

Home Farm Deeping St Nicholas

Viability Appraisal & Report On Behalf of Emerald Homes

September 2025

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PUMPING
STATION

PUBLIC OPEN
SPACE

3RD LARGE
REPLACEMENT TREES

ATTENUATION POND

Highways to deliver to the end
line boundary along with LSC
Highway

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1. Introduction

1.1 The report will provide an assessment of the viability of the proposed development of 119 dwellings (comprising 1,2,3 and 4 bed bungalows, terraced, semi-detached and detached properties) at Home Farm, Deeping St Nicholas. The site has outline planning permission and reserved matters approval but has stalled as a result of the identification of significant abnormal costs and general build cost increases since the S106 Agreement was completed in December 2021. The purpose of this appraisal is to assess whether the proposed Affordable Housing and S106 contributions are economically viable to deliver.



1.2 The site measures approximately 5.7 Ha.

1.3 The viability assessment will be undertaken in the context of the requirements of the NPPF in respect of the imposition of planning obligations in a manner which maintains the economic viability of development. The assessment will also draw on best practice advice contained in Viability Planning Practice Guidance issued by the Government in July 2018 (updated September 2019 and December 2024) and The RICS Guidance 'Assessing viability in planning under the National Planning Policy Framework' 2019 for England, March 21.

1.4 The study seeks to assess the ability of the proposed development to make infrastructure or affordable housing contributions. The overall value of the completed development will be assessed and compared with the total costs. The appraisal will make an allowance for a reasonable return to the Landowner and a reasonable return to the Developer as required by the NPPF.

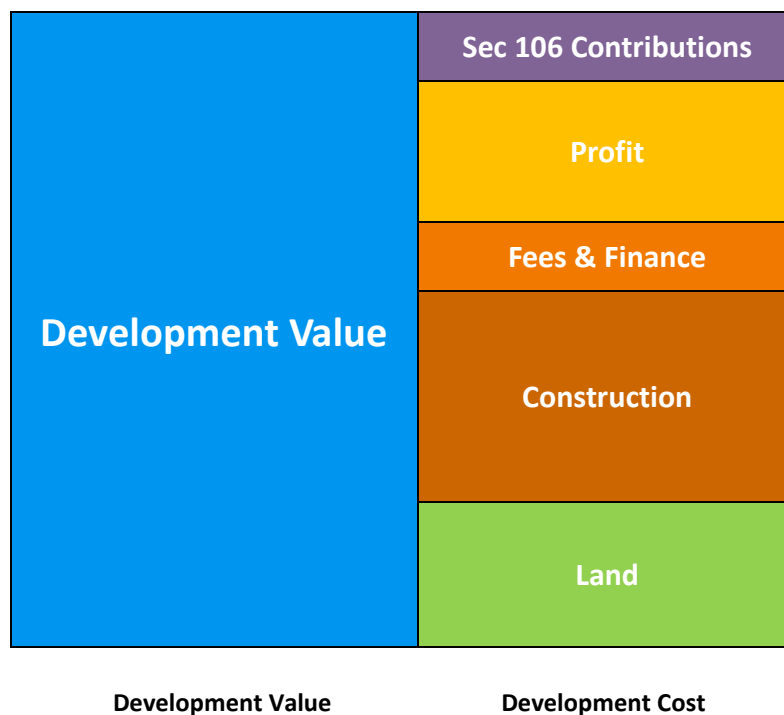
1.5 Having considered the overall value and total costs of the proposed development, the study will consider whether any margin exists, beyond a reasonable developer's profit, to make infrastructure or affordable housing contributions in line with local plan policy targets.

2. Viability Appraisal Methodology

2.1 The NPPF conveys an obligation on Local Planning Authorities to consider the impact of planning policies, affordable housing requirements and infrastructure contributions on the economic viability of development.

2.2 The use of viability models to assess the impact of developer contributions and affordable housing is widely established and well understood. However, it is important that the approach to the allowance for the 'minimum return at which a reasonable landowner would be willing to sell their land' is justifiable and robust.

The Development Equation



2.3 The appraisal model is illustrated by the above diagram and summarises the 'Development Equation'. On one side of the equation is the development value i.e. the sales value which will be determined by the market at any particular time. The variable element of the value in residential development appraisal will be determined by the proportion and mix of affordable housing applied to the scheme.

2.4 On the other side of the equation - the development cost - includes the 'fixed elements' i.e. construction, fees, finance and developers profit. Developers profit is usually fixed as a minimum % return on gross development value generally set by the lending institution at the time. The flexible elements are the cost of land and the amount of developer contribution (CIL and Planning Obligations) sought by the Local Authority.

2.5 Economic viability is assessed using an industry standard Residual Model approach. The model subtracts the Land Value and the Fixed Development Costs from the Development Value to determine the margin available for Developer Contributions.

Viability Assessment Model

Development Value (Based on Floor Area) Eg 1000sqm Residential Development x £2,200 sqm	£2,200,000
Development Costs	
Land Value	£400,000
Construction Costs	£900,000
Abnormal Construction Costs (Optional)	£0
Professional Fees (% Costs)	£90,000
Legal Fees (% Value)	£30,000
Statutory Fees (% Costs)	£30,000
Sales & Marketing Fees (% Value)	£40,000
Contingencies (% Costs)	£50,000
Finance Costs (% Costs)	£100,000
Developers Profit (% Return on GDV)	£350,000
Total Costs	£1,990,000
Output	
Gross Additional Margin for Contributions	£210,000

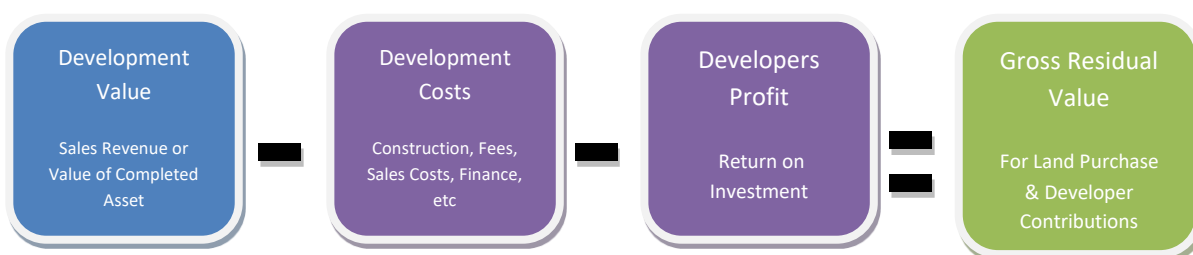
An example of a typical viability assessment model

2.6 The model will calculate the gross margin available for developer contributions by considering the following elements of the development equation.

Land Value Assumptions

2.7 It is generally accepted that developer contributions (Affordable Housing, S106 and CIL), will be extracted from the residual land value (i.e. the margin between development value and development cost including a reasonable allowance for developers profit). Within this gross residual value will be a base land value (i.e. the minimum amount a landowner will accept to release a site) and a remaining margin for contributions.

Stage 1 – Residual Valuation

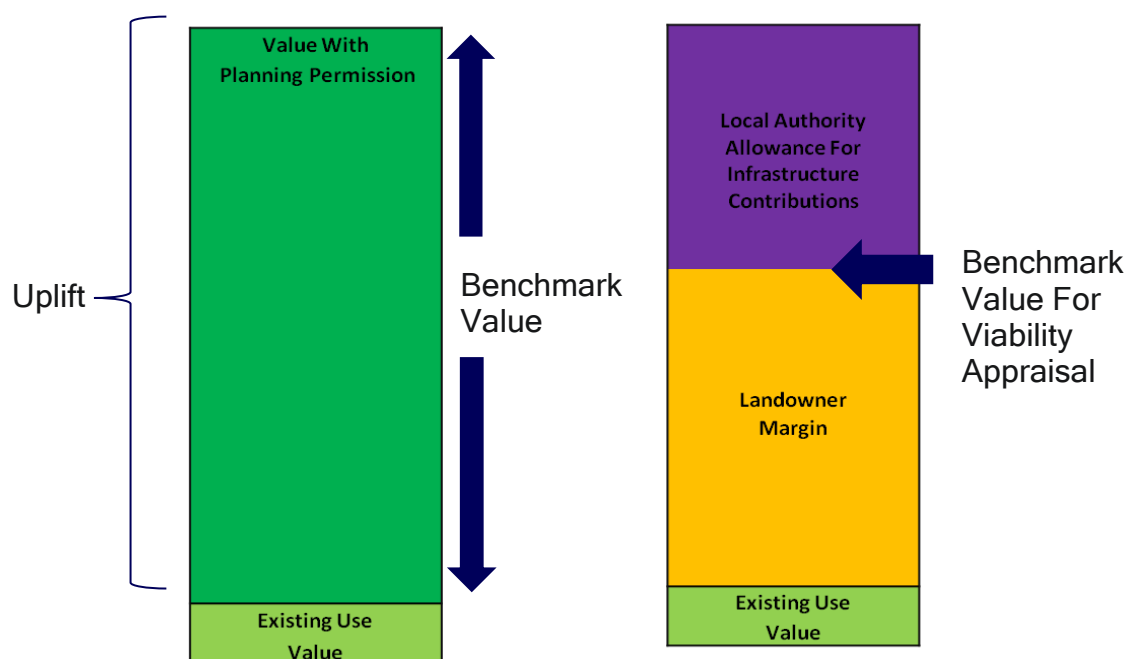


2.8 The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing threshold land values for the purpose of viability assessment in planning but the NPPF and best practice guidance does provide a clear steer on the appropriate approach.

Stage 2 – Establishing Base Land Value



Land Value Benchmarking (Threshold Land Values)



2.9 The above diagram illustrates the principles involved in establishing a robust benchmark for land value. Land will have an existing use value (EUV) based on its market value. This is generally established by comparable evidence of the type of land being assessed (e.g. agricultural value for greenfield sites or perhaps industrial value for brownfield sites may be regarded as reasonable existing use value starting points and may be easily established from comparable market evidence).

2.10 The Gross Residual Value of the land for an alternative use (e.g. residential use) represents the difference between development value and development cost after a reasonable allowance for development profit, assuming planning permission has been granted. The gross residual value does not make allowance

for the impact of development plan policies on development cost and therefore represents the maximum potential value of land that landowners may aspire to.

2.11 In order to establish a benchmark land value for the purpose of viability appraisal, it must be recognised that Local Authorities will have a reasonable expectation that, in granting planning permission, the resultant development will yield contributions towards infrastructure and affordable housing. The cost of these contributions will increase the development cost and therefore reduce the residual value available to pay for the land.

2.12 The appropriate benchmark value will therefore lie somewhere between existing use value and gross residual value based on alternative planning permission. This will of course vary significantly dependent on the category of development being assessed.

2.13 The key part of this process is establishing the point on this scale that balances a reasonable return to the landowner beyond existing use value and a reasonable margin to allow for infrastructure and affordable housing contributions to the Local Authority.

Benchmark Land Value Guidance

2.14 In July 2018 the Government issued the revised NPPF and published guidance on best practice in viability assessment (Planning Practice Guidance for Viability). This guidance essentially reflected principles established by the Harman Report and RICS Financial Viability in Planning. With respect to land value benchmarking the draft guidance states the following :-

“How should land value be defined for the purpose of viability assessment?”

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+).”

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.

“What factors should be considered to establish benchmark land value?”

Benchmark land value should:

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

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market

evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment data sources to inform the establishment the landowner premium should include market evidence and can include benchmark land values from other viability assessments. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement)."

Comparison with Market Land Values

2.15 The guidance also recognises that benchmark land values should be grounded in market reality and cross-checked with market evidence. In other words the premium over existing use value that is applied should not result in a benchmark land value that bears no resemblance to comparable market transactions for residential land and therefore no incentive for a landowner to release a site. This will often be the case where build costs form a high proportion of end sale value. The guidance in the NPPG on Viability recognises this issue in calculating EUV+ benchmarks stating that benchmarks should :-

“Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value”

2.16 In these circumstances it may be sensible to adopt minimum residential plot values for the market housing element of the scheme (based on comparable market land transactions) whilst discounting policy compliant affordable housing plots at zero value.

3. Viability Appraisal Assumptions

Property Sales Value

3.1 South Holland District Council is part of the South East Lincolnshire Joint Strategic Planning Area. The Joint Committee is a partnership of Boston Borough, South Holland District and Lincolnshire County Councils who created a single Local Plan which has been adopted since March 2019. A Whole Plan Viability Assessment was completed by Peter Brett Associates in January 2017 which forms the viability study for the strategic area's Local Plan. The residential sale values for Spalding and rural South Holland were assumed to be £1,900 per sqm for all houses and flats. The applicant acknowledges that there has been some growth in residential sales values since 2017 and this has been reflected in the adopted sales values.

3.2 The following schedules provide a summary of comparable new build evidence which relate to the different types of dwellings detailed within the proposed scheme. The evidence is all based on new build properties on the market and new build transactions from 2024 onwards. All data has been gathered via two different sources; Rightmove and Landinsight. Rightmove is UK's principal property marketing website and Landinsight supplies independent research into recently sold properties which can be used to determine comparable sales values and ultimately inform viability assessments (all sales data gathered is derived from Land Registry).

3.3 The following table summarises the types of dwellings proposed within the scheme in Deeping St Nicholas and the range of GIA's relating to each type of property:

Housing Types	No. of Units	GIA (Sqm)
2 Bedroom Terraced	17	68-78
3/4 Bedroom Terraced	2	88-114
1 Bedroom Semi-detached Bungalows	4	51
2 Bedroom Semi-detached	36	68-78
3 Bedroom Semi-detached	40	88-96
3 Bedroom Detached	13	98-106
4 Bedroom Detached	7	129-148
Totals	119	

3.4 Analysis of new build semi-detached dwellings has been completed within the table below. This details new build transactions within a 7km radius of Deeping St Nicholas, all completed from 2024 onwards. There is some variation in the rates as the dwellings increase in size and it must be noted that generally the dwellings in Deeping St Nicholas command a lower sale value when compared to the adjacent areas.

Date sold	Address	House Type	GIA	Gross Sale Price	Gross Sale Price (£/m2)
26/04/2024	42, Falcon Avenue, Deeping St Nicholas	Semi-detached	68	£195,000	£2,868
02/08/2024	3, Gaskell Place, Spalding	Semi-detached	83	£210,995	£2,542
12/07/2024	5, Gaskell Place, Spalding	Semi-detached	83	£210,995	£2,542
07/02/2025	13, Hardwick Close, Crowland, Peterborough	Semi-detached	83	£200,000	£2,410
21/02/2025	11, Hardwick Close, Crowland, Peterborough	Semi-detached	83	£194,000	£2,337
14/06/2024	13, Walken Way, Crowland, Peterborough	Semi-detached	84	£260,000	£3,095
30/08/2024	15, Walken Way, Crowland, Peterborough	Semi-detached	84	£258,000	£3,071
23/02/2024	31, Walken Way, Crowland, Peterborough	Semi-detached	84	£255,000	£3,036
23/05/2024	1, Tinsley Close, Deeping St Nicholas	Semi-detached	89	£225,000	£2,528
23/05/2024	2, Tinsley Close, Deeping St Nicholas	Semi-detached	89	£225,000	£2,528
28/03/2024	4, Tinsley Close, Deeping St Nicholas	Semi-detached	89	£218,750	£2,458
01/05/2024	2, Middlemoore Way, Crowland, Peterborough	Semi-detached	92	£280,000	£3,043

3.5 The semi-detached dwellings of 83-92 sqm demonstrate achieved sales rates between £2,337 per sqm and £3,095 per sqm with properties within Wheatley's Homefield development in Crowland (a 5.5 mile drive from the subject site) showing a significant higher sales value. Overall the gross sales values within this range are between £194,000 and £280,000. An additional transaction of a semi-detached property in Deeping St Nicholas of 68 sqm is detailed in the table at £2,868 per sqm (£195,000 gross value). This value is reasonably low when compared to available dwellings of a similar size on Rightmove in the surrounding area.

3.6 A sales rate range of **£3,000-3,350 per sqm** has been adopted within our assessment for all semi-detached properties between 68-96 sqm and this equates to a range in gross sale prices from £227,800 to £288,000. The sales rates correspond to the differing sizes of semi-detached properties with the larger dwellings commanding a lower rate. It must be noted that there are two semi-detached bungalows which have been valued at **£3,700 per sqm** (gross value of £188,700). Bungalows generally command a premium over conventional 2 storeys dwellings and this has been reflected within this valuation (no bungalow transactions have been noted in the vicinity). Furthermore, we must also highlight that the terraced properties have been valued in the same bracket as the semi-detached housing due to the lack of transactions. Having assessed the second-hand market, there is no significant difference in the sale values between semi-detached and terraced properties and we have reflected that within the assessment. There is one anomaly of note which is the 4 bedroom end of terrace unit of 114 sqm, valued at **£2,750 per sqm** to reflect the larger floor area.

3.7 In determining the semi-detached and terraced sales values, an optimistic approach has been taken for the subject scheme when compared to the evidence presented in Deeping St Nicholas exclusively. Higher sales values have been achieved in the surrounding areas and we have accounted for this within our assumption of value. The values have also made allowance for some sales growth to September 2025 to account for the date of transaction generally seen across the schedule presented above.

3.8 Analysis of the new build detached dwellings has been completed within the table below outlining new build transactions within a 7km radius of Deeping St Nicholas, all completed from 2024 onwards. There is some variation in the rates as the dwellings increase in size and it must be noted that, generally, the dwellings within Wheatley's Homefield development in Crowland command higher sales values when compared to the adjacent areas (including Deeping St Nicholas).

Date sold	Address	House Type	GIA	Gross Sale Price	Gross Sale Price (£/m2)
24/01/2025	13, Blyton Lane, Spalding	Detached	82	£208,995	£2,549
13/12/2024	8, Falcon Avenue, Deeping St Nicholas	Detached	88	£247,500	£2,813
23/02/2024	38c, Broadway, Crowland, Peterborough	Detached	91	£270,000	£2,967
11/01/2024	14, Falcon Avenue, Deeping St Nicholas	Detached	99	£264,950	£2,676
14/08/2024	40, Falcon Avenue, Deeping St Nicholas	Detached	99	£259,950	£2,626
26/04/2024	10, Falcon Avenue, Deeping St Nicholas	Detached	99	£255,000	£2,576
24/10/2024	2, Plough Court, Crowland, Peterborough	Detached	121	£344,950	£2,851
14/08/2024	12, Middlemoore Way, Crowland, Peterborough	Detached	121	£332,500	£2,748
26/07/2024	11, Middlemoore Way, Crowland, Peterborough	Detached	121	£322,250	£2,663
12/12/2024	33, Walken Way, Crowland, Peterborough	Detached	121	£315,000	£2,603
07/10/2024	6, Tinsley Close, Deeping St Nicholas	Detached	135	£354,500	£2,626
16/08/2024	12, Falcon Avenue, Deeping St Nicholas	Detached	148	£395,000	£2,669
08/03/2024	8, Tinsley Close, Deeping St Nicholas	Detached	163	£417,500	£2,561
19/07/2024	9, Tinsley Close, Deeping St Nicholas	Detached	163	£410,000	£2,515

3.9 The detached dwellings of 82-99 sqm all transacted between values of £2,549-2,967 per sqm (gross values between £208,995-£270,000) whilst the larger dwellings of 121-163 sqm all transacted between £2,515-2,851 sqm (gross values between £315,000-£417,500).

3.10 A sales rate range of **£2,850-3,200 per sqm** has been adopted within our assessment for all detached properties between 98-148 sqm. This equates to a range in gross sale prices from £313,600 to £421,800. The sales rates correspond to the differing sizes of detached properties with the larger units commanding a lower rate which is generally in keeping with the sales evidence presented.

3.11 In determining the detached sales values, an optimistic approach has been taken for the subject scheme when compared to the evidence presented in Deeping St Nicholas exclusively. Higher sales values have been achieved in the surrounding areas and we have accounted for this within our assumption of value. The values have also made allowance for some sales growth to September 2025 to account for the date of transaction generally seen across the schedule presented above.

3.12 In addition to the transactions noted above, we have completed an assessment of available properties in a 3 mile radius of Deeping St Nicholas from various new build developments and have noted the following schedule. It's reasonable to assume that there will be a 3% discount on all asking prices within the schedule when assessing the likely gross transactional price:

Location	House Type	Storeys	Beds	Size (sqm)	Asking Price	Asking Price (£/Sqm)	New Build Development & Developer
Peterborough Road, Crowland, PE6 0BA	Semi-detached	2	2	68	£229,000	£3,368	Elderwood, Ashwood Homes
Buchan Way, Spalding, PE11 1ZU	Semi-detached	2	3	82	£244,995	£2,988	The Furlongs at Holland Park, Broadgate Homes
Spalding Road, Pinchbeck PE11 3DT	Semi-detached	2	3	84	£250,000	£2,976	Yews Farm, Ashwood Homes
Peterborough Road, Crowland, PE6 0BA	Detached	2	3	102	£320,000	£3,137	Elderwood, Ashwood Homes
Spalding Road, Pinchbeck PE11 3DT	Detached	2	3	102	£315,000	£3,088	Yews Farm, Ashwood Homes
Spalding Road, Pinchbeck PE11 3DT	Detached	2	4	115	£365,000	£3,174	Yews Farm, Ashwood Homes
Spalding Road, Pinchbeck PE11 3DT	Detached	2	4	131	£375,000	£2,863	Yews Farm, Ashwood Homes
Peterborough Road, Crowland, PE6 0BA	Detached	2	4	134	£390,000	£2,910	Elderwood, Ashwood Homes
Spalding Rod, Pinchbeck PE11 3DT	Detached	2	4	147	£415,000	£2,823	Yews Farm, Ashwood Homes
Littleworth Drove, Deeping St Nicholas, PE11	Detached	2	4	163	£469,950	£2,883	Littleworth Park, Deeping St Nicholas, Jelson Homes
Spalding Rod, Pinchbeck PE11 3DT	Detached	2	4	164	£425,000	£2,591	Yews Farm, Ashwood Homes

3.13 Based on all of the above information, the following sales values are projected for the proposed 119 unit scheme currently being assessed in South Wootton. The first schedule below is based on a 100% market unit scheme, showing a total GDV of £32,018,300.

Dwelling Reference	Type of Dwelling	No. Units	GIA (sqm)	Total GIA (sqm)	Value £Sqm	Unit Value	Total Value
A1	2B Semi-detached	2	68	136	£3,350	£227,800	£455,600
A2	2B Semi-detached	4	68	272	£3,350	£227,800	£911,200
A3	2B Terraced	3	68	204	£3,350	£227,800	£683,400
A4	2B Terraced	9	68	612	£3,350	£227,800	£2,050,200
B1	2B Semi-detached	8	74	592	£3,200	£236,800	£1,894,400
B2	2B Semi-detached	16	74	1184	£3,200	£236,800	£3,788,800
B3	2B Semi-detached	2	74	148	£3,200	£236,800	£473,600
C1	3B Semi-detached	8	88	704	£3,100	£272,800	£2,182,400
C2	3B Semi-detached	4	88	352	£3,100	£272,800	£1,091,200
C3	3B Semi-detached	2	88	176	£3,100	£272,800	£545,600
D1	3B Semi-detached	8	96	768	£3,000	£288,000	£2,304,000
D2	3B Semi-detached	6	96	576	£3,000	£288,000	£1,728,000
D3	3B Semi-detached	4	96	384	£3,000	£288,000	£1,152,000
D4	3B Semi-detached	2	96	192	£3,000	£288,000	£576,000
D5	3B Semi-detached	2	96	192	£3,000	£288,000	£576,000
E1	3B Detached	2	98	196	£3,200	£313,600	£627,200
E2	3B Detached	1	98	98	£3,200	£313,600	£313,600
E3	3B Detached	1	106	106	£3,100	£328,600	£328,600
F1	3B Detached	4	106	424	£3,100	£328,600	£1,314,400
F2	3B Detached	3	106	318	£3,100	£328,600	£985,800
F3	3B Detached	2	106	212	£3,100	£328,600	£657,200
G1 (Unit 1)	2B Semi-detached	2	78	156	£3,200	£249,600	£499,200
G1 (Unit 2)	3B Semi-detached	2	88	176	£3,100	£272,800	£545,600
G2 (Unit 1)	2B Semi-detached	1	78	78	£3,200	£249,600	£249,600
G2 (Unit 2)	3B Semi-detached	1	88	88	£3,100	£272,800	£272,800
G3 (Unit 1)	2B Semi-detached	1	78	78	£3,200	£249,600	£249,600
G3 (Unit 2)	3B Semi-detached	1	88	88	£3,100	£272,800	£272,800
H1	4B Detached	2	129	258	£2,950	£380,550	£761,100
H2	4B Detached	1	129	129	£2,950	£380,550	£380,550
H3	4B Detached	1	129	129	£2,950	£380,550	£380,550
I1	4B Detached	1	148	148	£2,850	£421,800	£421,800
I2	4B Detached	1	148	148	£2,850	£421,800	£421,800
I3	4B Detached	1	148	148	£2,850	£421,800	£421,800
J1 (Unit 1)	4B End of Terrace	1	114	114	£2,750	£313,500	£313,500
J1 (Units 2-4)	2B Terraced	3	68	204	£3,350	£227,800	£683,400
K1	1B Semi-detached (Bungalow)	2	51	102	£3,700	£188,700	£377,400
K2	1B Semi-detached (Bungalow)	2	51	102	£3,700	£188,700	£377,400
L1 (Unit 1)	2B Terraced	1	78	78	£3,200	£249,600	£249,600
L1 (Unit 2)	3B Terraced	1	88	88	£3,100	£272,800	£272,800
L1 (Unit 3)	2B Terraced	1	68	68	£3,350	£227,800	£227,800
Totals/Average		119	85.93	10226	£3,131		£32,018,300

3.14 The following schedule is based on the same 119 unit scheme with the current s106 requirement of 10% Affordable Housing (11 units) and tenure mix of 70% Affordable Rent (@50% of Open Market Value) and 30% Intermediate (@70% of Open Market Value). The total GDV is £30,897,030.

Dwelling Reference	Type of Dwelling	No. Units	GIA (sqm)	Total GIA (sqm)	Value £Sqm	Unit Value	Total Value
A1 - Shared Ownership	2B Semi-detached	2	68.00	136	£2,345	£159,460	£318,920
A2 - Affordable Rent	2B Semi-detached	2	68.00	136	£1,675	£113,900	£227,800
A2	2B Semi-detached	2	68.00	136	£3,350	£227,800	£455,600
A3	2B Terraced	3	68.00	204	£3,350	£227,800	£683,400
A4	2B Terraced	9	68.00	612	£3,350	£227,800	£2,050,200
B1	2B Semi-detached	8	74.00	592	£3,200	£236,800	£1,894,400
B2	2B Semi-detached	16	74.00	1184	£3,200	£236,800	£3,788,800
B3	2B Semi-detached	2	74.00	148	£3,200	£236,800	£473,600
C1	3B Semi-detached	8	88.00	704	£3,100	£272,800	£2,182,400
C2	3B Semi-detached	2	88.00	176	£3,100	£272,800	£545,600
C2 - Shared Ownership	3B Semi-detached	1	88.00	88	£2,170	£190,960	£190,960
C2 - Affordable Rent	3B Semi-detached	1	88.00	88	£1,500	£132,000	£132,000
C3	3B Semi-detached	2	88.00	176	£3,100	£272,800	£545,600
D1	3B Semi-detached	8	96.00	768	£3,000	£288,000	£2,304,000
D2	3B Semi-detached	6	96.00	576	£3,000	£288,000	£1,728,000
D3	3B Semi-detached	4	96.00	384	£3,000	£288,000	£1,152,000
D4	3B Semi-detached	2	96.00	192	£3,000	£288,000	£576,000
D5	3B Semi-detached	2	96.00	192	£3,000	£288,000	£576,000
E1	3B Detached	2	98.00	196	£3,200	£313,600	£627,200
E2	3B Detached	1	98.00	98	£3,200	£313,600	£313,600
E3	3B Detached	1	106.00	106	£3,100	£328,600	£328,600
F1	3B Detached	4	106.00	424	£3,100	£328,600	£1,314,400
F2	3B Detached	3	106.00	318	£3,100	£328,600	£985,800
F3	3B Detached	2	106.00	212	£3,100	£328,600	£657,200
G1 (Unit 1)	2B Semi-detached	2	78.00	156	£3,200	£249,600	£499,200
G1 (Unit 2)	3B Semi-detached	2	88.00	176	£3,100	£272,800	£545,600
G2 (Unit 1)	2B Semi-detached	1	78.00	78	£3,200	£249,600	£249,600
G2 (Unit 2)	3B Semi-detached	1	88.00	88	£3,100	£272,800	£272,800
G3 (Unit 1)	2B Semi-detached	1	78.00	78	£3,200	£249,600	£249,600
G3 (Unit 2)	3B Semi-detached	1	88.00	88	£3,100	£272,800	£272,800
H1	4B Detached	2	129.00	258	£2,950	£380,550	£761,100
H2	4B Detached	1	129.00	129	£2,950	£380,550	£380,550
H3	4B Detached	1	129.00	129	£2,950	£380,550	£380,550
I1	4B Detached	1	148.00	148	£2,850	£421,800	£421,800
I2	4B Detached	1	148.00	148	£2,850	£421,800	£421,800
I3	4B Detached	1	148.00	148	£2,850	£421,800	£421,800
J1 (Unit 1) - Affordable Rent	4B End of Terrace	1	114.00	114	£1,375	£156,750	£156,750
J1 (Units 2-4)	2B Terraced	3	68.00	204	£3,350	£227,800	£683,400
K1 - Affordable Rent	1B Semi-detached (Bungalow)	2	51.00	102	£1,850	£94,350	£188,700
K2 - Affordable Rent	1B Semi-detached (Bungalow)	2	51.00	102	£1,850	£94,350	£188,700
L1 (Unit 1)	2B Terraced	1	78.00	78	£3,200	£249,600	£249,600
L1 (Unit 2)	3B Terraced	1	88.00	88	£3,100	£272,800	£272,800
L1 (Unit 3)	2B Terraced	1	68.00	68	£3,350	£227,800	£227,800
Totals/Average		119	85.93	10226	£3,021		£30,897,030

3.15 The policy based on-site Affordable Housing requirement of 11 units reduces the gross development value of the scheme by £1.1 Million and therefore has a significant impact on the viability of the development.

Land Value Allowance

3.16 The NPPF requires that, for the purpose of ensuring economically viable development, the land value in any viability appraisal should reflect a minimum amount at which a reasonable landowner would be willing to sell. Best practice guidance recommends that this should represent either a significant premium over existing use value, the alternative use value or market value taking account of planning policy impacts.

3.17 There is no single accepted methodology to determine how the appropriate 'premium' over existing use value should be established, particularly for greenfield land which generally has a very low existing use value. In many cases a multiplier is applied to establish the appropriate premium generally in the range of 15-25 times the EUV, dependent on site location and circumstances. For Brownfield land a premium of approximately 15% over Existing commercial use value is generally accepted as sufficient incentive to determine the Benchmark Land Value.

3.18 It has been assumed that the existing use value should be based on existing agricultural land value in this area at £20,000 per Ha. In this area a multiplier of 15-20x is considered appropriate to establish the premium. In view of the significant abnormal costs associated with the scheme a 15x multiplier at the lowest end of the accepted range has been deemed appropriate to establish the premium.

3.19 The Benchmark Land Value has been established as follows:-

$\text{EUV } £115,600 (5.78\text{Ha} \times £20,000) \times 15 = \text{BLV } £1,734,000 \quad \text{SAY } £1,700,000$

This equates to average plot values of only c.£14,000 which would be at the lower end of the range for comparable land transactions in this area. The BLV at £294,000/Ha also compares favourably to the allowance of £535,000 per Ha for greenfield sites in South Holland in the South East Lincolnshire Whole Plan Viability Assessment undertaken by PBA in 2017.

Construction Costs

3.20 Planning Practice Guidance on Viability states with respect to the assessment of construction costs, that:-

“Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application. Costs include:

- *build costs based on appropriate data, for example that of the Building Cost Information Service”*

3.21 This is further clarified by The RICS Guidance ‘Assessing viability in planning under the National Planning Policy Framework’ 2019 for England, March 21, which states :-

“Direct development cost evidence

4.2.13 Paragraph 012 of the PPG states that ‘Assessment of costs should be based on evidence which is reflective of local market conditions’. Additionally, it states that build costs should ‘be based on appropriate data, for example that of the Building Cost Information Service’ (BCIS).

4.2.14 Wherever possible, cost estimates should be based on market evidence from similar developments. BCIS and other indices are ‘appropriate’ but are not always reflective of local market conditions. The basis for the construction of any cost indices or other data used should be explored and reported, and limitations noted.

4.2.15 The evidence collected to support assumptions on costs could include, but is not restricted to, the following

- *expected build cost (a full quantity surveyor’s cost report showing how costs have been estimated should be made available for site-specific information; plan making may have to rely on BCIS or other online information) “*

This guidance makes it clear that site specific cost assessment in the form of a Quantity Surveyor’s cost report is the preferred form of evidence on viability assessment as opposed to the application of general cost rates from BCIS data (which might be more appropriate at the plan making stage)

3.22 A recent Appeal decision in March 2025 helps to clarify the Planning Inspectorate’s position on this issue (Appeal Ref APP/V3120/W/24/3356728. Crab Hill, Wantage OX12 7GQ). It states with respect to the use of cost plans compared with the application of BCIS data that :-

“Build Cost

17. The PPG refers to standardised inputs for viability assessments and makes specific reference to BCIS data as an example of appropriate data at the plan making stage. Alternatively, guidance from RICS clearly identifies that a detailed costs plan should, is best practice, be provided at the development management stage.

18. The appellant has built many similar schemes before, and the viability witness highlighted the bespoke design of each of the appellant’s various developments. This was in contrast to the wide use of standard house types of a volume housebuilder. This was the justification given for the use of BICS data as opposed to a lower figure or a detailed costs plan.

19. The appellant has sought to rely on Building Cost Information Service (BCIS) data to produce build costs information for the FVA and, as referenced in the viability SoCG the council have adopted the resulting figure. While the council have not suggested alternative figures or specifically sought to contest the data, I note that the council did request a ‘full cost plan’ for the appeal scheme but that this has not been provided by the appellant.

20. The applicable policy or guidance does not require the appellant to produce a detailed cost plan. Nonetheless, it is identified as RICS best practice to do so and can add confidence that the BCIS data used accurately reflects the build cost of the scheme.

21. Therefore, while I have no alternative to those BCIS build costs provided by the appellant before me, I nonetheless find that this aspect of the FVA could be more transparent, a matter I shall return to later.

Conclusion on Viability

50. I have no alternative build cost figures before me, but it is a relevant consideration that the appellant has not followed RICS best practice and provided a detailed costs plan for the appeal scheme. This lacks transparency.”

3.23 This clearly supports the RICS advice that detailed cost plan evidence prepared by Quantity Surveyors will be preferred to the application of BCIS data as the most transparent means to properly assess construction cost in viability appraisal.

3.24 If cost comparisons between cost plans and BCIS type data are to be employed then it is important to recognise the type and scale of development being assessed in order that the most relevant comparator is applied from construction cost data which provides a range of costs from lower to upper quartiles. We work regularly with Gleeds – one of the largest construction cost consultants in the UK. They have commented on this issue as follows :-

“It is important that the application of BCIS comparable data reflects the type of development being undertaken and the relevant construction costs that a typical developer undertaking a development of the scale being considered is likely to incur.

In the context of construction cost assessment and use of comparable data in viability appraisal, application of rates below the median range may be justified based on scale of development. Whilst some economies of scale would be enjoyed by Regional/Local housebuilders on larger schemes, the types of discounts reflected by lower quartile data ranges are only likely to apply to developments which are undertaken as part of a volume housebuilders regional development portfolio where the standard house types are constantly value engineered with materials and trades bulk procured regionally to drive costs down. In our view ‘volume’ housebuilders are generally characterised by companies that build over 1000 units per year.

Scale of development is not only factor in considering the applicability of volume housebuilder construction rates in benchmark data comparison. The cost savings of a volume housebuilder are not simply down to the size of an individual site, they relate to the housing units themselves and the way they are designed and built.

Volume Housebuilder housing units are a ‘kit of parts’ that are replicated many thousands of times, the individual elements of these houses are very specific, everything from structural items, floor joists, roof trusses etc to finishing items windows, doors, kitchens, bathroom fittings etc and manufactured and supplied in huge bulk to create a very specific housing unit that is repeated on sites across the country or region. This provides very significant economies of scale and cost savings.

It would therefore be wrong to apply construction rates that are based on the type of housing design and procurement set out above to a development that is based on non-mass produced housing units, that might be undertaken by a regional/local housebuilder, where these type of production savings cannot be made.

In summary, therefore, when considering the appropriate comparable benchmark data range to apply from BCIS or other published sources it is important to determine the appropriate approach of the typical/average developer that might undertake the scheme, in relation to the types of houses being built and the likely procurement methods – which may not always relate to the scale of the scheme alone. “

3.25 The following table lists the largest volume housebuilders in the UK and the number of housing completions for each.

Latest ranking	Previous ranking	Housebuilder	Latest housing turnover (£k)	Previous housing turnover (£k)	Latest housing operating profit (£k)	Previous housing operating profit (£k)	Latest sales (number of units)	Previous sales (number of units)	Operating Profit Per House Sale	Operating margin (%)	Average house price (£)	Year-end
1	1	Barratt Developments	5,267,900	4,811,700	646,600	811,100	17,908	17,243	£36,107	12.27	340800	Jun-22
3	2	Persimmon	3,610,500	3,328,300	966,700	862,800	14,551	13,575	£66,435	26.77	237078	Dec-21
2	4	Taylor Wimpey	4,284,900	2,790,200	698,200	282,400	14,087	9,609	£49,563	16.29	300000	Dec-21
4	3	Bellway	3,536,800	3,122,500	309,000	479,000	11,198	10,138	£27,594	8.74	314400	Jul-22
5	7	Vistry Group	2,359,042	1,811,727	368,368	171,023	8,639	6,131	£42,640	15.62	305100	Dec-21
7	6	Redrow Group	2,140,000	1,939,000	414,000	321,000	5,715	5,620	£72,441	19.35	370800	Jun-22
8	9	Countryside Properties	1,371,400	892,000	167,300	54,200	5,385	4,053	£31,068	12.20	364000	Sep-21
9	8	Bloor Homes	1,253,589	1,033,113	266,948	159,482	4,075	3,548	£65,509	21.29	307629	Jun-21
14	16	Keepmoat Homes	701,600	405,953	77,600	11,360	3,915	2,460	£19,821	11.06	179000	Oct-21
11	12	Miller Homes	1,045,800	664,800	203,600	114,800	3,849	2,620	£52,897	19.47	275000	Dec-21
6	5	Berkeley Group	2,348,000	2,202,200	507,900	502,300	3,760	2,825	£135,080	21.63	603000	Apr-21
45	39	Watkin Jones & Sons	135,671	72,419	na	na	3271	3001	na	na	na	Sep-21
10	10	Cala Group	1,197,573	646,978	140,978	38,093	2,904	1,835	£48,546	11.77	462000	Dec-21
12	11	Crest Nicholson	786,600	677,900	114,600	57,100	2,407	2,247	£47,611	14.57	359000	Oct-21
13	13	Hill Holdings	753,268	651,685	65,090	44,169	2,000	1,900	£32,545	8.64	532000	Dec-21
17	18	MJ Gleeson Group	373,409	288,575	56,797	43,083	2,000	1,812	£28,399	15.21	167300	Jun-22
16	14	Avant Homes	505,336	445,995	43,909	16,740	1,921	1,759	£22,857	8.69	286500	Apr-21
15	15	Morgan Sindall	572,200	473,900	33,200	16,000	1,653	1,216	£20,085	5.80	249000	Dec-21
25	20	Springfield Properties	257,095	216,962	21,481	19,128	1,242	973	£17,295	8.36	245000	May-22
20	new	St Madwen Homes	312,802	263,367	38,377	26,264	1,116	931	£34,388	12.27	277000	Dec-21
23	23	Wain Group	276,588	207,430	55,084	36,252	1,105	903	£49,850	19.92	250306	Sep-21
43	31	Galliard	145,960	140,191	na	na	1,103	771	na	na	387500	Mar-22
19	-	Morris Homes	322,428	255,413	40,253	21,036	1,033	866	£38,967	12.48	331800	Apr-21
18	24	McCarthy Stone	335,500	197,300	-26,400	-148,300	1,013	832	-£26,061	-7.87	315000	Oct-21

3.26 The top 25 UK housebuilders who build over 1000 units per year may be considered to fall into the ‘volume’ housebuilder category who might enjoy the significant economies of scale, buying power and labour rates referred to by Gleeds above. Where such a developer is undertaking a scheme then the application of lower quartile type cost rates might be appropriate but otherwise it will rarely be appropriate to justify adopting comparable construction rates outside the median quartile range.

3.27 The applicant, Emerald Homes, is a relatively small company which builds around 30 units a year with a turnover of approximately £12 Million and would certainly not be categorised as a volume house builder. More importantly, the house types that comprise the scheme are not reflective of ‘volume’ units. It is therefore reasonable to assume the appropriate comparator for build cost rates will be within the BCIS median quartile range benchmarked to Lincolnshire.

3.28 The Construction Cost Report prepared by Gleeds based on a detailed measure of house types, external works, infrastructure and abnormal costs is appended to this report under separate cover. The cost summary is set out below.

Ref	Item	Qty	Unit	Rate	Total	£/m ²
	Summary					
	Plot Works					
a	Dwellings				13,153,479	1,286
b	On Plot External Works & Drainage				1,889,379	185
c	Off-Plot Externals & Infrastructure				2,511,438	246
	Sub-total				17,554,296	1,717
d	Garages				963,023	94
	Measured Works Sub-total				18,517,319	1,811
e	Preliminaries, based on groundworks, external works and infrastructure	12%			689,710	67
	Sub-total				19,207,029	1,878
f	OH&P	-	%		Excluded	-
	Sub-total				19,207,029	1,878
g	Professional fees	-			Excluded	-
	Sub-total				19,207,029	1,878
h	Risk/Contingency allowance	-			Excluded	-
	Sub-total			£	19,207,029	1,878
i	Inflation	-			Excluded	-
	TOTAL			£	19,207,029	1,878
	Abnormal					
j	Abnormals (including preliminaries)				3,942,970	386
	TOTAL INCLUDING ABNORMALS			£	23,150,000	2,264

3.29 For the purpose of comparison with published data the September 2025 BCIS schedule for Lincolnshire at Appendix 4 states the following:-

BCIS Lincolnshire Sept 25 Median Quartile	Base Rate
General Estate Housing	£1,535sqm

Note :- These rates will exclude Part L Building Regs cost allowances which are likely to increase construction costs by around £7,000 per dwelling adding £833,000 to overall construction costs.

3.30 If the base BCIS Base Rates are applied to the project the following cost estimates are generated :-

Dwelling Name	Type of Dwelling	No. Units	GIA (sqm)	Total GIA (sqm)	Cost (£/sqm)	Unit Cost	Total Cost
A1	2B Semi-detached	2	68	136	£1,535	£104,380	£208,760
A2	2B Semi-detached	4	68	272	£1,535	£104,380	£417,520
A3	2B Terraced	3	68	204	£1,535	£104,380	£313,140
A4	2B Terraced	9	68	612	£1,535	£104,380	£939,420
B1	2B Semi-detached	8	74	592	£1,535	£113,590	£908,720
B2	2B Semi-detached	16	74	1184	£1,535	£113,590	£1,817,440
B3	2B Semi-detached	2	74	148	£1,535	£113,590	£227,180
C1	3B Semi-detached	8	88	704	£1,535	£135,080	£1,080,640
C2	3B Semi-detached	4	88	352	£1,535	£135,080	£540,320
C3	3B Semi-detached	2	88	176	£1,535	£135,080	£270,160
D1	3B Semi-detached	8	96	768	£1,535	£147,360	£1,178,880
D2	3B Semi-detached	6	96	576	£1,535	£147,360	£884,160
D3	3B Semi-detached	4	96	384	£1,535	£147,360	£589,440
D4	3B Semi-detached	2	96	192	£1,535	£147,360	£294,720
D5	3B Semi-detached	2	96	192	£1,535	£147,360	£294,720
E1	3B Detached	2	98	196	£1,535	£150,430	£300,860
E2	3B Detached	1	98	98	£1,535	£150,430	£150,430
E3	3B Detached	1	106	106	£1,535	£162,710	£162,710
F1	3B Detached	4	106	424	£1,535	£162,710	£650,840
F2	3B Detached	3	106	318	£1,535	£162,710	£488,130
F3	3B Detached	2	106	212	£1,535	£162,710	£325,420
G1 (Unit 1)	2B Semi-detached	2	78	156	£1,535	£119,730	£239,460
G1 (Unit 2)	3B Semi-detached	2	88	176	£1,535	£135,080	£270,160
G2 (Unit 1)	2B Semi-detached	1	78	78	£1,535	£119,730	£119,730
G2 (Unit 2)	3B Semi-detached	1	88	88	£1,535	£135,080	£135,080
G3 (Unit 1)	2B Semi-detached	1	78	78	£1,535	£119,730	£119,730
G3 (Unit 2)	3B Semi-detached	1	88	88	£1,535	£135,080	£135,080
H1	4B Detached	2	129	258	£1,535	£198,015	£396,030
H2	4B Detached	1	129	129	£1,535	£198,015	£198,015
H3	4B Detached	1	129	129	£1,535	£198,015	£198,015
I1	4B Detached	1	148	148	£1,535	£227,180	£227,180
I2	4B Detached	1	148	148	£1,535	£227,180	£227,180
I3	4B Detached	1	148	148	£1,535	£227,180	£227,180
J1 (Unit 1)	4B End of Terrace	1	114	114	£1,535	£174,990	£174,990
J1 (Units 2-4)	2B Terraced	3	68	204	£1,535	£104,380	£313,140
K1	1B Semi-Bung	2	51	102	£1,535	£78,285	£156,570
K2	1B Semi-Bung	2	51	102	£1,535	£78,285	£156,570
L1 (Unit 1)	2B Terraced	1	78	78	£1,535	£119,730	£119,730
L1 (Unit 2)	3B Terraced	1	88	88	£1,535	£135,080	£135,080
L1 (Unit 3)	2B Terraced	1	68	68	£1,535	£104,380	£104,380
Totals/Average		119		10226			£15,696,910
					Part L Cost @ £7,000 per Unit		£833,000
					Garages 49 @ £20,000		£980,000
					Total Base Construction Cost		£17,509,910

3.31 The base construction costs for the residential units in the Gleeds assessment totals £13,842,189 (inc Prelims) at an average of £1353 sqm. This compares very favourably with BCIS comparable cost rates of £1,535/sqm and the BCIS based cost estimate at para 3.36 above (excluding garages and Part L allowances) at £15,696,910. and may therefore be considered a reasonable estimate against comparable evidence.

Abnormal Costs

3.32 There are significant abnormal costs associated with the development of this site. Gleeds have estimated the abnormal costs in connection with the housing development at £2,742,970 as set out below. In addition, the proposed community centre that forms part of the current S106 requirements has been assessed at £1,200,000.

Ref	Item	Qty	Unit	Rate	Total
	Abnormals				
a	Undertake vegetation/topsoil strip to a depth of 0.15m, retain on site for re-use, including cut/fill to to remove existing bunds	43,556	m ²	7.5	326,670
b	Pumping Station (Provisional Sum)	1	Item	150,000	150,000
c	Foul pumping rising main and requisition of third part land	343	m	350	120,050
d	Detention basin Pond	3,006	m ²	50	150,300
e	Extra over, control chambers & hydro brakes	1	Nr	25,000	25,000
f	Filter strip	515	m	100	51,500
g	Public open space, allowance for seeding & selected planting areas, assumes re-use of site won topsoil	4,272	m ²	20	85,440
h	Knee rail to POS	178	m	50	8,900
i	Section 106 - Education (Provisional Sum)	-	Item	605,390	-
j	Section 106 - Community Centre Including Drainage (Provisional Sum)	356	m ²	2,769	985,770
k	Section 106 - Community Centre External Works Including Private Drive, Block Paving, Footpath, Kerbs and Edgings(Provisional Sum)	1	Item	214,230	214,230
l	Internal Drainage board approval to (Provisional Sum)	1	Item	25,000	25,000
m	Piled Foundations (Excluded)		Item	Excl	
n	Demolition & Remediation (As Quoted by R.T.W)	1	Item	167,060	167,060
o	Drive crossings to vendors retained properties (Provisional Sum)	1	Item	45,000	45,000
p	Retaining walls (Provisional Sum)				N/A
q	Utilities Abnormals				-
r	Remove pole mounted transformer and divert existing HV & LV (Provisional Sum)	-	Item		-
s	Electrical Substation / HV main (Provisional Sum)	1	Item	125,000	125,000
t	Gas membranes to over site	119	Item	1,000	119,000
u	Capping Layer to Gardens, including import of additional subsoil/topsoil, included within On-Plot Externals				See Plot Externals
v	Car Chargers (Allowance for wall mounted on driveways)	119	Nr	750	89,250
w	Part L enhancements (Solar PV based on 50% of roof area)	119	Nr	7,000	833,000
x	Prelims on Abnormals	12%		3,521,170	421,800
	Total			£	3,942,970

Viability Practice Guidance on Assumptions

“How should a viability assessment be treated in decision making?”

Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan”

3.33 In this context the following allowances were used in the viability assessment prepared by PBA that supported the Local Plan in 2017.

Benchmark Land Value	£535,000 Ha
Professional Fees	7% of Construction Cost
Sales & Marketing	3% Sales Value
Finance Costs	5% Over BoE Base Rate (currently 4%)
Contingencies	3% of Construction Cost
Development Profit	17.50% Open Market GDV and 6% Affordable Housing GDV

We therefore believe it is incumbent on the Local Planning Authority to be guided by these same rates to inform viability assessment at the decision taking stage.

Fees & Ancillary Costs

3.34 We would estimate the following professional fees as a % of build cost in connection with a development of this scale:-

Architect (inc Landscape)	4.50%
Structural Engineer	1.00%
Civil/M&E Engineer	1.00%
Quantity Surveyor	1.00%
Health & Safety Advisor	0.25%
Allowance for surveys	0.25%
Total	8.0%

However, It is noted that a 7% allowance was adopted in the South East Lincolnshire Whole Plan Viability Assessment undertaken by PBA in 2017 and for consistency this figure has been adopted in the assessment.

3.35 An allowance of 0.5% of the overall sale value has been made for legal fees and conveyancing costs. An allowance of 0.5% has been made for statutory fees (planning/building regs etc). An allowance of 2.5% of overall sale value has been made for sales fees and marketing costs.

3.36 A construction contingency allowance has been made at 3.0% in line with the assumptions adopted by the South East Lincolnshire Whole Plan Viability Assessment.

3.37 In summary the following allowances have been made in the appraisal:-

Professional Fees	7.0%	Build Cost
Legal Fees	0.5%	Market Value
Sales/Marketing Costs	2.5%	Market Value
Construction Contingency	3.0%	Build Cost

Finance Costs

3.38 An allowance of 7.5% has been made to cover finance interest costs and arrangement fees to reflect current lending rates for speculative development at 3.5% over base. This compares very favourably with the equivalent 9% (5% over base rate) allowance in the South East Lincolnshire Whole Plan Viability Assessment.

3.39 The cashflow assessment is based on the following assumptions :-

Month 1: Site Set up

Month 2 – Month 3: Abnormal Costs required to enable commencement of normal construction such as demolition, site strip, gas membranes and Prelims – totalling £1,034,530). Remaining Abnormal Costs (totalling £1,708,440) will be incurred through normal construction period.

Month 4 – Month 40: A normal construction period of 36 months for this scale of development.

Month 16: Completion of Show home (after 12 months of normal construction)

Month 19: Receipt of first sales income anticipated 3 months after show home completion (allowing for purchaser viewing, sale of property, mortgage arrangement, legals, searches etc).

Month 19 – Month 46: Sales Period - assumes a sales rate of approximately 3 dwellings transacted a month. All sales revenue received 6 months after final house completion.

In our experience assessors using the Argus model, as a rule, do not set up the cashflow assumptions to reflect realistic construction and sales periods or recognise a realistic lag period for sales income receipts. This will lead to a significant under estimate of finance costs.

3.40 Based on the above build and sales period assumptions the finance cost has been calculated at £2.04 Million. A detailed cashflow analysis is available on request.

Developers Profit

3.45 Developers profit is generally fixed as a % return on gross development value or return on the cost of development to reflect the developer's risk. Planning Practice Guidance on Viability advises that a range of 15-20% is appropriate. In current market conditions, and based on a location like South Holland where the economic position remains challenging it would be appropriate to adopt a figure within the mid to upper range of this scale.

3.41 The NPPG on Viability 2019 states :-

“Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan”

It is noted that the Viability Assessment prepared by PBA in 2017 to support the Affordable Housing and S106 contribution policies contained in the Local Plan, adopted a 17.5% return on GDV for open market housing and 6% for affordable Housing. We have therefore adopted these allowances in the appraisal.

3.42 We have undertaken an additional appraisal illustrating the impact of a profit reduction to 15% but this should not be taken to imply any acceptance by the applicant that this represents an appropriate or reasonable profit level to reflect the economic circumstances and risk profile of this part of Lincolnshire.

Planning Obligation Contributions & CIL

3.43 The current S106 Agreement requires the following S106 Contributions (including indexation to 2025).

Health Care

£666 per dwelling	119 x 666 =	£79254	(Indexed to 2025)	£92,886
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Community Hall Building	301Sqm	Estimated Cost (by Gleeds)	£1,200,000
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Education Contribution

Based of Housing Mix 56x 2 bed 55x 3 Bed 8 x 4 Bed

Primary = 17.03 units x £12,257 x 0.92 = £192,037

Secondary = 16.55 units x £18,469 x 0.92= £281,208

Sixth Form = 3.31 units x £20,030 x 0.92 = £66,269

Total Education Contribution	£539,544	(Indexed to 2025)	£632,345
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The total financial contributions indexed to 2025 are £725,231 with an obligation to deliver a Community Hall on site at an additional cost of £1.2 Million.

The costs of the Affordable Housing provision are set out at para3.14 and reviewed in the policy compliant viability appraisal at Appendix 1.

4. Viability Appraisal Conclusions

4.1 The results of the Viability Appraisals are set out at Appendices 1-3. The first appraisal assesses the impact of policy compliant Affordable Housing provision with 10% On Site Affordable Housing units, the provision of the community centre (£1.2 Million) and 725,000 of S106 Health and Education contributions. This demonstrates negative viability of -£5.28Million.

4.2 The second appraisal at Appendix 2 illustrates a 100% Market Housing Scheme with no Affordable Housing Contributions or S106 Contributions. Viability improves by £2.8 Million but is still negative at -£2.44Million.

4.3 The third appraisal at Appendix 3 reduces development profit to 14%, removes all S106 contributions and assumes the development is partially funded from internal resources. This improves the viability position to a marginally positive position of £37,000. This illustrates how the scheme can be delivered if the applicant is prepared to accept such a profit reduction and divert funds from other opportunities to fund the scheme from internal resources and the Council is willing to consider reductions in S106 contributions. It should not however be taken to imply that a 14% profit is considered a reasonable risk allowance for this sort of speculative development

4.4 It is clear that the £2.7 Million of abnormal costs associated with the development of this site have had a very significant impact on the viability of the development and rendered a policy compliant scheme economically unviable to deliver.

4.5 It is considered that up to date evidence of viability has been provided based on current market costs and values as advised by the statutory guidance and that it has been demonstrated that the development is not capable of providing the policy target of 10% on site Affordable Housing or the £725,000 of S106 contributions and it is requested that these requirements are removed from the S106 Agreement in order that the scheme may be delivered.

5. Appendices

Appendix 1

Viability Appraisal

Policy Compliant Scheme
11 On Site Affordable Units
£1.2 Million Community Centre
£725,000 S106 Contributions
108 Market Units

Residential Viability Appraisal

SITE LOCATION		Home Farm Deeping St Nicholas	
NET DEVELOPABLE SITE AREA		5.78	Ha
DEVELOPMENT SCENARIO		Greenfield	(Greenfield, Brownfield or Residual)
UNIT NUMBERS		119	Total Units
Affordable Proportion %	10%	12	Affordable Units
Affordable Mix	30%	Intermediate	0% Social Rent 70% Affordable Rent
Development Floorspace		0	Sqm GIA Market Housing 0 Sqm GIA Affordable Housing
DEVELOPMENT VALUE			
Total Housing Sales Area		Totals	
(ie Net Floorspace)	Apartment	0	sqm
	Houses	0	sqm
MARKET HOUSES			
	Area	Sales Value	
Apartment	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £29,493,200
AFFORDABLE HOUSING			Total Market Housing Value £29,493,200
Intermediate	70%	of Open Market Value	
Apartment	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £509,880
			Total Intermediate Affordable Housing Value £509,880
Social Rent	40%	of Open Market Value	
Apartment	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £0
			Total Social Rent Affordable Housing Value £0
Affordable Rent	50%	of Open Market Value	
Apartment	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £893,950
			Total Affordable Rent Housing Value £893,950
Total Development Value			£30,897,030
DEVELOPMENT COSTS			
LAND COSTS			
	Net Site Area	Market Housing Land Area	Affordable Housing Land Area
	5.78	5.20	0.58
	Ha	Ha	Ha
Market Hsg Land Value	£0	per Ha	Total Market Land Value £0
Affordable Hsg Land Value	£0	per Ha	Total Aff Hsg Land Value £0
			Land Acquisition Fees & SDLT £105,100
CONSTRUCTION COSTS			Total Land Cost £1,700,000
Apartment	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £19,207,029
Total Construction Cost			£19,207,029
FEES, FINANCE & ANCILLARY COSTS			
Abnormal Costs		3942970	£ £3,942,970
Professional Fees		7.0%	of Construction Cost £1,344,492
Legal Fees		0.5%	of Gross Development Value £154,485
Statutory Fees		0.5%	of Construction Cost £96,035
Sales/Marketing Costs		2.5%	of Market Units Value £737,330
Contingencies		3.0%	of Construction Cost £694,500
Planning Obligations		0	£ per unit £725,000
CIL		0	£ per sqm Market Housing £0
Interest	7.5%	36	Month Construction 30 Mth Sale Comp £2,231,372
Arrangement Fee	0.0%	of Total Costs	£0
Development Profit	Market Hsg	17.5%	of GDV Aff Housing 6.0% AH GDV £5,245,540
Total Costs			£36,183,853
VIABILITY MARGIN			-£5,286,823

Appendix 2

Viability Appraisal

100% Market Scheme
No Affordable Housing Contributions
No S106 Contributions
119 Market Units

Residential Viability Appraisal

SITE LOCATION		Home Farm Deeping St Nicholas	
NET DEVELOPABLE SITE AREA		5.78 Ha	
DEVELOPMENT SCENARIO		Greenfield (Greenfield, Brownfield or Residual)	
UNIT NUMBERS		119 Total Units	
Affordable Proportion %	0%	0 Affordable Units	
Affordable Mix	0% Intermediate	0% Social Rent	0% Affordable Rent
Development Floorspace	0	Sqm GIA Market Housing	0 Sqm GIA Affordable Housing
DEVELOPMENT VALUE			Totals
Total Housing Sales Area	Apartments	0 sqm	
(ie Net Floorspace)	Houses	0 sqm	
MARKET HOUSES			
	Area	Sales Value	
Apartments	0 sqm	0 £ per sqm	£0
Houses	0 sqm	0 £ per sqm	£32,018,300
AFFORDABLE HOUSING			Total Market Housing Value
			£32,018,300
Intermediate	70% of Open Market Value		
Apartments	0 sqm	0 £ per sqm	£0
Houses	0 sqm	0 £ per sqm	£0
Total Intermediate Affordable Housing Value			£0
Social Rent	40% of Open Market Value		
Apartments	0 sqm	0 £ per sqm	£0
Houses	0 sqm	0 £ per sqm	£0
Total Social Rent Affordable Housing Value			£0
Affordable Rent	50% of Open Market Value		
Apartments	0 sqm	0 £ per sqm	£0
Houses	0 sqm	0 £ per sqm	£0
Total Affordable Rent Housing Value			£0
Total Development Value			£32,018,300
DEVELOPMENT COSTS			
LAND COSTS	Net Site Area	Market Housing Land Area	Affordable Housing Land Area
	5.78 Ha	5.78 Ha	0.00 Ha
Market Hsg Land Value	£0 per Ha	Total Market Land Value	£0
Affordable Hsg Land Value	£0 per Ha	Total Aff Hsg Land Value	£0
Land Acquisition Fees & SDLT			£105,100
CONSTRUCTION COSTS			Total Land Cost
			£1,700,000
Apartments	0 sqm	0 £ per sqm	£0
Houses	0 sqm	0 £ per sqm	£19,207,029
Total Construction Cost			£19,207,029
FEES, FINANCE & ANCILLARY COSTS			
Abnormal Costs	2742970 £		£2,742,970
Professional Fees	7.0% of Construction Cost		£1,344,492
Legal Fees	0.5% of Gross Development Value		£160,092
Statutory Fees	0.5% of Construction Cost		£96,035
Sales/Marketing Costs	2.5% of Market Units Value		£800,458
Contingencies	3.0% of Construction Cost		£658,500
Planning Obligations	0 £ per unit		£0
CIL	0 £ per sqm Market Housing		£0
Interest	7.5%	36 Month Construction	30 Mth Sale Comp
Arrangement Fee	0.0% of Total Costs		£0
Development Profit	Market Hsg	17.5% of GDV	Aff Housing 6.0% AH GDV
Total Costs			£34,459,791
VIABILITY MARGIN			-£2,441,491

Appendix 3

Viability Appraisal

100% Market Scheme

No Affordable Housing Contributions

No S106 Contributions

119 Market Units

Reduced Profit Allowance of 14%

Partially Funded From Internal Resources – 2.8% Finance Allowance

Residential Viability Appraisal

SITE LOCATION		Home Farm Deeping St Nicholas	
NET DEVELOPABLE SITE AREA		5.78	Ha
DEVELOPMENT SCENARIO		Greenfield	(Greenfield, Brownfield or Residual)
UNIT NUMBERS		119	Total Units
Affordable Proportion %	0%	0	Affordable Units
Affordable Mix	0%	Intermediate	0% Social Rent 0% Affordable Rent
Development Floorspace		0	Sqm GIA Market Housing 0 Sqm GIA Affordable Housing
DEVELOPMENT VALUE			Totals
Total Housing Sales Area (ie Net Floorspace)	Apartments	0	sqm
	Houses	0	sqm
MARKET HOUSES			
	Area	Sales Value	
Apartments	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £32,018,300
AFFORDABLE HOUSING			Total Market Housing Value
			£32,018,300
Intermediate	70%	of Open Market Value	
Apartments	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £0
Total Intermediate Affordable Housing Value			£0
Social Rent	40%	of Open Market Value	
Apartments	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £0
Total Social Rent Affordable Housing Value			£0
Affordable Rent	50%	of Open Market Value	
Apartments	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £0
Total Affordable Rent Housing Value			£0
Total Development Value			£32,018,300
DEVELOPMENT COSTS			
LAND COSTS	Net Site Area	Market Housing Land Area	Affordable Housing Land Area
	5.78	5.78	0.00
	Ha	Ha	Ha
Market Hsg Land Value	£0	per Ha	Total Market Land Value £0
Affordable Hsg Land Value	£0	per Ha	Total Aff Hsg Land Value £0
Land Acquisition Fees & SDLT			£105,100
Total Land Cost			£1,700,000
CONSTRUCTION COSTS			
Apartments	0	sqm	0 £ per sqm £0
Houses	0	sqm	0 £ per sqm £19,207,029
Total Construction Cost			£19,207,029
FEES, FINANCE & ANCILLARY COSTS			
Abnormal Costs		2742970	£ £2,742,970
Professional Fees		7.0%	of Construction Cost £1,344,492
Legal Fees		0.5%	of Gross Development Value £160,092
Statutory Fees		0.5%	of Construction Cost £96,035
Sales/Marketing Costs		2.5%	of Market Units Value £800,458
Contingencies		3.0%	of Construction Cost £658,500
Planning Obligations		0	£ per unit £0
CIL		0	£ per sqm Market Housing £0
Interest	2.8%	36	Month Construction 30 Mth Sale Comp £683,350
Arrangement Fee	0.0%	of Total Costs	£0
Development Profit	Market Hsg	14.0%	of GDV Aff Housing 6.0% AH GDV £4,482,562
Total Costs			£31,980,587
VIABILITY MARGIN			£37,713

Appendix 4

BCIS Construction Cost Rates

Lincolnshire September 2025

£/M2 STUDY

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

Last updated: 20-Sep-2025 07:33

Rebased to Lincolnshire (102; sample 90)

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)	1,626	873	1,409	1,571	1,786	4,060	1244
810.1 Estate housing							
Generally (15)	1,602	800	1,358	1,535	1,753	5,507	1288
Single storey (15)	1,841	1,078	1,535	1,762	2,010	5,507	200
2-storey (15)	1,544	800	1,335	1,496	1,698	3,318	1018
3-storey (15)	1,643	996	1,383	1,584	1,826	3,283	65
4-storey or above (15)	3,344	1,636	2,678	2,989	4,449	4,971	5
810.11 Estate housing detached (15)	2,144	1,182	1,544	1,793	2,429	5,507	18
810.12 Estate housing semi detached							
Generally (15)	1,625	934	1,378	1,571	1,786	3,564	333
Single storey (15)	1,819	1,173	1,584	1,792	1,957	3,564	76
2-storey (15)	1,568	934	1,358	1,516	1,734	2,736	247
3-storey (15)	1,562	1,169	1,247	1,488	1,804	2,301	10
810.13 Estate housing terraced							