process in terms of types and mix of dwellings etc.

Approach

- 6.3. Our approach has been to assess the development viability of the proposed scheme when running a policy compliant scheme and assuming an industry standard return on investment for a developer at 20% on cost.
- 6.4. By fixing this rate, it has allowed us to consider the likely level of affordable housing and other planning obligations within the S106 that can be delivered by the scheme whilst providing an acceptable land value to incentivise a sale of the land for development.
- 6.5. We have then undertaken some sensitivity tests to show the further impacts of development viability when the sales and construction values are increased and decreased.

Methodology

- 6.6. We have adopted the 'residual' method of development appraisal to undertake the financial assessment of development viability, utilising a computer software package known as 'Argus Developer'. This approach is well known in the development industry and assesses all revenues that can be generated by the development proposed in the Outline Planning Application, against all the costs that would be incurred to undertake the development. The output is either a Residual Land Value (RLV) or Developer's Return for Risk (profit), to indicate scheme viability.

Our approach has been to 'fix' the Developer's Return for Risk in the development appraisals. The output of the model is then the Residual Land Value in order to indicate whether the scheme is viable. The output of the model can then be compared to a 'benchmark' level RLV in order to assess whether the scheme is viable. This approach is in line with guidance provided by the Royal Institution of Chartered Surveyors (RICS) 'Financial Viability in Planning' (May 2019).

Whilst it is noted that there is no set approach to assessing the level of developer's return (and this is often a subjective issue), the RICS guidance is clear that an objective assessment of viability should be undertaken. In addition, the revised Planning Practice Guidance (PPG) suggests levels of developer's return ranging from 15 to 20% of cost in order to establish the viability. Our appraisal assumes a 20% margin, which is the minimum a volume housebuilder would expect to realise on a development scheme of this size.

In addition to the details above, development viability appraisals are themselves subject to a range of limitations. First, they assume by definition a demand which may not actually exist. Secondly, development appraisals are principally a tool to assess what should be paid for development land, or what return will be generated when the developer has already purchased the site. They do not determine the level of risk attached, which is ultimately a decision for the developer and/or investor and their funders. Development viability appraisals are also sensitive to the assumptions adopted. Any subsequent changes to the scheme could have an impact on underlying development viability.

7. Appraisal Assumptions

The following sets out our appraisal assumptions.

- 7.1. For the purpose of producing the development appraisals, we have adopted the following assumptions:

Development Revenue

- **Residential Build Programme** – we have assumed a construction period for the entire scheme of 49 months. This includes a pre-construction period of 9 months and erection of the dwellings over 40 months, with a completion rate of 3 per month.
- **Residential Sales Revenue** – In our appraisal, we have assumed a market uptake rate of sales at 2 dwellings per month. We have undertaken research to identify market values and used this to inform our appraisal. This evidence has allowed us to assume an average open market sales rate of £240 / sqft across all housetypes with an average internal area of 910 sq ft.

Development/Acquisition Costs

- 7.2. In terms of development costs, we have assumed the following:

- **Site Acquisition Costs**- For this residual appraisal, we have assumed standard acquisition costs to include Agents fees, Legal fees, and SDLT.
- **Residential Construction Costs**- The build costs we have applied to the appraisals of £95/sq ft have been carefully reviewed following figures provided by the developer and cross-checked against the BCIS.
- **Town Planning and Survey Costs** – we have assumed total costs of £70,000 regarding planning and consultant costs.

This detail is considered against the information provided by the RICS Build Cost Information Service (BCIS) Index.

The average build cost provided by the BCIS for new build housing based in South Holland District is currently £1,222/sq m (£113.64/ sq ft). This utilises the BCIS median price index for estate housing on mixed developments and includes preliminary works to site. As the site will only require limited preliminary work, we have considered that a lower construction of £95/ sq ft would be a more accurate figure for build costs on site. We have attached an extract of the BCIS data from October 2020, which evidences these costs as

Appendix 4.

- **External Works**- we have applied a standard cost allowance of 15% of the total development costs for the construction of the 5.5m wide residential roads within the development, along with private shared drives and other surface treatment including landscaping.
- **Developer's Contingency**- we have applied a contingency to the standard construction costs which equates to 3% on all residential build costs, in line with market practice.

Abnormal & Infrastructure Costs

- A cost appraisal has not been carried out by JLL for all of the technical constraints and abnormal costs across the entire scheme. All abnormal costs that have been applied to the appraisals are values provided by the developer based on the information that is available at this time from their technical due diligence of the site.
- **Garages** – This cost relates to the provision of garages for the development. The total amount applied to this element is £509,000.
- **Abnormal Foundations** – This cost includes extra deep trenchfill foundation solutions, including heave protection, Piling and ground beams and Gas protection for all 120 plots. The total cost for this is £1,312,441.
- **Flood Mitigation** – This cost applies to works provided to mitigate the risk of flooding at the site by increasing the finished floor levels of the units. This total cost for this is £120,000.
- **Drainage** – This includes the surface water pipework as well as the SUDS attenuation basin and associated headwalls. This abnormal cost totals £813,147.
- **Substation** – A new electric substation is required for the development. The price to deliver this equates to £50,000.
- **Archaeology/Demolition / Remediation** – This provides demolition of the existing structures requiring demolition and the removal of any asbestos present on site and includes all site remediation and archaeological costs. The total cost equates to £417,965.
- **Arboricultural/Ecology** – For the site wide ecology mitigation and all the tree protection and surgery works a total cost of £52,500 is applied.
- **Foul Pumping Station** – As the site cannot connect into the mains sewerage on a gravity fed basis, a foul pumping station is required. The cost to deliver this is £125,000.
- **Sewer Requisition** – The cost to connect the foul sewerage in to the nearest main is £100,000.

Section 106 Costs

- 7.3. The S106 costs that have been assumed and also detailed with the Strategic Development Officer include:
- **Public Open Space Contribution** - A total cost of £192,300 is included for provision of the required level of POS on site.
 - **Education Contribution** – A total cost of £605,392 has been included within the appraisals based on the education requirement detailed in the response from the planning authority.
 - **Health Contribution** – A financial contribution of £79,920 has been included based on the consultee responses to the original application requiring £666/dwelling.
 - **Community Hall** – Following detailed dialogue with key stakeholders including the Parish Council, the provision of a village hall is provided on site with a build cost of £900,000 for its construction.

- **Affordable Housing** – The appraisal does not show any affordable housing included as the scheme cannot viably provide this element of the development.

Other Relevant Costs

- **Professional Fees**- we have adopted a provision of 8% to cover all professional fees, in line with standard market practice.
- **Market & Sales Fees**- we have assumed a sales marketing budget of approximately 2.5% of the gross development value (GDV) of the dwellings in line with the standard market practice for both appraisals. Sales legal Fee are included at 0.5%.
- **Disposal Fees**- It is assumed that all sales will be dealt with in house and the cost for this is included within the above sales and marketing percentage.
- **Finance Costs**- we have assumed a debt rate of 6% in accordance with market practice.
- **Developer's Return for Risk (Profit)**- we have assumed a developer's return at 20% on cost in accordance with standard market practice.

Summary

- 7.4. The table below summarises the indicative development costs which have been adopted and/or assumed within the development appraisals.

Table 18 - Summary of Costs & Assumptions

Assumption	Value
Construction Costs	
Construction Costs	£95.00 per sq. ft
Infrastructure/ Abnormal Costs	
Garages	£410,000.00
Abnormal Foundations	£1,312,441.00
Flood Mitigation – Finished Floor Levels	£125,000
Screen Walls	£62,500.00
Drainage	£938,147.00
Substation	£50,000.00
Archaeology/Demolition / Remediation	£417,965.00
Arboricultural/Ecology	£52,500.00
Foul Pumping Station	£125,000
Sewer Requisition	£100,000

S106 Costs	
Public Open Space Contribution	£192,300

Education Contribution	£605,392
Health Contribution	£79,920
Community Hall	£900,000

- 7.5. The development appraisal for the proposed scheme detailing all the above costs and assumptions can be seen in policy compliant form in **Appendix 5**, whilst the scheme appraisal with 0% affordable housing can be found in **Appendix 6**.
- 7.6. The appraisal concludes that a policy compliant residential development is **not** viable.
- 7.7. The appraisal shows that by removing the affordable housing obligations, the scheme is viable and can provide all of the other planning obligations that would be secured through the S106.

8. Findings and Analysis

8.1. This section sets out the findings of the development viability analysis that we have undertaken on the outline planning application proposals.

8.2. Our findings are set out below.

Table 8- Development Viability Findings

Scenario	Residual Land Value (RLV)	Residual Land Value per Gross Acre
0% Affordable Housing Scheme but including all other S106 obligations	£1,483,205	£133,022.84

8.3. In assessing the viability of the development proposals based on a policy compliant scheme, we have considered that the considerable abnormal construction costs in delivering a residential development on this site has a major impact on the viability. The residual land value produced by the planning application proposal with 0% affordable housing equates to approximately £133,000 per gross acre.

8.4. Our viability analysis demonstrates that a policy compliant level of affordable housing is **not** viable, however the scheme can provide the remaining planning contributions within the Applicant's proposals including the full education obligation.

Benchmark for Assessing Development Viability

8.5. Setting the Benchmark Site Value will enable the results of the development viability appraisals of the Planning Application proposals to be assessed. RICS Guidance document states that:

'Site value should equate to 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.' (Paragraph 2.3.1).

8.6. Whilst not directly featuring as a cost in an appraisal conducted on a residual basis, this 'minimum return' forms the benchmark land value (BLV) against which the RLV derived from the appraisal is tested in order to determine the viability of the proposed development and scope for planning obligations.

8.7. The entirety of the planning application site comprises brownfield and greenfield land that is currently occupied for agricultural purposes.

8.8. In this scenario, the complexities of arriving at a BLV for the site is quite subjective, given the combination of brownfield and greenfield uses. The current/existing use could be considered valuable as industrial/storage use.

8.9. Our benchmark analysis identifies that recent transactions for residential land across South Holland and beyond, values are in the range of £130,000 - £290,000/acre. This has focussed on both brownfield and greenfield sites, with the majority being fairly small infill developments.

- 8.10 In consideration of applying a benchmark value for the land we have used a rate of £130,000 per acre as a fair representation of what is shown within benchmark analysis results in **Appendix 7** for residential land in this immediate area.

Table 9- Site Value Benchmark

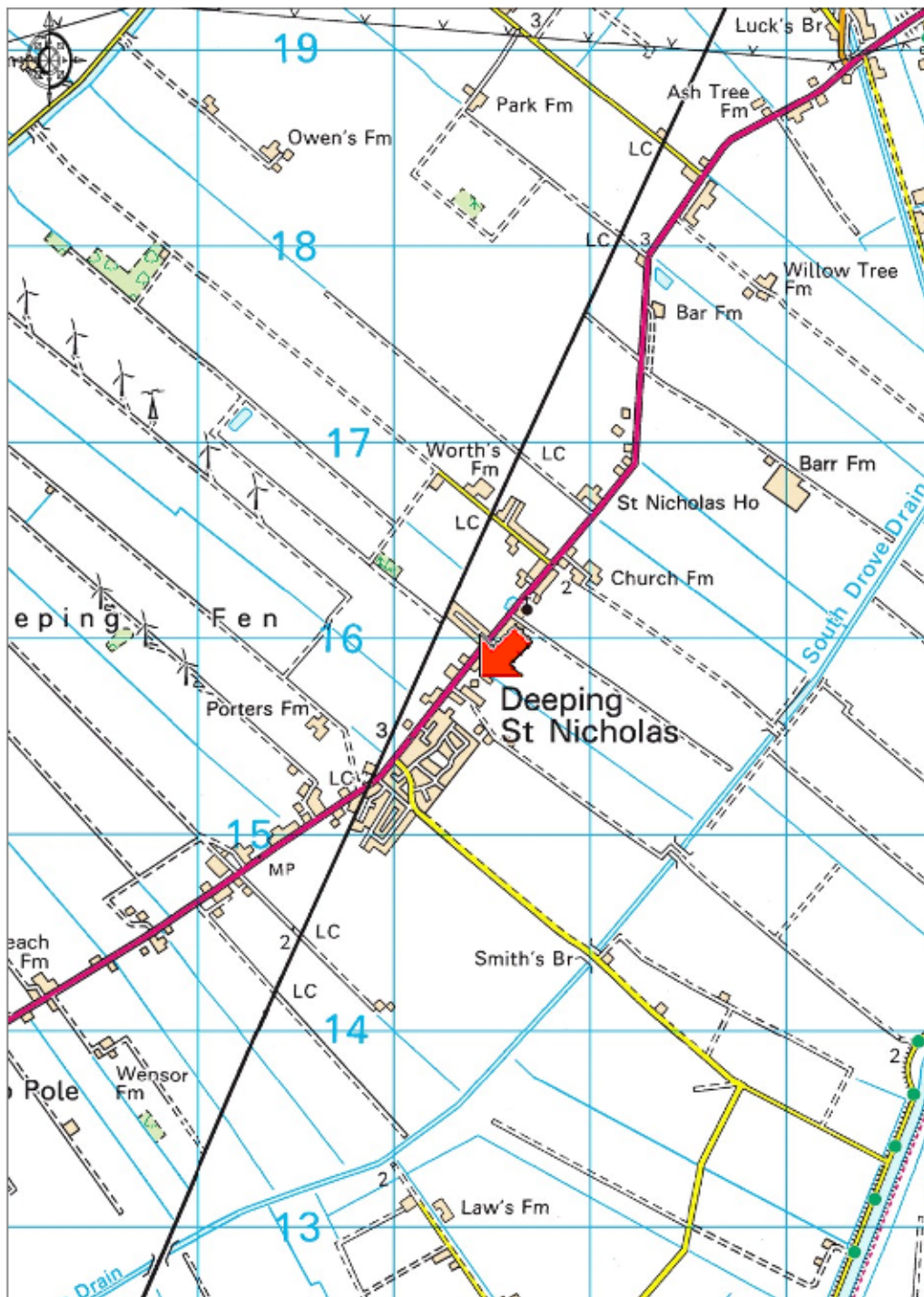
	Area	Benchmark Assumption	Site Value
Gross Site Area	4.5 hectares (11.1 acres)	£130,000 per acre (in line with benchmark analysis)	£1,443,000

- 8.13. The benchmark analysis calculation generates a total land value of £1,443,000 This value should be the minimum value the landowner should be expected to realise in disposal of their site based on the comparable evidence.
- 8.14. Our appraisal for the policy compliant scheme generates a negative residualised land value of -£ 919,707. Taking this into account when assessing the development viability to inform discussions relating to the viability of the proposed housing scheme, so that a mutually acceptable Section 106 agreement can be negotiated between the parties.
- 8.15. Our Sensitivity Analysis examples for each scenario can be seen in **Appendix 8**. These analysis results show the impact on the GDV and Land value when the construction costs and sales values are altered up and down.

9. Summary and Conclusions

- 9.1. JLL are instructed by Ashwood Homes Ltd to undertake development appraisals on the land at Home Farm, Deeping St. Nicholas, Lincolnshire. The appraisals and detailed report will help support the negotiation with South Holland Council that the site cannot support any affordable housing on site.
- 9.2. The site will bring a range of environmental, social and economic benefits in supporting the delivery of:
 - 120 new dwellings
 - A new village hall
 - The provision of onsite public open space
 - Education contribution
 - Health contribution
- 9.3. Our analysis shows that a full policy complaint scheme is not viable as a negative land value is realised when all construction costs and planning obligations are applied.
- 9.4. Our appraisal shows that the scheme can be viable in the delivery of an 0% affordable scheme, but all other planning obligations can be delivered.
- 9.5. The proposed scheme will deliver up to 120 new build houses supporting the existing services in the village and surrounding area.
- 9.6. Our viability analysis is supported by a detailed review of the revenue that could be generated from this residential development. Our viability is also supported by the cost information provided by the developer which we have adopted within the development appraisal.
- 9.7. Following JLL's detailed analysis of the development viability of the proposals, our findings demonstrate that there is no scope for the proposals to provide affordable housing on the site, however the scheme can provide all remaining planning contributions that would be delivered by the S106.
- 9.8. As an alternative proposal, if it was necessary to deliver a reduced number of affordable dwellings in this location, a reduction in the other S106 obligations could be agreed.

Appendix 1



Promap

ANALYSIS & DESIGN SOFTWARE

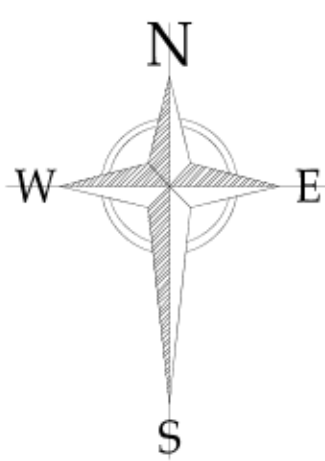
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Appendix 2

Appendix 3



REV	DATE	DESCRIPTION



ASHWOOD HOMES
1 Goodison Road, Lincs Gateway Business Park,
Spalding, Lincs, PE12 6FY T: 01406 490590

PROJECT:
PROPOSED RESIDENTIAL DEVELOPMENT AT
HOME FARM
DEEPING ST NICHOLAS

DRAWING TITLE:
ILLUSTRATIVE SITE LAYOUT PLAN

SCALE: 1:500 @ A0	DATE: 23.09.2020
DRAWN: AR	REV: -

DRAWING No:
70 - ISP - 01

Appendix 4

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 10-Oct-2020 00:48

› Rebased to 3Q 2020 (329) and South Holland (99; sample 6)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,258	639	1,097	1,222	1,375	2,832	1234
810.1 Estate housing							
Generally (15)	1,256	613	1,073	1,212	1,375	4,398	1576
Single storey (15)	1,410	803	1,191	1,359	1,578	4,398	256
2-storey (15)	1,215	613	1,058	1,183	1,325	2,647	1213
3-storey (15)	1,285	787	1,047	1,235	1,436	2,567	102
4-storey or above (15)	2,656	1,290	2,134	2,383	3,547	3,926	5
810.11 Estate housing detached (15)	1,628	937	1,227	1,385	1,619	4,398	21
810.12 Estate housing semi detached							
Generally (15)	1,249	743	1,079	1,224	1,374	2,294	374
Single storey (15)	1,385	893	1,183	1,371	1,541	2,294	74
2-storey (15)	1,217	743	1,077	1,197	1,332	2,098	286
3-storey (15)	1,193	901	966	1,167	1,272	1,803	14
810.13 Estate housing terraced							
Generally (15)	1,290	787	1,060	1,222	1,417	3,926	307
Single storey (15)	1,453	972	1,231	1,371	1,702	2,059	31
2-storey (15)	1,246	790	1,055	1,198	1,375	2,647	227
3-storey (15)	1,292	787	1,041	1,216	1,422	2,567	47
4-storey or above (10)	3,737	3,547	-	-	-	3,926	2
816. Flats (apartments)							
Generally (15)	1,474	732	1,226	1,398	1,659	5,103	903
1-2 storey (15)	1,398	856	1,189	1,334	1,551	2,531	215
3-5 storey (15)	1,450	732	1,220	1,395	1,639	3,076	587
6 storey or above (15)	1,780	1,069	1,438	1,666	1,919	5,103	98

Appendix 5

Home Farm, Deeping St Nicholas

Home Farm
Littleworth Drove
Deeping St Nicholas
Spalding

Development Appraisal
Prepared by Anabel Christmas
Jones Lang Lasalle
29 October 2020

APPRAISAL SUMMARY**JONES LANG LASALLE**

Home Farm, Deeping St Nicholas

Appraisal Summary for Phase 1

Currency in £

REVENUE**Sales Valuation**

	Units	ft ²	Sales Rate ft ²	Unit Price
Market Units	84	76,440	240.00	218,400
Affordable	25	22,750	108.00	98,280
Intermediate	11	10,010	144.00	131,040
Totals	120	109,200		

NET REALISATION**22,244,040****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(919,707)	
		(919,707)
Town Planning	70,000	
		70,000

CONSTRUCTION COSTS**Construction**

	ft ²	Build Rate ft ²	Cost	
Market Units	76,440	95.00	7,261,800	
Affordable	22,750	95.00	2,161,250	
Intermediate	10,010	95.00	950,950	
Totals	109,200 ft²		10,374,000	10,374,000

Contingency	3.00%	311,220	
Site Costs/Services	15.00%	1,556,100	
			1,867,320

Other Construction

Garages	509,000	
Section 106 POS Contribution	192,300	
Section 106 Community Hall	900,000	
Section 106 NHS	79,920	
Section 106 Education Contribution	605,390	
Flood Mitigation - Finished levels	120,000	
Foundation abnormalities	1,312,441	
Substation	50,000	
Archaeology/Demolition/Remediation	417,965	
Ecological Protection	52,500	
Suds	813,147	
Foul Pumping Station	125,000	
Sewer Requisition	100,000	
		5,277,663

PROFESSIONAL FEES

All Professional Fees	8.00%	829,920	
			829,920

DISPOSAL FEES

Sales and Marketing	2.50%	556,101	
Sales Legal Fee	0.50%	111,220	
			667,321

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

APPRAISAL SUMMARY**JONES LANG LASALLE****Home Farm, Deeping St Nicholas**

Land	(105,945)	
Construction	365,464	
Other	110,664	
Total Finance Cost		370,183

TOTAL COSTS **18,536,700**

PROFIT **3,707,340**

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%

IRR% (without Interest) N/A

Profit Erosion (finance rate 6.000) 3 yrs 1 mth

APPRAISAL SUMMARY**JONES LANG LASALLE****Home Farm, Deeping St Nicholas****Gross Sales**

18,345,600

2,457,000

1,441,440**22,244,040**

Appendix 6

Home Farm, Deeping St Nicholas

Home Farm
Littleworth Drove
Deeping St Nicholas
Spalding

Development Appraisal
Prepared by Anabel Christmas
Jones Lang Lasalle
29 October 2020

APPRAISAL SUMMARY**JONES LANG LASALLE**

Home Farm, Deeping St Nicholas

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Units	120	109,200	240.00	218,400	26,208,000

NET REALISATION**26,208,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (11.15 Acres @ 133,022.84 /Acre)		1,483,205	
			1,483,205
Stamp Duty	4.50%	66,744	
Agent Fee	1.00%	14,832	
Legal Fee	0.50%	7,416	
Town Planning		70,000	
			158,992

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Market Units	109,200	95.00	10,374,000
Contingency		3.00%	311,220
Site Costs/Services		15.00%	1,556,100
			12,241,320

Other Construction

Garages	509,000
Section 106 POS Contribution	192,300
Section 106 Community Hall	900,000
Section 106 NHS	79,920
Section 106 Education Contribution	605,392
Flood Mitigation - Finished levels	120,000
Foundation abnormalities	1,312,441
Substation	50,000
Archaeology/Demolition/Remediation	417,965
Ecological Protection	52,500
Suds	813,147
Sewage Treatments works	125,000
Sewer Requisition	100,000
	5,277,665

PROFESSIONAL FEES

All Professional Fees	8.00%	829,920
		829,920

DISPOSAL FEES

Sales and Marketing	2.50%	655,200
Sales Legal Fee	0.50%	131,040
		786,240

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	432,923
Construction	421,322
Other	208,406
Total Finance Cost	1,062,650

APPRAISAL SUMMARY**JONES LANG LASALLE****Home Farm, Deeping St Nicholas****TOTAL COSTS****21,839,992****PROFIT****4,368,008****Performance Measures**

Profit on Cost% 20.00%

Profit on GDV% 16.67%

Profit on NDV% 16.67%

IRR% (without Interest) 20.18%

Profit Erosion (finance rate 6.000) 3 yrs 1 mth

Appendix 7

Site Benchmark Values

SOLD



Caultons Field, Littleworth Drive, Deeping St Nicholas

- 7.88 acres
- Sold April 2018
- Achieved- £1,035,000 (£131,345 per acre)
- A loosely rectangular parcel of residential development land
- A 33.3% affordable provision and a health contribution of £444 per dwelling required.
- Sold to Jelson Homes
- Jelson Homes have since secured planning for 66 dwellings on the site



Land at Albion Street, Spalding

- 3.53 acres
- Sold in January 2018
- Achieved price - £500,000 (£141,643 per acre)
- Broadly rectangular site purchased from the National Grid and marketed as residential development land
- The site was not allocated in the local plan, although it is located in a predominantly residential area

Dean Close, Western Nr Spalding

- 8.82 acres
- Sold April 2019
- Achieved- £983,937 (£111,557 per acre)
- A cleared development site with planning consent for 60 dwellings.
- A requirement for 33% affordable housing.



Off Stowe Road, Langtoft, Peterborough PE6 9NE

- Approximately 8.62 Acres (3.49 Hectares)
- Full Consent for 6 Units and Outline Consent for up to 35 Units
- Sold STC for £2,250,000 (£261,021 per acre)
- Popular Village with Good Local Facilities and Amenities, Unique Position Close to Lakes and SSSI
- Close to Market Deeping and within easy reach of Bourne, Stamford and the Expansion City of Peterborough



Land at Milestone Lane, Pinchbeck, Spalding

- 4.62 acres
- Sold STC with an asking price of £950,000 (£205,627 per acre).
- The site benefits from outline planning consent for 38 units granted in September 2017.
- The S106 Agreement specifies an affordable housing contribution to be agreed.

Site Benchmark Values

FOR SALE



Land East of South Drove, Spalding Common, Spalding

- 2.02 acres
- Currently marketed with an asking price of £495,995 (£245,542 per acre).
- The site benefits from outline planning consent for 9 executive detached properties.
- The S106 Agreement is to be agreed.



Clay Lake Development, Spalding

- 70.69 acres
- Currently available with an asking price of £10,603,000 (£149,993 per acre)
- The site is split down into plots starting from 2.4 acres.
- The site has implemented planning consent for a new business park (Class B1, B2, B8).
- Some of this land and land adjoining is in the draft allocation in the Lincolnshire Plan for employment use.



High Road, Weston, Spalding

- 15.1 acres
- Currently available with an asking price of £2,500,000 (£165,563 per acre).
- The site benefits from outline planning consent for 57 dwellings, subject to S106 agreement.
- The planning authority is prepared to significantly increase the number of dwellings.



Surfleet Road, Pinchbeck, Spalding

- 4.3 acres
- Currently available for £1,250,000 (£290,697 per acre)
- Strategic Development Land - Included within the South East Lincolnshire Local Plan with an allocation for 34 residential units
- Would be subject to a number of s106 requirements including 25% of the units being allocated for Affordable Housing
- For Sale by Private Treaty



Land off York Gardens, Gosberton, Spalding

- 9.27 acres
- Currently available with an asking price of £1,500,000 (£161,812 per acre).
- The site benefits from outline planning consent for 80 dwellings, subject to S106 Agreement.
- The permission specifies an affordable housing provision of 1/3, with an education contribution of £271,401

Site Benchmark Values



High Street, Gosberton, Spalding

- 5.4 acres
 - Currently available with an asking price of £1,000,000 (£185,185 per acre).
 - Site benefits from outline planning consent for 46 dwellings.
 - The S106 Agreement specifies an education contribution of £237,419, with 10 of the 46 units being affordable
-

Appendix 8

Home Farm, Deeping St Nicholas

Home Farm
Littleworth Drove
Deeping St Nicholas
Spalding

Development Appraisal
Prepared by Anabel Christmas
Jones Lang Lasalle
02 November 2020

SENSITIVITY ANALYSIS REPORT**JONES LANG LASALLE**

Home Farm, Deeping St Nicholas

Table of Land Cost and Gross Development Value

Construction: Rate /ft ²					
Sales: Rate /ft ²	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	85.50 /ft ²	90.25 /ft ²	95.00 /ft ²	99.75 /ft ²	104.50 /ft ²
-4.000%	£327,308	£964,261	£1,603,639	£2,244,476	£2,886,460
	£21,354,278	£21,354,278	£21,354,278	£21,354,278	£21,354,278
-2.000%	(£11,562)	£623,478	£1,261,238	£1,901,323	£2,542,789
	£21,799,159	£21,799,159	£21,799,159	£21,799,159	£21,799,159
0.000%	(£332,747)	£283,131	£919,707	£1,558,838	£2,199,374
	£22,244,040	£22,244,040	£22,244,040	£22,244,040	£22,244,040
+2.000%	(£652,609)	(£53,431)	£579,143	£1,216,685	£1,856,523
	£22,688,921	£22,688,921	£22,688,921	£22,688,921	£22,688,921
+4.000%	(£971,581)	(£374,501)	£238,961	£875,335	£1,514,037
	£23,133,802	£23,133,802	£23,133,802	£23,133,802	£23,133,802

Sensitivity Analysis : Assumptions for Calculation**Construction: Rate /ft²**

Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Market Units	1	£95.00	2.00 Up & Down
Affordable	1	£95.00	2.00 Up & Down
Intermediate	1	£95.00	2.00 Up & Down

Sales: Rate /ft²

Original Values are varied by Steps of 2.000%.

Heading	Phase	Rate	No. of Steps
Market Units	1	£240.00	2.00 Up & Down
Affordable	1	£108.00	2.00 Up & Down
Intermediate	1	£144.00	2.00 Up & Down

Home Farm, Deeping St Nicholas

Home Farm
Littleworth Drove
Deeping St Nicholas
Spalding

Development Appraisal
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Jones Lang Lasalle
02 November 2020

Home Farm, Deeping St Nicholas

Table of Land Cost and Gross Development Value

Construction: Rate /ft²					
Sales: Rate /ft²	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	85.50 /ft²	90.25 /ft²	95.00 /ft²	99.75 /ft²	104.50 /ft²
-4.000%	(£1,886,525)	(£1,355,974)	(£825,431)	(£294,885)	£256,799
	£25,159,680	£25,159,680	£25,159,680	£25,159,680	£25,159,680
-2.000%	(£2,215,413)	(£1,684,867)	(£1,154,320)	(£623,774)	(£93,229)
	£25,683,840	£25,683,840	£25,683,840	£25,683,840	£25,683,840
0.000%	(£2,544,302)	(£2,013,757)	(£1,483,205)	(£952,663)	(£422,117)
	£26,208,000	£26,208,000	£26,208,000	£26,208,000	£26,208,000
+2.000%	(£2,873,190)	(£2,342,645)	(£1,812,099)	(£1,281,551)	(£751,006)
	£26,732,160	£26,732,160	£26,732,160	£26,732,160	£26,732,160
+4.000%	(£3,202,077)	(£2,671,534)	(£2,140,989)	(£1,610,442)	(£1,079,895)
	£27,256,320	£27,256,320	£27,256,320	£27,256,320	£27,256,320

Sensitivity Analysis : Assumptions for Calculation**Construction: Rate /ft²**

Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Market Units	1	£95.00	2.00 Up & Down
Affordable	1	£95.00	2.00 Up & Down
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Sales: Rate /ft²

Original Values are varied by Steps of 2.000%.

Heading	Phase	Rate	No. of Steps
Market Units	1	£240.00	2.00 Up & Down
Affordable	1	£108.00	2.00 Up & Down
Intermediate	1	£144.00	2.00 Up & Down



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