

Your ref: Application no H09-0468-16
Our ref: 480 21 MJB HC

13 January 2022

Mr Richard Fidler
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Dear Mr Fidler

**LINCOLNSHIRE COUNTY COUNCIL AND THE GOODLEY FAMILY
RESIDENTIAL DEVELOPMENT, LAND TO THE WEST OF HOLBEACH
VIABILITY ASSESSMENT
APPLICATION NO H09-0468-16**

Please find enclosed a revised viability appraisal of the above development. This new document includes detailed costings for the diversion and upgrade of the power lines across the application site. These costings, which have been provided by Western Power Limited, were unavailable in October 2019 when the previous discussions took place. You will remember this was a key unknown during the previous discussions on the viability of the site.

Savills have now had the opportunity to incorporate the costs from Western Power into the Viability Appraisal. A copy of which is enclosed.

The revised report has also taken into account increases in sales prices and construction costs, but has not changed the sales price for the land, which was agreed in earlier discussions. The S106 contributions have also remained unchanged, although we understand the contribution per dwelling requested by the NHS has increased by around 50%.

The assessment considers two scenarios:

Appraisal 1 – 100% Private Scheme with no S106 contributions or affordable housing.
Appraisal 2 – 100% Private scheme with S106 contributions as listed in Committee Report.

Both scenarios conclude the development cannot meet all policy requirements at the current time:

- Appraisal 1 concludes the development would return a low level of profit without making contributions towards the S106 contributions of providing S106 payments.
- Appraisal 2 quantifies the impact of the S106 contributions on the viability of the development.



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South Holland District Council

The appraisals both assume development would include 185 single storey dwellings. Previous discussions had suggested the proportion of bungalows should be reduced. A further assessment, halving the number of bungalows, has been prepared and is also submitted with this letter. This assessment indicates reducing the number of bungalows within the scheme has a minor, negative impact on viability of the scheme. We accept that agreement has not been reached with South Holland District Council on the proportion of bungalows to be included in the development, but it is clear a further reduction is unlikely to significantly alter the overall viability of the development. We trust this now ends the debate about housing mix on site.

In conclusion, the site cannot support the contributions toward S106 contributions and affordable housing. This is in part due to the significant opening up costs, including not just the costs of diverting the electricity lines but also delivering the new road junctions, spine road, drainage works and landscaping necessary to deliver serviced development plots, the costs of which would have to be met at an early stage in development before revenue is being generated. This situation is not uncommon. Many large sites, subject to significant opening up costs, often cannot make contributions at an early stage in development. It is also standard practice to phase contributions across the delivery period on much smaller schemes to allow for the development to recoup early expenditure and to start generating profit.

We would welcome comments on the Viability Appraisal. We understand the applicant will be expected to cover the cost of the Council appointing an independent assessment of the Viability Appraisal. I would be grateful if you could provide details of the costs to be considered by the applicant.

It is possible, but not guaranteed, that as phases of development come forward over time the viability situation may improve. We would be prepared to consider a S106 agreement including the opportunity to revisit the Viability Appraisal, whether this is after a fixed period of time or on identified phases of development.

Should you have any questions please do not hesitate to contact us.

Yours sincerely



Michael Braithwaite MRTPI

Enclosure: Viability Appraisal (18 October 2021)
Viability Appraisal (16 November 2021)



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Viability Assessment Review

Land west of Holbeach, Lincolnshire



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1. Introduction

Savills have been instructed by Lincolnshire County Council to undertake an updated Viability Assessment of the urban extension site known as Land West of Holbeach to advise on the level of planning obligations (affordable housing and Section 106 obligations) that the proposed development can support. In 2019, Savills Development Team had been asked to review the viability discussion between Kier (acting on behalf of Lincolnshire County Council) and CPV for South Holland District Council (SHDC); and then, building on certain appraisal inputs that were agreed, continue the role undertaken by Kier to provide advice to Lincolnshire County Council (LCC). This process was then paused because of a lack of information relating to the cost to provide the necessary power supply to the site. This information has now been supplied to us by LCC. It is therefore an appropriate time to now complete the viability assessment work.

The purpose of this report is to prepare a revised Viability Assessment Report in order to try and seek a reasonable agreement with SHDC. In the light of the new information provided, we have assumed a new date of assessment, namely, the date of this report, so that updated market evidence on new homes values and build costs can be applied. A number of previously agreed assumptions such as site areas, the proposed scheme and abnormal costs that were previously agreed have remained.

2. Assumptions and Limitations

For the purposes of providing this Viability Appraisal, we have assumed the land is held freehold with a vacant possession being available and is capable of being developed in its entirety.

We have not been made aware of any easements, restrictions, outgoing or charges adversely affecting the Property. We have not carried out an environmental audit.

Whilst we are aware that the proposed planning application will be supported by a number of reports and assessments, we have not carried out any investigations, or made any value adjustment to determine whether or not the site may be affected by any of the following:-

- Japanese Knotweed
- Underground/over ground storage tanks
- Hazardous materials or techniques in construction
- Land or water pollution on or close to the Property
- Naturally occurring gases (i.e. Radon)
- Archaeology
- Ecology

The above is an indicative list which not intended to be exhaustive.

We have prepared our appraisals adopting updated build costs and providing our views on sales revenues, rates of sale etc. in our appraisal. The date of our assessment is the date of this report. In providing our viability report and appraisals we have been provided with the following:-

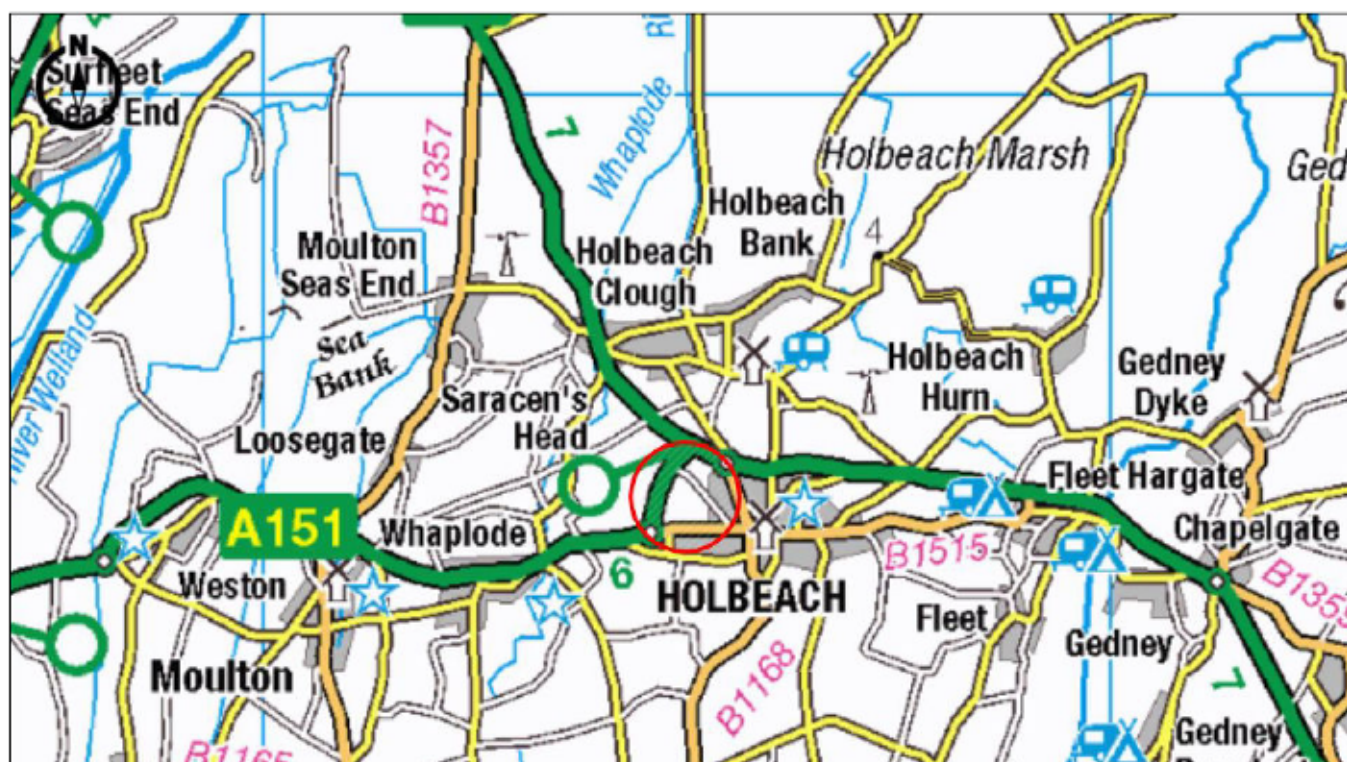
- Indicative schedule of accommodation
- CPV report and appraisals as at 1 November 2018
- Kier Viability Assessment Appraisals – November 2018
- An email from LCC confirming the electrical infrastructure costs

3. Location

Holbeach is an established market town, the second largest within the South Holland District, located eight miles east of Spalding, 20 miles west of King's Lynn and 23 miles north east of Peterborough.

The Property lies on the western edge of Holbeach, situated between the edge of the town at the eastern boundary, the A151 to the west, the A17 to the north and Spalding Road to the south.

A location plan is shown below.



Published for the purposes of identification and although believed to be correct its accuracy is not guaranteed. Reproduced from the Ordnance Survey Map with the permission of the Controller of H.M. Stationery Office © Crown copyright licence number 100024244 Savills (UK) Limited

4. Description

The Property comprises a greenfield site to be accessed via the new Peppermint Junction Roundabout connecting the A17 to the A151. The second roundabout constructed on the A151 south of the Peppermint Junction will provide direct access onto the proposed new residential area. This new junction will also provide access to the Food Enterprise Zone (FEZ), proposed commercial land designed to support the agricultural food business and the food technology industry. Around 59,000 sq m (635,000 sq ft) of new business space is proposed here.

The site topography is generally level and is predominantly greenfield arable farmland. An existing water course intersects the site between the A17 to the north and the Spalding Road to the south. In addition, there are two lanes that cross the site Welbourne Lane West and Northon's Lane. Scattered within the site are also a small number of residential properties all of which, with the exception of 112 Spalding Road, will remain as part of the wider development. We understand the agreed gross site area equates to 36.42 hectares (90 acres) then approximate net developable area of 21.67 hectares (53.54 acres).

An indicative masterplan is set out below.



5. Planning Policy

The Property forms part of a larger urban extension proposed for up to 900 units together with the Food Enterprise Zone. An outline planning application (REF: H09-0468-16) was submitted in May 2016 for the "Proposed residential development of approximately 650 dwellings with site access, open space and landscaping". It is understood there is a resolution to grant planning permission subject to agreeing affordable housing and Section 106 contributions.

Whilst all detailed matters are reserved at present, it is intended that the development would consist of a broad mix of two, three, four and five bedroom dwellings which is market facing and complements the existing surrounding area.

The Indicative Master Plan includes a series of open space, parks, footpaths and water features. South Holland District Council planning policy proposes an affordable housing provision of around 25% on all schemes of 11 dwellings or more. Policy 16 of the South East Lincolnshire Local Plan 2011-2036 relates specifically to the Holbeach West Sustainable Urban Extension, and refers to the provision of 25% affordable housing. The tenure mix to be agreed prior to each phase.

5.1. Section 106 Contributions

It is understood that from earlier viability appraisals undertaken in 2019 that a total Section 106 contribution of £4,343,950 had been agreed between the parties. This included provision for contributions towards healthcare, education and the Peppermint Junction works. In the absence of any further information, we have adopted this figure.

5.2. Community Infrastructure Levy

SHDC has not at this stage adopted a CIL charging schedule and, therefore, this levy is not applicable to our appraisals.

6. Proposed Development

The application proposes a development of 650 dwellings.

Based on the schedule of accommodation already adopted by Kier and CPV, this is summarised in the table below.

House Type	Number of Units
2 bedroom semi-detached bungalow	18
3 bedroom semi-detached bungalow	20
2 bedroom detached bungalow	65
3 bedroom detached bungalow	65
2 bedroom terraced house	78

House Type	Number of Units
3 bedroom terraced house	78
2 bedroom semi-detached house	65
3 bedroom semi-detached house	65
3 bedroom detached house	65
4 bedroom detached house	65
5 bedroom detached house	65
TOTAL	649

7. Viability Appraisal/Methodology

In undertaking our assessment we have had due regard to the RICS Financial Viability and Planning Guidance in order to determine the level of affordable housing and Section 106 contributions that the proposed development can support.

Within the guidance, it considers how site value should be derived such that it cannot go below current use value.

In addition, National Planning Policy Framework (NPPF) guidance indicates that the calculation of a benchmark land value or threshold land value should reflect the existing use value with a suitable multiplier applied.

In preparing our Viability Appraisal of the site, we have looked to adhere to the guidance set out above.

7.1. Viability Approach

We have considered the value of the site in relation to its current undeveloped nature, namely a greenfield site. We have also had regard to minimum land values typically negotiated in option agreements for land with residential development potential and suitable multipliers applied to current use value.

A benchmark land value of £8,000,000 had been agreed between Kier and the CPV in 2019, which equated to around £89,000 per gross acre. Although there is a case to argue that this would have increased since that date, we have retained this figure. This has been applied as a fixed land cost in our appraisals.

8. Viability Appraisal – Methodology and Assumptions

In order to test the viability of the scheme, we have prepared a development appraisal that adopts particular inputs or assumptions that have been previously agreed between Kier and CPV, where Savills also believe these to be sensible.

We have then applied our opinion of sales values based upon evidence gathered and where there are areas of difference provided our own inputs. We have prepared two appraisals, firstly, **Appraisal 1** assumes an all private scheme in order to establish the most optimistic profit margin. **Appraisal 2** then seeks to incorporate planning contributions within the scheme whilst also achieving a minimum target Developer's Profit. A summary of the inputs are shown in the table below and a comparison table of inputs has been included at **Appendix 1**.

Description	2019 Inputs	2021 Inputs	Comments
Land Value	£8,000,000	£8,000,000	£89,000 per gross acre agreed between the parties in 2019 - retained
Gross Site Area	36.42 hectares (90 acres)	36.42 hectares (90 acres)	
Net Site Area	21.67 hectares (53.54 acres)	21.67 hectares (53.54 acres)	
Density	30 dwellings per net hectare	30 dwellings per net hectare	
Abnormal Costs	£4,990,652	£4,990,652	£156,643 per gross hectare
Build Costs (Bungalows)	£95 per sq ft	£116.59 per sq ft	Revised figure reflects the latest rebased BCIS figure for one storey buildings.
Build Costs (Two Storey Dwellings)	£95 per sq ft	£107.77 per sq ft	Revised figure reflects the latest rebased BCIS figure for two storey buildings.
External Costs	£6,714,895	£6,714,895	Equates to circa 10.76% of build costs
Electrical Infrastructure Costs	N/A	£2,106,000	New cost provided for the infrastructure and connections works
Contingency	4% of construction cost	4% of construction cost	Savills revised Kier Contingency of 9.04% down to 4%
Sales and Marketing	2.5% of revenue	2.5% of revenue	
Section 106 Contributions	£4,343,950	£4,343,950	Healthcare, education, Peppermint Junction works
Rate of Sale	5 dwellings per month	5 dwellings per month	Savills assumes two sales outlets
Developer's Profit	20% on GDV	20% on GDV	Assuming all private scheme

We have not interrogated the external or abnormal costs in further detail and assumed that these have been sufficiently prepared and accepted as being reasonable by both parties.

9. Savills Approach

In order to undertake our independent assessment of the proposed scheme, we have formed our opinions of sales revenue based on market evidence gathered as at the date of assessment, adopted agreed inputs, including abnormal costs and made other reasoned appraisal input assumptions. Our initial appraisal assumes a 100% private only scheme in order to determine whether a reasonable profit level can be achieved.

9.1. Land Value

We have kept the fixed land value of £8,000,000 (£89,000 per gross acre).

9.2. Gross Development Value

Sales Values

We have undertaken our own market research to gather new homes sales evidence to inform the pricing of the proposed development. Our evidence, from Holbeach and surrounding villages, has been acquired from Land Registry of actual sales achieved. A full schedule of comparable evidence is provided at **Appendix 2** but the key schemes are summarised below:-

Ashwood Homes- The Brambles, Holbeach

The Brambles is an Ashwood Homes development off Balmoral Way, Holbeach. The development lies approximately 1.25 miles east of the subject Property. The scheme comprises 36 two, three and four bed terrace, semi-detached and detached properties, of which nine dwellings were allocated for affordable housing. We understand the scheme has now sold out. Since January 2020 the Land Registry has recorded 25 sales on the site, which sold for an average price of £200,200, on an average unit size of 1,022 sq. ft. This reflects a sold price of **£196 per sq. ft.**

Ashwood Homes– Ashburton Grove, Holbeach

The development by Ashwood Homes off Pennyhill Road, Holbeach comprises 30 dwellings with a mix of two, three and four bed detached and semi-detached properties. The development lies approximately one and a half miles south east of the subject Property and is situated off Fleet Road, adjacent to Fleet Road Industrial Estate to the west. It therefore lies at the eastern edge of the town. The development completed in May 2017, and at the date of valuation, there had been 9 sales recorded on the Land Registry. The sales reported and average house price of £171,211, on an average unit size of 837 sq ft. This equates to **£205 per sq ft.**

Ashwood Homes – Holbeach Meadows Phase 1, Holbeach

Holbeach Meadows is a development of 900 two, three and four bedroom homes being delivered by Ashwood Homes. Since January 2020, the Land Registry recorded 12 sales at the first phase of the site, achieving an average house price of £213,333, on an average unit size of 981 sq. ft. This devalues to an average sale price of **£217 per sq. ft.** We understand that Ashwood Homes have recently launched Phase 2 at the site which will also include two bedroom bungalows within the housing mix. At the time of writing, there were no properties listed as available on the developer's website.

Due to the limited evidence for larger new build dwellings (4 and 5 bed houses) within the schemes considered above, we have also had regard to the sale of two larger new build houses within close proximity of the subject Site.

5, Turnpike Road, Whaplode, Spalding, PE12 6GE

Comprising a detached four bedroom home situated on the Haycroft Homes Field View development in Whaplode. The development consisted of one, two, three and four bedroom houses and bungalows. The house was sold in July 2020 for £372,500 and extended to 1,916 sq. ft. This devalues to **£194 per sq. ft.**

7, Woodrowe Court, Holbeach, Spalding, PE12 7FD

A detached, four bedroom dwelling located on an exclusive seven property development scheme. It formed the only detached dwelling within the scheme and included an integral garage and three bathrooms. The property extended to 1,572 sq. ft. and sold in March 2020 for £259,000. This devalues to **£165 per sq. ft.**

Bungalow Sales

We have also obtained evidence of recent sales of bungalows within the Holbeach area.

4 Battlefields Lane South, Holbeach, Spalding, PE12 7PH



Comprising a single storey detached dwelling, situated 0.8 miles east of the subject Property. We understand the property was constructed in approximately 1997, and comprises three bedrooms. Internally, the property is in average decorative condition, and comprises a kitchen, reception room, three bedrooms, bathroom, shower room, w/c and utility room. In total, 4 Battlefields Lane South extends to 90 sq m (969 sq ft). The property sold in March 2021 for a price of £245,000. This equates to **£253 per sq ft.**

92 Langwith Gardens, Holbeach, Spalding, PE12 7JN



A single storey, detached dwelling on Langwith Gardens, and approximately 0.8 miles south of the subject Property. Internally the property comprises two bedrooms, shower room, kitchen diner with walk in pantry and conservatory. There are no available photographs of the interior of the property so we have assumed it to be in average decorative condition throughout. In total the property extends to 68 sq m (732 sq ft). Externally the property has an enclosed garden to the rear and an attached single garage to the right of the property. It sold in April 2021 for £155,000, equates to **£212 per sq ft**.

25 Cornfields, Holbeach, Spalding PE12 7QN



A single storey detached dwelling, with three bedrooms. Internally, the property has two bedrooms, shower room, kitchen, lounge and dining area; and extends to 60 sq m (646 sq ft). The property is in fair to good decorative condition throughout and sold in March 2021 for £150,000. This equated to a sold price of **£232 per sq ft**. We would typically expect single storey dwellings to achieve a higher price per square foot than two storey dwellings.

Local Market Dynamics

To assess the local residential market further, we have analysed data from the Land Registry, which we consider to be the most reliable data set being based on actual sales, however, it therefore lags behind other indices. We summarise in the table below average house price growth between October 2019 - the date of our last viability assessment - and July 2021 (being the most recent data recorded on the Land Registry). The table below shows average house price at three different levels; national, county and local authority.

Area	Average House Price October 2019	Average House Price July 2021	Annual Percentage Change
England	£248,842	£270,973	8.89%
Lincolnshire	£187,690	£205,451	9.46%
South Holland	£189,771	£208,450	9.84%

The data shows that although average house prices in the County of Lincolnshire and the South Holland District have been lower than those recorded at a national level, house price growth has been slightly higher.

In summary, we have adopted the upper range of new homes values achieved in the area and obtained evidence showing premium values being achieved for bungalow properties. This is reflected in our figures. Our revised pricing for the proposed units reflects a c.7% increase on our 2019 figures, which we consider to be appropriate due to our adoption of the upper range of figures in both of our assessments.

A summary of our new homes sales values adopted for the subject property is shown in the table below:

Description	Area (sq. ft.)	Sale Price	Price per sq. ft.
Semi-detached bungalows	753 - 861	£180,000 - £195,000	£226 - 239
Detached bungalows	807 - 915	£190,000 - £215,000	£235
Terraced houses	721 - 883	£155,000 - £175,000	£198 - 215
Semi-detached houses	721 - 883	£160,000 - £178,500	£202 - £222
Three bed detached house	1,281	£245,000	£191
Four bed detached house	1,432	£270,000	£189
Five bed detached house	1,722	£315,000	£183
Average			£205

Affordable Housing

SHDC's affordable housing policy seeks the provision of up to 25% of onsite affordable housing on schemes of 11 units or above.

Our **Appraisal 1** has considered an all private scheme to determine whether it generates a suitable Developer's Profit to accommodate an onsite affordable housing provision.

Abnormal Costs

No further information has been provided in this regard, we have therefore retained the sum of £4,990,652, as agreed in the 2019 report.

Electrical Infrastructure Costs

We have been provided with costs totalling £2,106,000 for electrical infrastructure and connections works. We have not been provided with any detailed calculations to support this and assume these to be reasonable. A copy of the email from LCC confirming this amount has been included at **Appendix 3**.

External Costs

The sum of £6,714,895, adopted in our 2019 report, has been retained.

Construction Programme

We have assumed a three month period from site acquisition to start on site of all construction with sale of the first phase of private dwellings taking place after month 13. We have assumed a construction period of 130 months with the first house sales starting nine months after start on site. Thereafter, it is assumed there are two sales outlets achieving a total of five dwellings sold per month.

Professional Fees

We have adopted a rate of 8% professional fees to reflect the need to provide overarching spine road and master developer infrastructure to create service development platforms and deal with the complexities of raising ground levels, bridging water courses and connecting to the proposed new infrastructure.

Section 106 Costs

We have adopted total Section 106 costs of £4,343,950 as provided in 2019, although these may need to be indexed upwards.

Developer's Profit

We have adopted a margin of 20% on GDV for a scheme of 100% private new homes (**Appraisal 1**).

9.3. Appraisal Results

Our independent appraisals include the inputs described above, reflect the location of the site, the risks associated with developing a site of this scale and likely market demand.

Appraisal 1 – 100% Private Scheme

In fixing the benchmark land value at £8m and adopting our own opinion of the Gross Development Value less all reasonable development costs, we seek to assess whether a reasonable developer's profit on this project is achieved. Our **Appraisal 1** shown at **Appendix 4** shows a Gross Development Value of £135,157,500 which, after deduction of all costs, generates a profit level of £21,775,887. This equates to 16.11% of GDV. This profit level is below the target profit of 20% on GDV and therefore demonstrates that the scheme cannot support any onsite affordable housing, or the current level of S106 contributions. We have explored the level of S106 contributions further in our variant appraisal, **Appraisal 2**.

Appraisal 2 – S106 Contributions

We have varied the level of S106 contributions to try and achieve a Developer's profit within an acceptable range. It has been necessary to reduce the S106 contribution down to £0 to achieve a Developer's profit of 19.56%, which is slightly lower than the target rate of 20% but is considered to be acceptable. A copy of our **Appraisal 2** is shown at **Appendix 5**.

10. Summary

We have prepared a revised viability assessment that builds on some of the agreed assumptions and inputs from the previous assessment carried out in 2019. It takes into account the additional cost of £2,106,000 to provide the necessary electrical infrastructure to deliver the scheme. It also reflect current market conditions including revised sales values and build costs.

We have arrived at our opinion of sales values that reflect the potential of the site as at the date of assessment. We have adopted current base build costs, abnormal and enabling costs and adopted our own views regarding the development programme, professional fees and finance. Our **Appraisal 1**, assuming 100% private scheme generates a profit below the target of 20% on GDV. This demonstrates that the scheme cannot viably deliver onsite affordable housing.

Our variant appraisal (**Appraisal 2**) reduced the S106 financial contributions to £0. This generates a profit margin of 19.56% of GDV, slightly below the target profit of 20% but within a sufficient margin.

This report does not constitute a formal valuation. It should not be relied upon by any third party.

This report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed only, and no responsibility accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Prepared by	Ben Glover and Molly Ashton	
Finalised and issued by:	Ben Glover BSc (Hons) MRICS Director For and on behalf of Savills (UK) Limited	
Date Of Issue	18 October 2021	

Savills (UK) Limited, Enfield Chambers, 18 Low Pavement, Nottingham, NG1 7DG

Appendices

Appendix 1.0

Input Comparison Schedule

Item	LCC/ Kier Opinion	CPV Opinion	Savills Opinion 2019	Savills Opinion 2021	Comments
Gross Site Area	36.42 Ha (90 acres)	36.42 Ha (90 acres)	36.42 Ha (90 acres)	36.42 Ha (90 acres)	1.3 1.4 Planning refers to a gross area of 31.86 Ha (78.72 acres) (CPV note that the planning refers to a different figure, but have adopted Kier figure in their approval due to lack of clarity.
Net Site Area	21.67 Ha (53.54 acres)	21.67 Ha (53.54 acres)	21.67 Ha (53.54 acres)	21.67 Ha (53.54 acres)	1.3 1.4 Planning refers to a gross area of 31.86 Ha (78.72 acres) (CPV note that the planning refers to a different figure, but have adopted Kier figure in their approval due to lack of clarity.
Development Density	30 dwellings per net Ha (650)	30 dwellings per net Ha (650)	30 dwellings per net Ha (650)	30 dwellings per net Ha (650)	1.7 - 1.13 CPV refer to the Council's 'WPV' study assumes a density of 35 dwellings per net Ha - i.e. above Kier. However, CPV have adopted the lower density of 30 per net Ha due to the quantity of bungalows which may allow for a lower density.
Abnormal Costs	£4,990,652	£4,990,652	£4,990,652	£4,990,652	In line with Council's WPV and £7,690 per dwelling
Professional Fees	7.23% of Build Costs and Externals	5.5% of Build Costs and Externals	8%	8%	CPV refer to four VA across the East Midlands and assess the average Prof Fees adopted in appraisals which was 5.32%. Kier figure stated is 8%.
BLV	£8,000,000	£8,000,000	£8,000,000	£8,000,000	PPG July 2018 published guidance on undertaking VA relating to BLV. BLV should be calculated on the EUV plus a premium for the landowner. BLV should reflect the total costs, PP, Abnormals and Infrastructure profit fees. The premium is then 5 - 25 times the EUV. The larger the site and the higher the costs the lower the multiplier. Kier's £8m is 8.8 times EUV which is justifiable.
End Values Bungalows Houses	£185 £215 £179	£215 £191	£229 £190	£234 £196	Savills price increases reflects current evidence and house price growth since 2019.
Professional Fees	8%	6.25%	8%	8%	
Build Costs	£1,017 per sq m £95 per sq ft (£62,455,086)	£1,017 per sq m £95 per sq ft (£62,455,086)	£1,017 per sq m £95 per sq ft (£62,455,086)	£1,255 per sq m £116.60 per sq ft for Bungalows (£16,641,342) £1,128 per sq m £104.79 per sq ft for two storey dwellings (£54,242,087)	4.20
Basic Construction	10.76% of Build Costs	10% of Build Costs	12% of Build Costs	12% of Build Costs	3% tends to be greenfield sites and 5%+ for brownfield sites. This is a greenfield agricultural site. (Council's WPV)
Externals	9.04% of Build Costs / Externals	4% of Build Costs / Externals	4%	4%	
Contingency	£156,643 per gr Ha £4,343,950	£4,343,950	£156,643 per gr Ha £4,343,950	0 £4,343,950	
Abnormal Fees	3% of revenue	2.5% of revenue for marketing / sales plus £600 per dwelling for the MV units to cover legals (£300 for affordable)	Argus Calculation	Argus Calculation	
Planning Policy	£442,155			£2,106,000	
Marketing & Legals					
Acquisition Costs					
Electrical Infrastructure					
Affordable Housing Sales		50%			4.11
Affordable Rent		67.5%			
Shared Ownership					
Section 106	£4,343,950	£4,343,950	£4,343,950	£0	
Finance	7% debit 0% credit amount	5% debit 3% credit amount	6% amount	6% amount	
Timescales		Disposal rate of five dwellings per month. 12 month lead in	Disposal rate of three dwellings per month	Disposal rate of three dwellings per month	
Profit	20% on revenue reduced to 10% for affordable (18.31% Blended)	20% on revenue reduced to 6% for affordable. (Blended rate of 18%)	23.82% on all private scheme	19.56% on all private scheme	
Revenue	£121,835,500	£129,818,800	£131,067,500	£131,067,500	4.10 CPV + £7,983,300
Contingency	9.03% (£6,245,509)	3% (£2,051,902)	3%	3%	CPV + £4,193,607
Professional Fees	7.22% (£4,996,407)	5.5% (£3,761,820)			CPV + £1,234,587
Marketing	3% (£3,655,065)	2.5% plus legals (£2,924,948)	3%	3%	CPV + £730,117

Appendix 2.0

Schedule of New Homes Sales Comparable Evidence

Address	Date Sold	Sold Price	New Build	Property Type	Floor area sq ft	Price per sq ft	Tenure
19, Highbury Drive, Holbeach, Spalding, Lincolnshire PE12 7QJ	29/11/2019	£225,000	Y	Detached	1,281	£176	Freehold
7, Ashburton Close, Holbeach, Spalding, Lincolnshire PE12 7RR	25/10/2019	£192,000	Y	Detached	1,076	£178	Freehold
17, Highbury Drive, Holbeach, Spalding, Lincolnshire PE12 7QJ	29/11/2019	£225,000	Y	Detached	1,281	£176	Freehold
21, Highbury Drive, Holbeach, Spalding, Lincolnshire PE12 7QJ	13/12/2019	£196,000	Y	Detached	1,076	£182	Freehold
1, Ashburton Close, Spalding, Lincolnshire PE12 7RR	27/09/2019	£159,000	Y	Semi-detached	786	£202	Freehold
3, Ashburton Close, Spalding, Lincolnshire PE12 7RR	27/09/2019	£159,000	Y	Semi-detached	786	£202	Freehold
4, Ashburton Close, Spalding, Lincolnshire PE12 7RR	27/09/2019	£194,000	Y	Detached	1,066	£182	Freehold
10, Academy Close, Holbeach, Spalding, Lincolnshire PE12 7QE	20/09/2019	£182,000	Y	Terraced	1,066	£171	Freehold
11, Highbury Drive, Holbeach, Spalding, Lincolnshire PE12 7QJ	20/09/2019	£184,000	Y	Semi-detached	1,066	£173	Freehold
5, Ashburton Close, Spalding, Lincolnshire PE12 7RR	27/09/2019	£192,000	Y	Detached	1,066	£180	Freehold
6, Ashburton Close, Spalding, Lincolnshire PE12 7RR	04/10/2019	£194,000	Y	Detached	1,066	£182	Freehold
15, Highbury Drive, Holbeach, Spalding, Lincolnshire PE12 7QJ	29/11/2019	£225,000	Y	Detached	1,281	£176	Freehold
13, Highbury Drive, Holbeach, Spalding, Lincolnshire PE12 7QJ	15/11/2019	£225,000	Y	Detached	1,281	£176	Freehold
2, Ashburton Close, Holbeach, Spalding, Lincolnshire PE12 7RR	26/09/2019	£184,000	Y	Semi-detached	1,066	£173	Freehold
8, Ashburton Close, Holbeach, Spalding, Lincolnshire PE12 7RR	25/10/2019	£194,000	Y	Detached	1,066	£182	Freehold
1, Academy Close, Holbeach, Spalding, Lincolnshire PE12 7QE	18/10/2019	£180,000	Y	Semi-detached	1,066	£169	Freehold
Average		£194,375			1,085.81	£179	

Address	Date Sold	Sold Price	New Build	Property Type	Floor area sq ft	Price per sq ft	Tenure
50, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	22/12/2020	£244,000	Y	Detached	1,281	£190	Freehold
42, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	31/07/2020	£178,500	Y	Semi-detached	883	£202	Freehold
5, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	30/10/2020	£220,000	Y	Detached	1,066	£206	Freehold
35, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RN	17/07/2020	£178,500	Y	Semi-detached	883	£202	Freehold
36, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	14/08/2020	£239,000	Y	Detached	1,281	£187	Freehold
29, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RN	26/06/2020	£178,500	Y	Semi-detached	883	£202	Freehold
38, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	28/08/2020	£239,000	Y	Detached	1,281	£187	Freehold
31, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RN	26/06/2020	£178,500	Y	Semi-detached	883	£202	Freehold
7, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	30/10/2020	£244,000	Y	Detached	1,281	£190	Freehold
33, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RN	26/06/2020	£239,000	Y	Detached	1,281	£187	Freehold
2, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	25/09/2020	£179,000	Y	Semi-detached	883	£203	Freehold
3, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	25/09/2020	£220,000	Y	Detached	1,066	£206	Freehold
1, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	29/06/2020	£189,000	Y	Semi-detached	1,066	£177	Freehold
40, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	31/07/2020	£190,000	Y	Semi-detached	1,066	£178	Freehold
44, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	08/09/2020	£178,500	Y	Semi-detached	915	£195	Freehold
6, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	22/10/2020	£154,000	Y	Semi-detached	710	£217	Freehold
12, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	27/11/2020	£244,000	Y	Detached	1,281	£190	Freehold
34, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	04/12/2020	£197,000	Y	Semi-detached	1,066	£185	Freehold
46, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	29/10/2020	£188,500	Y	Semi-detached	915	£206	Freehold
4, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	16/10/2020	£179,000	Y	Semi-detached	883	£203	Freehold
8, Chaffinch Way, Holbeach, Spalding, Lincolnshire PE12 7FG	23/10/2020	£154,000	Y	Semi-detached	710	£217	Freehold
56, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	07/01/2021	£178,500	Y	Semi-detached	883	£202	Freehold
52, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	17/12/2020	£190,000	Y	Semi-detached	915	£208	Freehold
54, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	11/12/2020	£180,500	Y	Semi-detached	915	£197	Freehold
48, Balmoral Way, Holbeach, Spalding, Lincolnshire PE12 7RP	17/12/2020	£244,000	Y	Detached	1,281	£190	Freehold
Average		£200,200			1,022	£196	

Address	Date Sold	Sold Price	New Build	Property Type	Floor area sq ft	Price per sq ft	Tenure
8, Holly Street, Holbeach, Spalding, Lincolnshire PE12 7NN	30/09/2020	£190,000	Y	Semi-detached	861	£221	Freehold
10, Buttercup Crescent, Holbeach, Spalding, Lincolnshire PE12 7LA	09/10/2020	£255,000	Y	Detached	1,281	£199	Freehold
3, Daisy Road, Holbeach, Spalding, Lincolnshire PE12 7NJ	30/10/2020	£195,000	Y	Semi-detached	904	£216	Freehold
5, Daisy Road, Holbeach, Spalding, Lincolnshire PE12 7NJ	27/11/2020	£195,000	Y	Semi-detached	904	£216	Freehold
14, Mulberry Drove, Holbeach, Spalding, Lincolnshire PE12 7RY	07/07/2020	£200,000	Y	Terraced	797	£251	Freehold
10, Mulberry Drove, Holbeach, Spalding, Lincolnshire PE12 7RY	07/07/2020	£210,000	Y	Terraced	861	£244	Freehold
25, Lavender Avenue, Spalding, Lincolnshire PE12 7RW	07/07/2020	£249,000	Y	Detached	1,345	£185	Freehold
12, Mulberry Drove, Holbeach, Spalding, Lincolnshire PE12 7RY	07/07/2020	£175,000	Y	Terraced	721	£243	Freehold
23, Lavender Avenue, Spalding, Lincolnshire PE12 7RW	07/07/2020	£210,000	Y	Semi-detached	904	£232	Freehold
6, Daisy Road, Holbeach, Spalding, Lincolnshire PE12 7NJ	11/09/2020	£227,000	Y	Detached	1,066	£213	Freehold
2, Daisy Road, Holbeach, Spalding, Lincolnshire PE12 7NJ	21/08/2020	£227,000	Y	Detached	1,066	£213	Freehold
4, Daisy Road, Holbeach, Spalding, Lincolnshire PE12 7NJ	28/08/2020	£227,000	Y	Detached	1,066	£213	Freehold
Average		£213,333			981	£217	

Address	Type	Bedrooms	Sq Ft	Price	Date	£/Sq Ft	Photo
4 Battlefields Lane South, Holbeach, Spalding, Lincolnshire PE12 7PH	Detached	3	969	£245,000	31/03/2021	£253	
92 Langwith Gardens, Holbeach, Spalding, Lincolnshire PE12 7JN	Detached	2	732	£155,000	01/04/2021	£212	
Walnut Lodge, Washway Road, Holbeach, Spalding, Lincolnshire PE12 7PP	Detached	3	926	£232,500	31/03/2021	£251	
31 Langwith Gardens, Holbeach, Spalding, Lincolnshire PE12 7JJ	Detached	3	1,001	£245,000	26/03/2021	£245	
25 Cornfields, Holbeach, Spalding, Lincolnshire PE12 7QN	Semi-detached	2	646	£150,000	12/03/2021	£232	

Address	Date Sold	Sold Price	New Build	Property Type	Floor area sq ft	Price per sq ft	Tenure
5, Turnpike Road, Whaplode, Spalding, Lincolnshire PE12 6GE	03/07/2020	£372,500	Y	Detached	1,916	£194	Freehold
7, Woodrowe Court, Holbeach, Spalding, Lincolnshire PE12 7FD	25/03/2020	£259,000	Y	Detached	1,572	£165	Freehold

Appendix 3.0

Electrical Infrastructure email

Eleanor Bach

From: Darren Fabris <Darren.Fabris@kier.co.uk>
Sent: 09 July 2021 01:19
To: Ben Glover
Cc: Mike Braithwaite
Subject: Land west of Holbeach - Viability appraisal and negotiations

Follow Up Flag: Follow up
Flag Status: Flagged

EXTERNAL EMAIL: Be cautious when opening attachments or clicking links

Hi Ben

Hope you are well? I appreciate its been sometime since you last had contact with Mike and I on this.

We have had a recent break-through in establishing the costs from WPD for the provision of 3.6MV electrical infrastructure to the site. Gleeds on behalf of LCC submitted a formal application and LCC have now accepted it in order to secure the power.

The offer submitted by WPD to provide electrical infrastructure to six substations on the site is £1.351m. We are also aware that further costs of £755k enabling connections from the respective substations to each plot would need be met by the future developers.

With the knowledge and certainty of these costs, we are keen to re-open the viability work that you commenced and conclude the negotiations for the s106. I would be grateful if you could review where you left your file and provide a fee proposal in drawing this to a conclusion, so that I may run that past LCC.

Mike is still on board and remains in contact with Polly at SHDC, so feel free to ask both of us for any further information.

Kind regards

Darren



Darren Fabris BSc (Hons) MRICS RICS Registered Valuer
Head of Service Delivery
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Appendix 4.0

Appraisal 1 – 100% Private Scheme

Savills Viability Assessment
Land at West of Holbeach
100% private scheme

Development Appraisal
Prepared by Ben Glover BSc (Hons) MRICS
Savills
18 October 2021

APPRAISAL SUMMARY**SAVILLS**

Savills Viability Assessment
Land at West of Holbeach
100% private scheme

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Two Storey Dwellings	481	517,608	196.47	211,419	101,692,500
One Storey Dwellings	<u>168</u>	<u>142,731</u>	234.46	199,196	<u>33,465,000</u>
Totals	649	660,339			135,157,500

NET REALISATION**135,157,500****OUTLAY****ACQUISITION COSTS**

Fixed Price	8,000,000		
Fixed Price (90.00 Acres @ 88,888.89 /Acre)		8,000,000	
			8,000,000
Stamp Duty		389,500	
Effective Stamp Duty Rate	4.87%		
Legal Fee	0.50%	40,000	
			429,500

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Two Storey Dwellings	517,608	107.77	55,782,614
One Storey Dwellings	<u>142,731</u>	116.59	<u>16,641,007</u>
Totals	660,339 ft²		72,423,621
Contingency		4.00%	2,896,945
Externals			6,714,895
Abnormals			4,990,652
Section 106			4,343,950
			91,370,063
Other Construction			
Electrical Infrastructure			2,106,000
			2,106,000

PROFESSIONAL FEES

Professional	8.00%	5,962,370	
			5,962,370

DISPOSAL FEES

Sales Agent Fee	2.50%	3,378,938	
Sales Legal Fee	0.50%	675,787	
			4,054,725

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		1,400,268	
Construction		58,687	
Total Finance Cost			1,458,955

TOTAL COSTS**113,381,613****PROFIT****21,775,887****Performance Measures**

Profit on Cost%	19.21%
Profit on GDV%	16.11%
Profit on NDV%	16.11%

Savills Viability Assessment**Land at West of Holbeach****100% private scheme**

IRR% (without Interest)	20.54%
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Profit Erosion (finance rate 6.000)	2 yrs 11 mths
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Appendix 5.0

Appraisal 2 – Variant Scheme

Savills Viability Appraisal
Land at West of Holbeach
Variant 1 - Reduced S106

Development Appraisal
Prepared by Ben Glover BSc (Hons) MRICS
Savills
18 October 2021

APPRAISAL SUMMARY**SAVILLS**

Savills Viability Appraisal
Land at West of Holbeach
Variant 1 - Reduced S106

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Two Storey Dwellings	481	517,608	196.47	211,419	101,692,500
One Storey Dwellings	<u>168</u>	<u>142,731</u>	234.46	199,196	<u>33,465,000</u>
Totals	649	660,339			135,157,500

NET REALISATION **135,157,500**

OUTLAY**ACQUISITION COSTS**

Fixed Price	8,000,000		
Fixed Price (90.00 Acres @ 88,888.89 /Acre)		8,000,000	
			8,000,000
Stamp Duty		389,500	
Effective Stamp Duty Rate	4.87%		
Legal Fee	0.50%	40,000	
			429,500

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Two Storey Dwellings	517,608	107.77	55,782,614
One Storey Dwellings	<u>142,731</u>	116.59	<u>16,641,007</u>
Totals	660,339 ft²		72,423,621
Contingency		4.00%	2,896,945
Externals			6,714,895
Abnormals			4,990,652
			87,026,113
Other Construction			
Electrical Infrastructure		2,106,000	
			2,106,000

PROFESSIONAL FEES

Professional	8.00%	5,962,370	
			5,962,370

DISPOSAL FEES

Sales Agent Fee	2.50%	3,378,938	
Sales Legal Fee	0.50%	675,787	
			4,054,725

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		1,094,359	
Construction		45,908	
Total Finance Cost			1,140,267

TOTAL COSTS **108,718,975**

PROFIT**26,438,525****Performance Measures**

Profit on Cost%	24.32%
Profit on GDV%	19.56%
Profit on NDV%	19.56%
IRR% (without Interest)	25.17%

**Savills Viability Appraisal
Land at West of Holbeach
Variant 1 - Reduced S106**

Profit Erosion (finance rate 6.000)

3 yrs 8 mths

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Savills Viability Assessment
Land at West of Holbeach
100% private scheme
reduced bungalows

Development Appraisal
Prepared by Ben Glover BSc (Hons) MRICS
Savills
16 November 2021

**Savills Viability Assessment
Land at West of Holbeach
100% private scheme**

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Two Storey Dwellings	565	597,833	197.15	208,602	117,860,000
One Storey Dwellings	<u>84</u>	<u>71,419</u>	234.46	199,345	<u>16,745,000</u>
Totals	649	669,252			134,605,000

NET REALISATION **134,605,000**

OUTLAY

ACQUISITION COSTS

Fixed Price	8,000,000		
Fixed Price (90.00 Acres @ 88,888.89 /Acre)		8,000,000	
			8,000,000
Stamp Duty		389,500	
Effective Stamp Duty Rate	4.87%		
Legal Fee	0.50%	40,000	
			429,500

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Two Storey Dwellings	597,833	107.77	64,428,462
One Storey Dwellings	<u>71,419</u>	116.59	<u>8,326,741</u>
Totals	669,252 ft²		72,755,204
Contingency		4.00%	2,910,208
Externals			6,714,895
Abnormals			4,990,652
Section 106			4,343,950
			91,714,909
Other Construction			
Electrical Infrastructure			2,106,000
			2,106,000

PROFESSIONAL FEES

Professional	8.00%	5,988,896	
			5,988,896

DISPOSAL FEES

Sales Agent Fee	2.50%	3,365,125	
Sales Legal Fee	0.50%	673,025	
			4,038,150

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		1,571,829	
Construction		59,006	
Total Finance Cost			1,630,835

TOTAL COSTS **113,908,290**

PROFIT

20,696,710

Performance Measures

Profit on Cost%	18.17%
Profit on GDV%	15.38%
Profit on NDV%	15.38%

Savills Viability Assessment
Land at West of Holbeach
100% private scheme

IRR% (without Interest) 19.71%

Profit Erosion (finance rate 6.000) 2 yrs 10 mths