Viability Assessment – Summary Report

PROPERTY ADDRESS: Land between Seagate Rd and Wisbech Rd, Long Sutton
INSTRUCTING BODY: South Holland District Council
APPLICANT: Loosegate Developments (Long Sutton) Ltd

Overview

The property is situated to the edge of Long Sutton, between Seagate Road and the B1359 Wisbech Road. This comprises undeveloped agricultural land and extends to 10.60 (26.19 acres) on a gross basis.

The scheme (ref H11-1207-17) benefits from an outline planning consent for approximately 215 dwellings. This was subject to a S106 agreement which requires 25% onsite affordable housing plus education, health and travel plan contributions. There is also a reserved matters consent (ref H11-1346-21) for 180 dwellings.

CP Viability has been instructed to undertake an independent review to determine what level of affordable housing / S106 contributions can be viably delivered.

Our review has been undertaken in accordance with the relevant RICS guidance, as well as the Planning Practice Guidance on viability.

Key considerations

Acting on behalf of the applicant, Maxey Grounds ("MG") submitted a viability appraisal in August 2022. This concludes that the scheme is unviable with the full planning policies applied.

We have subsequently reviewed Maxey Grounds various appraisal assumptions. As part of this process, we have looked to identify evidence for each assumption, to test whether Maxey Grounds' allowances are reasonable or should be adjusted in the viability modelling.

Based on our identified evidence and analysis we concluded that MG's market value allowances are below expectations. Given the current uncertainty in the market, we ran 3 different scenarios applying MG's adopted values, a 2.5% uplift to MG's figures and a 5% uplift.

We also concluded that MG's plot cost allowance was above expectations and adjusted the rates in our appraisal accordingly.

The results of our appraisal testing were as follows:

- Scenario 1 (MG market values) viable with 25% affordable, £92,000 S106
- Scenario 2 (2.5% uplift in market values) viable with 25% affordable, £1,005,000 S106
- Scenario 3 (5% uplift in market values) viable with full planning policies

We deemed Scenario 2 to be the most appropriate model to judge the scheme viability on.

In summary, we therefore disagree with MG's conclusion and instead find that the scheme is able to viably support 45 (25%) onsite affordable dwellings and S106 contributions totalling £1,005,000.

Independent Viability Experts RICS Regulated Firm Company No. 10377118 Written in Confidence

Independent Viability Experts

FAO Ms Lucy Buttery
Principal Planning Officer
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Our ref: DN-0753
Your ref: H11-1346-21
H11-0882-21
Date: 14th November 2022

Dear Ms Buttery

PROPERTY ADDRESS: **Land between Seagate Rd and Wisbech Rd, Long Sutton**
INSTRUCTING BODY: **South Holland District Council**
APPLICANT: **Loosegate Developments (Long Sutton) Ltd**



Further to your instruction dated 19th October 2022, we are pleased to report as follows.

1. Property Overview

1.1. The property (site) is located in a semi-rural position on the south eastern fringe of the small Fenlands market town of Long Sutton, less than a mile to the south east of the town centre. The town lies 13 miles to the east of Spalding and around 11.5 miles to the west of King's Lynn. The town has a reasonable range of retail, social and recreational amenities. Main road access to and from the town is via the B1359, which links the town both to the north west and to the south east to the A17 King's Lynn to Newark trunk road. The nearest rail connection is at King's Lynn, 11.5 miles to the east.

1.2. More specifically, the property is situated between Seagate Road to the west of the property and the B1359 Wisbech Road to the east. Established residential areas with dwellings of varying ages, types and quality lie to the north and west. The remaining boundaries generally front onto open fields to the south and on the opposite sides of the surrounding roads. In terms of new build activity in the immediate area, this has been limited in the last 5 years and generally involved small schemes; the exception was the development of Marston Park, a 79 dwelling affordable homes scheme to the east of Limewalk on the north western fringe of the town. The nearest current new build scheme is a 9 dwelling development at Lowery Close, just over a quarter of a mile to the east of the subject site, which is still being marketed but with some sales completed.

1.3. The property (site) to be assessed within this report mainly comprises undeveloped farmland but excludes from the application two detached houses and their curtilages located to the west of and accessed from Wisbech Road. Generally speaking, the site is flat (although with some parts lying slightly higher than others in places) and appears to be in use as arable farming land.

1.4. In terms of planning history, the following are of material relevance to the current proposals:

H11-1207-17 - *"Residential development of approximately 215 dwellings".* This was an outline application covering the whole site which was granted conditional permission on 26th September 2019 and was coupled with a S106 agreement which provided for the following:

- 25% on-site affordable housing (54 dwellings)
- Education contribution (to be calculated by formula)
- Health contribution £95,460
- Travel plan contribution £5,000

H11-0882-21 - *"Erection of 9 Dwellings"***.** This was a full application covering frontage land on Seagate Road to accommodate a "gateway" scheme of 9 dwellings and the construction of the overall scheme entrance off the main road, allowing an expedited "first phase" of development. This was granted conditional permission with an amended S106 agreement (to allow the delivery of the affordable housing on the balance of the wider site and to accommodate a specific health contribution) on 16th February 2022.

H11-1346-21 - *"Erection of 171 dwellings and associated works - outline approval H11-1207-17"*. This was a reserved matters application which was granted conditional permission on 1st September 2022. As a result of the reduction in the number of dwellings (compared to the 215 in the original outline permission), the number of affordable dwellings to be provided was noted in the officer report as 45 (although no amended S106 agreement was entered into).

1.5. For clarity, we previously undertook viability testing of the site (in relation to the outline planning permission H11-1207-17) in Feb 2019. At that time, and based on a higher number of units (215), we concluded that the development was able to viably support 54 onsite affordable dwellings (25.12%), plus an education contribution of £1,311,965.

1.6. The current application is as follows:

> **H11-0923-22 -** *"Removal of 106 Agreement relating to financial viability of the development - Planning Approval H11-1207-17".* This seeks to remove all of the previously agreed planning policy contributions from the S106 agreement dated 26th September 2019 on the grounds of viability.

1.7. However, and whilst the outline application refers to 215 dwellings, it is clear from the more recent reserved matters permissions relating to the site that the maximum number of dwellings that can be provided on site is 180 (for other planning reasons relating to layout). It is therefore appropriate to base the viability testing on 180 dwellings, not 215 as stated in the current outline permission.

1.8. According to the "Viability Assessment" dated 9th February 2022 submitted on behalf of the applicant company by Maxey Grounds ("MG"), the gross area of the site extends to 10.6 Ha (26.19 acres). A net developable area is not stated separately. We have estimated this at 6.89 Ha (17.03 acres), which equates to around 65% of the gross area. This is considered to be reasonable and reflects the public green space on site, a proposed detention basin, public open space, a play area and general site buffering areas.

1.9. MG have based their assessment on 180 dwellings (see above para 1.7), assuming the following schedule of accommodation:

Type	Beds	No.	Sq m (each)	Sq m (total)
Poplar Quad/Mid Quad	1	10	52	520
Ash Semi/Terrace	2	17	64	1,088
Chestnut Terrace	2	3	64	192
Alder Semi	2	12	73	876
Lime Semi/Terrace	3	13	88	1,144
New 4b type	4	2	98	196
Elder Detached	3	5	118	590
Yew Detached	3	19	124	2,356
Blackthorn Det Bung	3	23	130	2,990
Cherry Detached	3	17	131	2,227
Hazel Detached	3	8	135	1,080
Cedar Detached	4	8	160	1,280
Tulip Detached	4	13	208	2,704
Aspen Detached	4	4	214	856
Willow Detached	4	5	240	1,200
Foxtail Detached	5	5	244	1,220
Type 33 Detached	4	1	245	245
Mulberry Detached	4	6	250	1,500
Hawthorn Detached	4	3	254	762
Elm Detached	4	5	282	1,410
Plot 1 Detached	4	1	623	623
Totals		**180**		**25,059**

1.10. Based on the scheme layout as put forward by MG, and our estimate of the net site area, the number of dwellings equates to around 26 dwellings per net per Ha. This is also equivalent to circa 3,637 sq m per net Ha.

1.11. To put this into context, in the South East Lincolnshire Whole Plan Viability study dated Jan 2017 ("the Council's WPV study") the largest scheme typology for greenfield scenarios reflected 150 dwellings. The assumed density for this scheme was equivalent to 35 dwellings per net Ha. In this respect, this application of around 26 dwellings per net Ha is significantly below expectations for this type of large-scale scheme.

1.12. However, with regard to dwelling size the Council's WPV study adopts an average equivalent to 90 sq m. At 35 dwellings per net Ha this therefore equates to 3,150 sq m per net Ha. MG's assessment equates to an average size of 139 sq m per dwelling, being equivalent to around 3,637 sq m per net Ha. Whilst the number of dwellings is below the Local plan assumption, the size of the average size of the dwellings is significantly larger, which increases the capacity of the scheme.

2. Scope of Assessment and General Assumptions

2.1. MG initially submitted their "Viability Assessment" dated 9th February 2022 for the proposed scheme on behalf of the applicant company as part of the planning documents for the reserved matters application (H11-1346-21), although the planning officer's report on the application stated that: "The applicant is not seeking to challenge the requested contributions on viability grounds at this stage." However, the applicant company has now submitted the S106A application, accompanied by MG's addendum letter dated 19th August 2022 which adds further detail on costs and sales values since February.

2.2. The report/addendum letter and updated appraisal summaries (dated 18th August 2022) examine 2 appraisal scenarios, one at the "target policy" level of affordable housing of 25% and assumed S106 contributions of £1,186,755 and the other with no affordable housing or S106 contributions. In neither case does the appraisal return a positive residual outcome, with total scheme deficits of - (minus) £4,460,166 and - (minus) £1,365,471 respectively. MG conclude that the application of the full target policy level of affordable housing and other S106 contributions will render the scheme unviable "... unless the developer is to accept a profit level of below 17.5%."

2.3. Throughout their assessment, MG compare their inputs and assumptions to those in the South East Lincolnshire Whole Plan Viability Study by Peter Brett Associates as updated in March 2017.

2.4. We have been instructed to provide an independent viability assessment of the scheme, with a view to advising the Council as to the appropriate level of policy contributions that the scheme can viably deliver (if any).

2.5. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that in completing this instruction CP Viability Ltd have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

2.6. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that prior to accepting this instruction we undertook a conflict of interest check. It is stressed that as an organisation we only provide independent viability reviews upon the instruction of Local Authorities and therefore can guarantee that we have not provided viability advice on behalf of the applicant for this scheme. Within this context and having undertaken a review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.

2.7. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that the fee agreed to undertake this review is a fixed rate (covering the elements set out in our fee quote / terms of engagement) and is not performance related or a contingent fee.

2.8. In accordance with the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) we can confirm that CP Viability Ltd is not currently providing ongoing advice to South Holland District Council in area-wide financial viability assessments to help formulate policy.

2.9. As stated within the RICS Financial viability in planning: conduct and reporting 1st Edition (May 2019) it is now a mandatory requirement to provide sensitivity analysis of the viability results. This is to demonstrate to the applicant and decision maker the impact that changes to inputs have on the viability outcome and also to help the assessor reach an informed conclusion. We have subsequently undertaken sensitivity testing as part of this review.

2.10. We have assessed the viability of the scheme as at 14th November 2022.

2.11. This assessment does not provide a critique of the proposed development design. Our role is limited to testing the viability of the proposals as detailed in the relevant planning applications.

2.12. We have relied on the information provided to us by the instructing body and the applicant and in particular information publicly available through the Council's planning portal website. We have not met either of the Instructing Body or the applicant.

2.13. In accordance with the RICS "Assessing viability in planning under the National Planning Policy Framework 2019 for England (Guidance Note 1st Edition, March 2021), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a 'typical' or 'average' developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).

2.14. Our review also adheres to the guidance set out in the Planning Practice Guidance for viability, as published in July 2018 (and updated most recently in September 2019).

2.15. In undertaking our appraisals, we have utilised the ARGUS Development Appraisal Tool. This is an industry approved cash-flow model, designed specifically for development appraisals.

2.16. This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor.

3. MG appraisals – summary

3.1. As stated in 2.1 above, MG have modelled two appraisal scenarios, namely:

> **Scenario 1** – full on-site affordable housing provision of 25% plus other planning policy contributions of £1,186,755. This shows a total deficit (to a viable outcome) of - £4,460,166 (or - £3,752,527 expressed as a net present value).
>
> **Scenario 2** – no affordable housing or other contributions. This shows a total deficit (to a viable outcome) of -£1,365,471 (or -£1,044,711 expressed as a net present value).

3.2. On the basis of the outcomes of the 2 appraisals, they conclude that "... the site still appears non-viable unless the developer is to accept a profit level of below 17.5%."

3.3. Please note, in seeking to summarise MG's appraisal we have focused on their policy compliant model. We have also categorised the costs provided under what we consider to be the most common sections of a viability appraisal. For example, all costs which we believe relate to the basic construction of a dwelling (including a contractor's margin or developer's overhead) have been allocated under "Basic construction cost". Likewise, those costs which are considered to relate to typical external works, such as highways, drainage, general services etc are allocated under "Externals / infrastructure". Any unusual costs are referred to as "Abnormals", and so on. This categorisation approach allows us to undertake a comparison between the subject scheme and other developments we have assessed.

Gross Development Value (Revenue)

Type	No.	Average £ per sq m	Total
Market Value Houses	135	£2,357	£51,655,000
Affordable Rented	32	£1,341	£2,933,517
Affordable Intermediate/SO	13	£1,710	£1,628,047
Total	**180**		**£56,216,564**

Gross Development Cost (Outgoings)

Type	Rate	Total
Basic construction	£1,312 per sq m	£32,887,354
Garages	7 x £9k single; 85 x £15k double	£1,338,000
External works	13.33% of combined build costs	£4,561,500
Contingency	4.91% of build/external works costs	£1,903,097
Professional fees	7.34% of build costs / externals	£2,036,833
Abnormal works	Various @ £49,493 per gross acre	£1,296,344
S106 contributions	Education/health	£1,186,755
Marketing & sales	3% of revenue	£1,549,650
Sales legal fees	£750 per market dwelling	£101,250
Sale to RP costs		£15,000
Finance costs	6.5% [?] debit	£1,423,488
Arrangement fees etc		£28,000
Acquisition costs	Legals, agent, SDLT	£156,250
Developer's profit	17.5% MV on GDV, 5.56% AH on GDV	£9,293,211
Land value	£110,718 per gross acre	£2,900,000
Total		**£60,676,732**

3.4. MG have not chosen either residual land value or developer's profit as their appraisal target (i.e., measure of viability); instead, they have assumed sums for both of these inputs with the aim of arriving at a scheme surplus/deficit as the measure. Based on the above inputs, MG's appraisal shows a scheme deficit of - (minus) £4,460,166. This is a significant (potential) loss for the scheme and is unviable. Although they run a further appraisal with no affordable housing or other S106 contributions, this still results in a scheme deficit. They therefore conclude that: "As such, even with updated costs and sale prices, the development is still not viable unless the developer is to accept a profit level of below 17.5%.".

3.5. MG conduct sensitivity testing on Scenario 2 (i.e., the scheme with no affordable housing or other developer contributions) by varying sales values and build costs by 5% (up and down). The closest that the scheme gets to being viable (in MG's terms) is where build costs are reduced by 5% and sales values are increased by 5%

4. CP Viability's appraisal

Gross Development Value (Revenue)

4.1. In their appraisal, MG's sales values equate to an average of £2,357 per sq m for the market housing

4.2. In arriving at their sales values, MG refer to a schedule of comparables at Appendix III of their report; they review sales at Ashwood Homes Holbeach Meadows scheme at Holbeach, the applicant company's Wignal's Gate scheme at Holbeach, as well as in smaller schemes at Long Sutton, Holbeach, Tydd St Mary, Gosberton and Sutton St James.

4.3. We agree that there is limited new build transactional evidence within Long Sutton, particularly for large scale developments. The most recent new build housing is the 9 dwelling scheme at Lowery Close.

4.4. On that basis, it is appropriate to look at other nearby settlements, in particular, Holbeach, which shares some of Long Sutton's characteristics (although larger in population.

4.5. As a point of comparison, we have reviewed the Zoopla Zed Index, which estimates an average value for specific settlements (arrived at through analysis of Land Registry data). This is considered to be a useful tool in establishing broad average values for specific locations. At the current time, Holbeach has an average value of £214,558. In comparison, Long Sutton has an average value of £237,293 9circa 10% uplift in Long Sutton compared to Holbeach). It is stressed that there are limitations to the data (as it can be impacted by house type, age etc), however notwithstanding this is does suggest that, if anything, values in Long Sutton are likely to be higher than Holbeach.

4.6. In terms of transactional evidence, we have reviewed evidence from the applicant's Wignals Gate scheme in Holbeach and note the following:

	Address		Pcode	Sq m	£ psm	Price	Date	Type
11	FOREST WAY	HOLBEACH	PE12 7FE	72	£ 2,222	£160,000	16/09/2020	Semi
13	FOREST WAY	HOLBEACH	PE12 7FE	72	£ 2,222	£160,000	18/09/2020	Semi
15	FOREST WAY	HOLBEACH	PE12 7FE	72	£ 2,153	£155,000	02/10/2020	Semi
17	FOREST WAY	HOLBEACH	PE12 7FE	72	£ 2,222	£160,000	11/12/2020	Semi
				72	**£ 2,205**	**£158,750**		
6	FOREST WAY	HOLBEACH	PE12 7FE	95	£ 2,447	£232,500	11/12/2020	Detached
7	FOREST WAY	HOLBEACH	PE12 7FE	95	£ 2,263	£215,000	30/06/2020	Detached
9	FOREST WAY	HOLBEACH	PE12 7FE	95	£ 2,447	£232,500	26/02/2021	Detached
				95	**£ 2,386**	**£226,667**		
5	FOREST WAY	HOLBEACH	PE12 7FE	124	£ 2,218	£275,000	16/11/2020	Detached
10	FOREST WAY	HOLBEACH	PE12 7FE	124	£ 2,298	£285,000	08/02/2021	Detached
				124	**£ 2,258**	**£280,000**		
2	SPINNEY CLOSE	HOLBEACH	PE12 7FF	99	£ 3,030	£300,000	22/01/2021	Det bung
8	SPINNEY CLOSE	HOLBEACH	PE12 7FF	99	£ 3,030	£300,000	30/06/2021	Det bung
				99	**£ 3,030**	**£300,000**		
16	SPINNEY CLOSE	HOLBEACH	PE12 7FF	107	£ 3,131	£335,000	01/03/2021	Det bung
2	FOREST WAY	HOLBEACH	PE12 7FE	130	£ 2,538	£330,000	15/04/2021	Det bung
4	FOREST WAY	HOLBEACH	PE12 7FE	130	£ 2,500	£325,000	12/02/2021	Det bung
10	SPINNEY CLOSE	HOLBEACH	PE12 7FF	130	£ 2,538	£330,000	30/03/2021	Det bung
11	SPINNEY CLOSE	HOLBEACH	PE12 7FF	130	£ 2,692	£350,000	12/02/2021	Det bung
13	SPINNEY CLOSE	HOLBEACH	PE12 7FF	130	£ 2,692	£350,000	14/10/2020	Det bung
				130	**£ 2,592**	**£337,000**		

4.7. As the above sales took place in 2020 and 2021 it is necessary to consider how sales values have changed since this time (i.e. sales price inflation), as well as considering the current market conditions.

4.8. We have subsequently looked to compare how the values adopted by MG for the subject scheme (for similar dwelling types) compared to the values achieved at Wignal's Gate as shown above. Taking each in turn we note the following:

Type	Sq m	Wignals Gate Av £	Wignals Gate Av £ psm	MG Subject Site	Diff
Semi	72	£158,750	£ 2,205	£ 2,466	11.84%
Detached	124	£280,000	£ 2,258	£ 2,137	-5.36%
Det bung	130	£337,000	£ 2,592	£ 2,885	11.29%

4.9. To examples show a circa 11-12% uplift, however there is an example where MG's adopted market value is below that achieved in 2020/2021 at Wignal's Gate.

4.10. In terms of generic indicators of inflation, we have considered how values have changed since Q3 2020 (when the first sales in Phase 1 were recorded). We note the following (looking specifically at quarter year periods up to Aug-22, which is the latest point currently shown in the data):

UK House Price Index

- As at Aug 2020 the average value in the South Holland district was £187,933
- As at Nov 20 £193,512 (2.97% increase since Aug 20)
- As at Feb 21 £198,363 (5.55% increase since Aug 20)
- As at May 21 £201,583 (7.26% increase since Aug 20)
- As at Aug 21 £212,910 (13.29% increase since Aug 20)
- As at Nov 21 £215,975 (14.92% increase since Aug 20)
- As at Feb 22 £227,482 (21.04% increase since Aug 20)
- As at May 22 £233,796 (24.40% increase since Aug 20)
- As at Aug 22 £245,784 (30.78% increase since Aug 20)

Nationwide Index

- As at Q3 2020 at the postcode for Holbeach Meadows assume a base value of £200,000.
- As at Q4 2020 this had increased by 3.18%.

- As at Q1 2021 this had increased by 2.85%
- As at Q2 2021 this had increased by 8.22%.
- As at Q3 2021 this had increased by 10.54%.
- As at Q4 2021 this had increased by 13.94%.
- As at Q1 2022 this had increased by 16.70%.
- As at Q2 2022 this had increased by 20.58%.
- As at Q3 2022 this had increased by 24.11%.

4.11. The 2 generic indicators of house price inflation showed a significant change in values from Q3 2020 up to Q3 2022 (a circa 25% to 30% increase in prices).

4.12. Furthermore, we also note the applicant is currently marketing the following at Wignals' Gate:

- **Blackthorn**: 3 bed detached bungalow 130 sq m. The current asking prices at Wignals Gate, Holbeach is £395,000. At the subject site MG allow £375,000.

4.13. We also note that at the Lowery Close scheme in Long Sutton, a detached dwelling of 126 sq m sold in Jan 2022 for £325,000 (£2,579 per sq m). The closest dwelling type at the subject scheme is the Yew, a detached of 124 sq m, which MG attribute a value of £265,000 to.

4.14. In terms of the economic conditions, at the current time the market is experiencing a high level of uncertainty and volatility. Over recent weeks the residential market has experienced a significant adjustment, which appears to have been accelerated by the government's 'mini-budget' announcement on 23rd Sept 2022. The Bank of England base rate has recently been increased to 3%, compared to 0.5% at the start of 2022. The knock-on effect of this and the government's announcement is that mortgage providers have significantly increased the cost of mortgage products, with rates pushing out towards 7% (compared to sub 2.5% as at Jan 22). The sharp increase in monthly repayments, combined with the ongoing cost of living / energy crisis, has meant a greater pressure on affordability.

4.15. By way of an example as to the impact this has on affordability, for a sale price of £200,000, with a 10% deposit this would mean a mortgage of £180,000. In the summer 2022 mortgages were available at around 2.5%. Assuming a 25 year mortgage period, this equates to a monthly repayment of £814. As at the time of writing, mortgages have increased to around 6.5%. On the same criteria this would means a mortgage repayment of £1,229 per calendar month, a circa 50% increase in the monthly payment. Furthermore, additional rises in interest rates are expected in the coming weeks in an attempt to temper inflation. If mortgage rates increase to say 8%, the monthly repayment would be £1,405. This level of increase in mortgage costs will significantly impact on purchaser affordability, which in turn will reduce demand. The 'knock-on' effect is a reduction in property prices.

4.16. In light of these market conditions, and whilst these are nothing but early predictions, some commentators are predicting that values could fall by up to 15% in 2023.

4.17. From a valuation perspective, there is subsequently significant uncertainty as to how values will perform going forward. Current signs are that values will start to fall (as asking prices are reduced to try and drive sales). This has yet to manifest itself through clear transactional data, although we are noticing asking prices being reduced across the marketplace.

4.18. In summary, having considered all of the above analysis, on first look MG's allowances can be regarded as being below expectations, particularly given the likely value uplift anticipated in Long Sutton compared to Holbeach. However, the market is challenging at the current time and there is an increasing level of uncertainty.

4.19. In light of the above, for the purposes of our review, we have run 3 different scenarios as follows:

- Scenario 1: applies MG's adopted market values
- Scenario 2: applies a 2.5% uplift to MG's market values
- Scenario 3: applies a 5% uplift to MG's market values

Build costs

4.20. Based on our analysis, MG's build cost allowance equates to an average of £1,312 per sq m. However, MG state that this is produced by applying rates "based on BCIS lower quartile costs for the area, but looking at the dwelling type (detached, semi-detached and terraced houses, detached and semi-detached bungalows) individually." They adopt separate costs of £1,338,000 for garages (calculated to be 92 in total, with single units at £9,000 and double units at £15,000 each).

4.21. For what we consider to be external / infrastructure costs, MG have allowed (based on client advice and "... developments in the local area"):

-	Site preparation etc	£25,000
-	Roads and sewers	£3,936,500
-	SUDS/attenuation	£100,000
-	Plot specific external works	£450,000
-	General site landscaping	£50,000
	Total	**£4,561,500**

4.22. The above equates to 20.81% of MG's plot construction and garage costs.

4.23. MG also include abnormal works costs (equally based on client advice, costs "... previously accepted on sites in this area" and with some estimation) of £1,296,344.

4.24. A contingency allowance equivalent to 4.91% of the combined build, garage and external works costs is included.

4.25. MG apply what can be regarded as a 'weighted' average BCIS lower quartile figure, relying on the separately the rates for terraced, semi-detached, and detached dwellings with an adjustment to reflect detached bungalows.

4.26. In terms of the appropriate BCIS rate to apply we disagree with MG's approach to arriving at a base build costs figure for 3 key reasons:

(i) The rates for individual dwelling types are based on significantly smaller sample sizes and therefore can be regarded as being less reliable. For example, the individual rate for detached dwellings is based on a sample of 22. In comparison, the sample sizes for general estate housing is based on a sample of 1,498, whilst the sample for general estate single storey housing is 245. These are considered to be more reliable datasets.

(ii) The BCIS figures do not provide a detached bungalow rate per sq m. MG's approach to establishing a detached bungalow rate per sq m relies on their analysis of 2 storey housing (and the difference between semi-detached and detached build costs). However, this is flawed because it relies on a dataset of only 22 for the detached dwellings. The BCIS is clear that smaller sample sizes should be treated with caution and are deemed to be less reliable.

We have subsequently reviewed the 22 detached dwelling dataset in more detail. Of the sample of 22 schemes analysed, only 5 were taken from the last 5 years. The majority of the data analysed (over 75%) are taken from schemes which were constructed between 5 and 15 years ago. This reduces the reliability of the data when considering construction costs in the current marketplace. Furthermore, one of the sample is considerably in excess of the rest of the data, being £4,678 per sq m. This relates to the construction of 4 lodges at Feldon Valley Golf Club. This should not form part of the sample as it is anomalous. The issue is that because the sample is so small, the inclusion of this within the data 'skews' the overall average. Likewise, one of the sample relates to single detached dwellings (a single detached mews house in London and a detached dwelling in Cambridge). The costs associated with this type of development are higher than a larger scale scheme where there would be cost savings through bulk buying materials and labour.

The inclusion of this in the sample also unfairly 'skews' the average higher than it should be.

(iii) In more recent appraisals undertaken by MG (as this report originally dates back to Feb 2022) they have referred to advice received from a third-party Quantity Surveyor, Two Two Five Ltd. The QS advice suggests the following:

- Two Two Five consider that it will cost more to construct a detached dwelling than a semi-detached or terrace, but state that detached dwellings tend to be larger and there is an economy of scale for these units compared with smaller dwellings (with the implication being that this has a downward pressure on the rate per sq m for detached units).

- An extract from the Two Two Five Ltd advice on other cases is appended to MG's report. We note that this gives a breakdown of the projected build costs for the various house types. We would summarise the figures provided by Two Two Five Ltd as follows (all-inclusive of preliminaries, which is how the BCIS data is presented and therefore enables a 'like for like' comparison):

		£ psf	£ psm
Thames	Detached	£ 91.67	£ 986.76
Barrowby	Detached	£ 94.61	£ 1,018.41
Freshney	Detached	£ 95.96	£ 1,032.94
Ribble	Detached	£ 107.28	£ 1,154.79
Tay	Detached	£ 107.60	£ 1,158.23
Harren	Detached	£ 108.43	£ 1,167.17
A902	Semi / terr	£ 109.48	£ 1,178.47
Medway	Detached	£ 110.70	£ 1,191.60
Balmoral	Detached	£ 113.93	£ 1,226.37
Ouse	Detached	£ 113.96	£ 1,226.70
Humber	Detached	£ 114.91	£ 1,236.92
Bain	Detached	£ 115.95	£ 1,248.12
A732	Semi / terr	£ 118.28	£ 1,273.20
Coronation	Semi	£ 118.46	£ 1,275.13
Sparta	Semi	£ 118.76	£ 1,278.36
Mere	Semi / Det	£ 119.32	£ 1,284.39
Huntingdon	Semi	£ 120.52	£ 1,297.31
Lock	Semi / Det	£ 120.72	£ 1,299.46
Avon	Semi	£ 120.96	£ 1,302.05
Severn	Detached	£ 120.96	£ 1,302.05
Tamar	Detached	£ 120.96	£ 1,302.05
Aire	Semi / terr	£ 120.96	£ 1,302.05
Rutland	Detached	£ 120.96	£ 1,302.05
Clyde	Semi	£ 123.96	£ 1,334.34
Dee	Semi / terr	£ 125.39	£ 1,349.73
Holland	Flat	£ 166.30	£ 1,790.10
Average		**£ 116.19**	**£ 1,250.72**

- The above demonstrates that the highest rates per sq m are generally reflected through the smallest semi-detached and terraced dwellings. This suggests that detached dwellings are not more expensive to build (at least in terms of a rate per sq m) when compared to terraced and semi-detached dwellings.

4.27. We subsequently consider the 'general' rates to be more reliable here. We have reviewed the current BCIS data, which has a current 2 storey estate housing lower quartile rate of £1,203 per sq m, as well as a bungalow rate of £1,363 per sq m. We have subsequently applied these rates to our appraisal.

4.28. With regards to garages, as the BCIS rate excludes garages, we therefore agree that it is appropriate to allow for these costs separately. Taking into account garage cost agreed on other appraisals, and the likely number of garages which would be included within the development, we consider this allowance to be reasonable and have adopted the same.

4.29. With respect to the external works, based on our adjusted plot construction rate these equate to 14.27% of the plot construction / garage costs (totalling £4,561,500). This includes the roads and sewers, site works, landscaping, sustainable urban drainage systems, acoustic measures and plot specific externals. Typically, we would expect the standard external costs to be in the region of 15% of the BCIS rates. MG's allowance is therefore in keeping with our expectations and has subsequently been agreed in our appraisal.

4.30. MG's contingency allowance is equivalent to (5.21%) of our adjusted build costs. Based on other schemes we have appraised across the South Holland district a circa 3% rate is deemed more appropriate. Furthermore, the viability guidance indicates that continency should not be overstated as it is a cost which may not ultimately be realised. In light of this and the above evidence we consider a 3% contingency to be reasonable.

4.31. As for abnormal / site specific infrastructure costs, MG have allowed for the following:

Dewatering	£203,750
Additional fill to raise site levels	£795,000
Additional electrical infrastructure in Phase 1	£112,920
Off site works	£184,674
Total	**£1,296,344**

4.32. It is stressed that the impact of abnormal / site specific infrastructure costs can be offset (at least partially) by reductions in the benchmark land value. The Planning Practice Guidance (PPG) publication on viability (published alongside the NPPF and recently updated in September 2019) states that benchmark land values should "reflect the implications of abnormal costs; site-specific infrastructure costs; and professional costs". In other words, the higher the abnormals / infrastructure works, the lower the benchmark land value and vice versa. This is also discussed below under the 'benchmark land value' section.

4.33. There is, though, a minimum threshold beyond which a reasonable landowner would not be willing to sell land. For example, if high abnormal costs pushed down the value of the land so much that the land was only worth £10,000 per acre, then it is unlikely the landowner would release the land for development at this level (as this is likely to be in line with the value of the land as agricultural land, so there would be no incentive to pursue a lengthy planning application). In this scenario, a landowner would only release the land if a suitable incentive was provided, in which case it may be that planning policies have to be relaxed to increase the land value up to a point where the landowner is incentivised to release the land. The issue is what this level of premium should be, which the PPG is silent on (and therefore this is an area open to much debate).

4.34. In short, if savings to the abnormal costs were found at a later date this would not necessarily improve the scheme viability, as it would potentially result in an adjustment to the benchmark land value mitigating any savings. Conversely, if the abnormals were increased this may not undermine viability, as the corresponding benchmark land value would need to be reduced.

4.35. Taking this into account, we have accepted MG's abnormal costs on the basis that this is assessed alongside an appropriate corresponding benchmark land value.

4.36. Professional fees

4.37. For professional fees, MG have included the equivalent of 5.58% of our adjusted build costs. This is deemed to be reasonable and in keeping with schemes we have appraised across the South Holland district.

S106 / Other Council Policy Requirements

4.38. The Council has confirmed the following S106 requirements:

- Education - £1,048,967
- Health - £118,800
- Travel plan monitoring £5,000

4.39. The above totals £1,172,767.

4.40. With regard to affordable housing, Council policy requires a 25% on-site provision, to be split 70/30 between affordable rented and shared ownership. MG have allowed for 25% affordable housing, split 71% affordable and 29% intermediate/shared ownership.

Marketing / legal costs

4.41. MG have included a marketing cost of 3% of revenue, plus £750 per unit for sales legal fees on the market units. With regard to transfer costs for the affordable units, MG include £15,000. These allowances are deemed to be broadly reasonable given the nature of the scheme and have been accepted in our appraisal.

Finance

4.42. MG have allowed for a debit rate of 6.25%, but with a 0% credit rate. MG also allow £28,000 for an arrangement fee and valuation.

4.43. However, since MG undertook their updated assessment in August 22 the Bank of England's base interest rate has again risen, which is pushing borrowing rates up. To reflect the latest market conditions we consider it appropriate to increase the debit interest rate to 7%. However, equally, as savings costs start to rise we deem it appropriate to allow a credit interest rate of 2.5%. The arrangement / valuation fees totalling £28,000 are reasonable and have been accepted in our appraisals.

4.44. To calculate the finance, we have inputted our appraisal data into the ARGUS Development Appraisal Toolkit, which is an industry approved discounted cash flow model (appended to this report).

Developer's profit

4.45. MG's appraisals adopt a profit rate of 17.5% on revenue for the market units and 5.56% on revenue on the affordable units.

4.46. For a scheme of this size and nature we believe it is appropriate to apply a profit margin expressed as a percentage of the revenue.

4.47. In our experience profit margins fluctuate depending on the nature of the scheme and the type of developer implementing the project. However, and only as a broad guide, we tend to see profit margins in the region of 15% to 20% of revenue. This range is now also explicitly referenced in the recent PPG publication.

4.48. MG's suggested profit margin falls within the acceptable range identified within the PPG and also is broadly in line with our experience of appraising sites within the region. We have therefore adopted the same in our appraisal.

Benchmark land value

4.49. The Benchmark Land Value ("BLV") attempts to identify the minimum price that a hypothetical landowner would accept in the prevalent market conditions to release the land for development. Whilst a relatively straight forward concept in reality this is open to interpretation and is generally one of the most debated elements of a viability appraisal. It is also often confused with market value, however the guidance stresses that this is a distinct concept and therefore is different to market value assessments.

4.50. The standard approach is to run an initial appraisal based on all of the above fixed inputs to arrive at a site value for the site. In accordance with the RICS guidance, this residual site value can then be compared to the "benchmark land value" (which is the minimum price that a hypothetical landowner would accept and a hypothetical developer would pay for the scheme to be delivered). If the residual site value is above this "benchmark" then the scheme is viable. If the residual site value falls below this figure then the scheme is deemed to be unviable.

4.51. Viability assessors are provided some guidance through the National Planning Policy Framework ('NPPF') and Planning Practice Guidance ('PPG'), as published on 24th July 2018 (and updated in May/September 2019). This provides a more up to date guide to undertaking viability assessments and can be regarded as superseding certain elements of the above 2012 documents. One area which the PPG deals with is in relation to assessing BLV, stating the following:

4.51.1. 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.

4.51.2. The EUV should disregard any hope value.

4.51.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.

4.51.4. Benchmark land value should be informed by market evidence including current uses, costs and values wherever possible.

4.51.5. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

4.51.6. Under no circumstances will the price paid for land be a relevant justification for failing to accord with the relevant policies in the plan.

4.51.7. Alternative Use Value of the land may be informative in establishing benchmark land value. However, these should be limited to those uses which have an existing implementable permission for that use. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

4.52. In other words, the Council should not subsidise (through a loss of planning policy contributions) any overbid made when acquiring the site. Any overbid (or indeed underbid) for a site should therefore be disregarded when considering the BLV. As part of the process of reviewing viability it is down to the assessor to determine whether a price paid is an appropriate figure (or not) to use as a BLV.

4.53. In their report, MG look to follow the guidance and first calculate the existing use value, before applying a premium uplift to arrive at the benchmark land value.

4.54. To calculate the existing use value, MG apply an agricultural land value (which they suggest is around £10,000 per acre or £25,000 per gross hectare). This is considered to be broadly reasonable and consistent with what has been applied to other schemes across the District.

4.55. In terms of a premium uplift, MG suggest an uplift equivalent to 10 times the existing use value. This gives an overall benchmark land value of £2,900,000 (just under £275,000 per gross Ha or £110,718 per gross acre).

4.56. In terms of the premium uplift and the principles associated with this, we are now assisted by various planning appeal decisions, including:

- Land off Holts Lane, Poulton-le-Fylde (ref 3241233).
- Land at Warburton Lane, Trafford (ref 3243720).
- Land at Forest Heights, Forge Weir View, Halton (ref 3285794).

4.57. The above suggests premium uplifts for greenfield land should be around 10 to 15 times the existing use value, with the level fluctuating dependent on factors such as abnormal costs, location, scale etc.

4.58. We have also reviewed numerous other cases that we have been involved with across the South Holland District in recent years and note a similar range.

4.59. In the case of the subject scheme, the suggested uplift of 10 times the existing use value is therefore within the range discussed above (although we would stress we have seen premium uplifts below this where abnormal costs are more significant). Taking into account the site specific infrastructure costs and abnormals associated with the subject scheme we consider 10 times the existing use value to be broadly reasonable for the viability testing. We have therefore also applied a benchmark land value of £2,900,000 to our appraisals.

5. Appraisal results and conclusions

5.1. As indicated above, in our modelling we have run 3 scenarios, which can be summarised as follows:

Scenario 1	-	MG's adopted market values
Scenario 2	-	a 2.5% uplift in MG's adopted market values
Scenario 3	-	a 5% uplift in MG's adopted market values

5.2. Please see attached our Scenario 1 appraisal. With 45 (25%) onsite affordable dwellings but a reduced S106 'pot' totalling £92,000 this generates a residual land value of £2,900,567 (i.e. in line with the benchmark land value of £2,900,000 and therefore at a viable level). In other words, we agree that in this scenario it is necessary to reduce the planning policies in order to deliver a viable scheme. In this case, and for illustrative purposes only, we have chosen to amend the S106 contributions (rather than the affordable housing), although this is ultimately at the discretion of the Council.

5.3. Please see attached our Scenario 2 appraisal. Again, with 45 (25%) onsite affordable dwellings and a slightly reduced S106 'pot' totalling £1,005,000 this generates a residual land value of £2,900,825 (i.e. in line with the benchmark land value of £2,900,000 and therefore at a viable level). This is therefore a stronger outcome than Scenario 1 and whilst a slight deduction in the planning policies is deemed appropriate this is a relatively small adjustment.

5.4. Please see attached our Scenario 3 appraisal. In this scenario the Council's full planning policy requirements can be viably delivered.

5.5. In summary, the level of sales values achievable is decisive here as to whether the scheme can provide the full planning policy contributions. In our view, MG's adopted vales are below expectations, even given the current uncertainty in the market. However, it remains to be seen whether a 5% uplift on these values is achievable. Equally, though, we do consider MG's adopted values to be below expectations. Instead, and on balance, we consider our Scenario 2 (i.e. an uplift on the MG values of 2.5%) to be reasonable given the evidence identified, as well as the current uncertainty in the market. On this basis, we conclude that the scheme able to viably support 45 (25%) onsite affordable dwellings plus a slightly reduced S106 'pot' totalling £1,005,000.

5.6. For illustrative purposes, other than sales values, the key differences between MG's assessment and our assessment are as follows:

Input	MG appraisal	CPV appraisal
Av plot cost	£1,312.40 per sq m	£1,222.09 per sq m
Contingency	4.91%	3%
Debit interest	6.25%	7%
Credit interest	0%	2.5%

5.7. In summary, we disagree with MG's conclusion and instead find that the scheme is able to viably support 45 (25%) onsite affordable dwellings plus a slightly reduced S106 'pot' totalling £1,005,000. Please note, alternatively, the Council may choose to maintain the full S106 payments (which total £1,172,767), in which case the number of affordable dwellings on site would need to reduce by 3/4 dwellings.

5.8. Our conclusions remain valid for 6 months beyond the date of this report. If the implementation of the scheme is delayed beyond this timeframe then market conditions may have changed sufficiently for our conclusions on viability to be adjusted. Under this scenario we would strongly recommend the scheme is re-appraised.

Yours sincerely



David Newham MRICS
Director
CP Viability Ltd

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc1 - MG market values
DN-0753

Development Appraisal
Prepared by David Newham MRICS Director
CP Viability Ltd
14 November 2022

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc1 - MG market values

Appraisal Summary for Phase 1

Currency in £

REVENUE					
Sales Valuation	**Units**	**m²**	**Sales Rate m²**	**Unit Price**	**Gross Sales**
Market Value	135	21,919.00	2,356.63	382,630	51,655,000
Rented Affordable	32	2,188.00	1,340.73	91,672	2,933,517
Intermediate	13	952.00	1,710.13	125,234	1,628,047
Totals	**180**	**25,059.00**			**56,216,564**
NET REALISATION				**56,216,564**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (10.60 Ha @ 273,638.39 /Hect)			2,900,567		
				2,900,567	
Stamp Duty			134,528		
Effective Stamp Duty Rate		4.64%			
Legal Fee		0.75%	21,754		
				156,283	
CONSTRUCTION COSTS					
Construction	**m²**	**Build Rate m²**	**Cost**		
Market Value	21,919.00	1,222.09	26,786,991		
Rented Affordable	2,188.00	1,222.09	2,673,933		
Intermediate	952.00	1,222.09	1,163,430		
Totals	**25,059.00 m²**		**30,624,353**	**30,624,353**	
Contingency		3.00%	1,095,716		
Garages - Single			63,000		
Garages - Double			1,275,000		
Abnormals / infrastructure			1,296,344		
S106 'pot'			92,000		
				3,822,060	
Other Construction Costs					
Externals			4,561,500		
				4,561,500	
PROFESSIONAL FEES					
Professional fees			2,036,833		
				2,036,833	
DISPOSAL FEES					
Marketing & sales		3.00%	1,549,650		
Legals - Market Value	135.00 un	750.00 /un	101,250		
Legals - affordable			15,000		
				1,665,900	
Total Additional Costs				28,000	
TOTAL COSTS BEFORE FINANCE				**45,795,495**	
FINANCE					
Debit Rate 7.000%, Credit Rate 2.500% (Nominal)					
Land			1,051,357		
Construction			148,450		
Other			71,336		
Total Finance Cost				1,128,471	
TOTAL COSTS				**46,923,966**	
PROFIT					
				9,292,598	
Performance Measures					
Profit on Cost%		19.80%			
Profit on GDV%		16.53%			

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
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Sc1 - MG market values

IRR% (without Interest)	29.81%

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc2 - 2.5% uplift to MG market values
DN-0753

Development Appraisal
Prepared by David Newham MRICS Director
CP Viability Ltd
14 November 2022

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc2 - 2.5% uplift to MG market values

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Sales Rate m²**	**Unit Price**	**Gross Sales**
Market Value	135	21,919.00	2,415.55	392,195	52,946,375
Rented Affordable	32	2,188.00	1,340.73	91,672	2,933,517
Intermediate	13	952.00	1,710.13	125,234	1,628,047
Totals	**180**	**25,059.00**			**57,507,939**

NET REALISATION		**57,507,939**

OUTLAY

ACQUISITION COSTS

Residualised Price (10.60 Ha @ 273,662.69 /Hect)		2,900,825	
			2,900,825
Stamp Duty		134,541	
Effective Stamp Duty Rate	4.64%		
Legal Fee	0.75%	21,756	
			156,297

CONSTRUCTION COSTS

Construction	**m²**	**Build Rate m²**	**Cost**	
Market Value	21,919.00	1,222.09	26,786,991	
Rented Affordable	2,188.00	1,222.09	2,673,933	
Intermediate	952.00	1,222.09	1,163,430	
Totals	**25,059.00 m²**		**30,624,353**	**30,624,353**
Contingency		3.00%	1,095,716	
Garages - Single			63,000	
Garages - Double			1,275,000	
Abnormals / infrastructure			1,296,344	
S106 'pot'			1,005,000	
				4,735,060
Other Construction Costs				
Externals			4,561,500	
				4,561,500

PROFESSIONAL FEES

Professional fees		2,036,833	
			2,036,833

DISPOSAL FEES

Marketing & sales		3.00%	1,588,391	
Legals - Market Value	135.00 un	750.00 /un	101,250	
Legals - affordable			15,000	
				1,704,641
Total Additional Costs				28,000

TOTAL COSTS BEFORE FINANCE	**46,747,509**

FINANCE

Debit Rate 7.000%, Credit Rate 2.500% (Nominal)		
Land	1,056,805	
Construction	259,206	
Other	73,145	
Total Finance Cost		1,242,866

TOTAL COSTS	**47,990,375**
PROFIT	
	9,517,564

Performance Measures

Profit on Cost%	19.83%
Profit on GDV%	16.55%

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc2 - 2.5% uplift to MG market values

IRR% (without Interest)	28.97%

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc3 - 5% uplift to MG market values
DN-0753

Development Appraisal
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CP Viability Ltd
14 November 2022

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc3 - 5% uplift to MG market values

Appraisal Summary for Phase 1

Currency in £

REVENUE					
Sales Valuation	**Units**	**m²**	**Sales Rate m²**	**Unit Price**	**Gross Sales**
Market Value	135	21,919.00	2,474.46	401,761	54,237,750
Rented Affordable	32	2,188.00	1,340.73	91,672	2,933,517
Intermediate	13	952.00	1,710.13	125,234	1,628,047
Totals	**180**	**25,059.00**			**58,799,314**
NET REALISATION				**58,799,314**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (10.60 Ha @ 335,358.65 /Hect)			3,554,802		
				3,554,802	
Stamp Duty			167,240		
Effective Stamp Duty Rate		4.70%			
Legal Fee		0.75%	26,661		
				193,901	
CONSTRUCTION COSTS					
Construction	**m²**	**Build Rate m²**	**Cost**		
Market Value	21,919.00	1,222.09	26,786,991		
Rented Affordable	2,188.00	1,222.09	2,673,933		
Intermediate	952.00	1,222.09	1,163,430		
Totals	**25,059.00 m²**		**30,624,353**	**30,624,353**	
Contingency		3.00%	1,095,716		
Garages - Single			63,000		
Garages - Double			1,275,000		
Abnormals / infrastructure			1,296,344		
Education			1,048,967		
Health			118,800		
Travel plan monitoring			5,000		
				4,902,827	
Other Construction Costs					
Externals			4,561,500		
				4,561,500	
PROFESSIONAL FEES					
Professional fees			2,036,833		
				2,036,833	
DISPOSAL FEES					
Marketing & sales		3.00%	1,627,132		
Legals - Market Value	135.00 un	750.00 /un	101,250		
Legals - affordable			15,000		
				1,743,382	
Total Additional Costs				28,000	
TOTAL COSTS BEFORE FINANCE				**47,645,598**	
FINANCE					
Debit Rate 7.000%, Credit Rate 2.500% (Nominal)					
Land			1,276,943		
Construction			208,688		
Other			74,962		
Total Finance Cost				1,410,670	
TOTAL COSTS				**49,056,268**	
PROFIT					
				9,743,046	
Performance Measures					
Profit on Cost%		19.86%			

Land b/w Seagate Rd / Wisbech Rd, Long Sutton
H11-1346-21 / H11-0882-21
Sc3 - 5% uplift to MG market values

Profit on GDV%	16.57%
IRR% (without Interest)	27.62%