

**Subject:**

FW: H09-0276-19 Fen Road, Holbeach 84 Plots

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Good morning Polly

Further to your email, please see supplementary commentary on the matter of linking the report back to the Local Plan.

During viability testing which helped formulate the South East Lincolnshire Local Plan, various typologies were tested which resulted in a positive viability position with planning policies applied, rather than the deficit that is shown for the site on Fen Road, Holbeach. As per the Planning Practice Guidance, it is necessary to investigate why there is such a difference between these two positions, therefore we have compared the closest typology used in 2017 (greenfield site for 150 dwellings) with the site at Fen Road, Holbeach. We have adopted the percentages and values per unit accepted in the Local Plan Viability and applied them to a site of 83 units to get a direct comparison on costs. The differences are highlighted below:

Appraisal Input	2017 Viability Study (Rates/Percentages for 150 dwellings)	Fen Road, Holbeach (83 dwellings)
Density	30 dwellings per Ha	27.12 dwellings per Ha
Average Value	£1,900 per sqm	£2,167 per sqm
Average Dwelling Size	100 sqm	90 sqm
Build Cost	£911 per sqm	£1,144 per sqm
Externals	£806,667 (10% on build cost)	£2,178,800 (27% on build cost)
Contingency	3% on build cost	2.5% on build cost
Professional Fees	7% on build cost	6% on build cost
S106	Up to £5,000 per dwelling	£5,554 per dwelling
Sales/Marketing	3% on revenue	2.5% on revenue
Developer Profit	17.5% Market, 6% Affordable	17.5% Market, 6% Affordable
BLV	£300,000 per Ha	£275,000 per Ha
Abnormals	£830,000 (£10,000 per unit)	£469,830 (£5,660 per unit)

The main points affecting the viability position for the subject scheme on Fen Road in comparison with the Local Plan position are as follows:

- The density of the scheme is lower than assumed in the Local Plan study, which has a negative impact on viability. The scheme is for 83 units on 3.06 Ha and it is understood that the layout and density of this scheme have been agreed as appropriate with the council.
- The average size of the dwellings on the Fen Road site are smaller than those for the Local Plan study, reflecting appropriate designs for the site and area, but which impacts the viability position by reducing GDV.
- The build costs adopted have increased by around 25% compared with the Local Plan viability study, which was conducted around 3 years ago, therefore a significant uplift is expected. The build cost adopted for Fen Road is based on the BCIS lower quartile cost of construction with additions for wider strip foundations and increasing the slab level, and is considered reasonable. The foundation and level issues were not points modelled in the Local Plan Viability study.

- The sales values are around 14% higher than the figures used in the Local Plan viability study, and this is reasonable considering price inflation since 2017. The values adopted for Fen Road are based on what has been achieved on other Ashwood Homes sites in Holbeach, along with other comparable evidence where direct comparisons can't be made, and this constitutes clear and strong evidence to justify the values adopted.

However, with the build costs having increased around 25% and the sale values increasing by only 14%, this implies that the difference between these figures has narrowed since the Local Plan testing. This results in considerable increased pressure on the viability position.

- There is clearly a difference between the way externals and abnormals have been categorised, with externals in the Local Plan study totalling 10% on build cost and the externals at Fen Road totalling 27% on build cost, and abnormals in the Local Plan study totalling £10,000 per unit and the abnormals for Fen Road totalling £5,660 per unit. Applying these figures combined to a site of 83 would give figures for the Local Plan study of £806,667 for externals and £830,000 for abnormals, compared with £2,178,800 for externals and £469,830 for abnormals for Fen Road specifically, this is an overall difference of around £1,000,000. The increased costs are due to the fact the Local Plan study doesn't model the provision of garages, and the additional on-site costs which are in place to satisfy planning conditions relating to Flood Risk which enable the site to be safely developed i.e. dewatering, extra filling to the road and site to increase levels, and SUDs. Furthermore, the off-site works are an additional cost which are required to allow the development to go ahead which have not been specifically accounted for in the Local Plan study.

The factors above combined result in a different viability position compared with the Local Plan whole viability study, and thus results in the need to revisit the viability position in order for the development to be delivered.

If you require any further information, please don't hesitate to contact us.

Kind regards,

**Victoria McIlroy** BSc (Hons), MRICS, FAAV  
Associate  
For and on behalf of Maxey Grounds & Co LLP



T: 01945 428830

E: [REDACTED]

[www.maxeygrounds.co.uk](http://www.maxeygrounds.co.uk)

1-3 South Brink  
Wisbech  
Cambridgeshire PE13 1JA



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**Subject:** FW: H09-0276-19 Fen Road, Holbeach 84 Plots

Good afternoon Victoria,

Please see comments below.

Kind regards

Barrie

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**Subject:** RE: H09-0276-19 Fen Road, Holbeach 84 Plots

Dear Barrie

Please see David Newham's initial comment below. Please can you arrange to provide some commentary on this policy matter for our consideration, that can be added to this application and viability assessment.

Yours sincerely

Polly Harris Gorf | Principal Planning Officer | South Holland District Council  
Council Offices, Priory Road, Spalding, PE11 2XE  
DDI: 01775 764504

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Afternoon Polly

I've just been through the applicant's viability appraisal on this one.

One comment is that they don't provide any link back to the Local Plan in their report.

As discussed on the Town Dam Lane Phase 2 scheme, it is down to the applicant to justify what has changed since the plan testing and why viability is now a consideration. The Planning Practice Guidance on viability states:

*It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage... Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force. Para 007*

Could you ask the applicant to provide some commentary on this.

Thanks



**David Newham MRICS**  
**Director**  
**CP Viability Ltd**  
**T: 01937 360 131**  
**M: 07947 120 953**

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