Seagate Homes November 2021

VIABILITY ASSESSMENT — SUMMARY REPORT

Property: Land east of St Margaret's, Quadring, Lincolnshire
Planning: H15-1066-21

Overview

The application site is situated in the village of Quadring. Quadring comprises a typical fenland settlement set alongside the A152 Spalding – Donington Road. The village, which has a population of approximately 800, is located approximately 12km north of Spalding and 3.5km south of Donington. Boston is located approximately 20km to the north-east.

The village is essentially set around a crossroad junction of the A152 and side roads leading north-eastwards to Quadring Eaudike and south-westwards towards Quadring Low Fen. Development has extended in ribbon fashion along each of these roads, with some depth development to the rear, and a measure of infilling between the arms. Sporadic development continues along these roads, notably along the A152 northwards towards Donington and south-eastwards towards Gosberton.

The site itself currently comprises undeveloped agricultural land. This is a long thin site, totalling 1.03Ha (2.55 acres) on a gross basis, with a net developable area of 0.855Ha (2.11 acres).

The site has previously had planning applications for:

- "Residential development of 12 dwellings". (ref. H15-0321-10)
- "Residential development of 34 dwellings". (ref. H15-1039-17)

Seagate Homes have carried out this viability review to determine what level of affordable housing / S106 contributions can be viably delivered. Our review has been undertaken in accordance with the relevant Planning Practice Guidance on viability to the best of our knowledge.

Key considerations

Our viability appraisal in May 2020, concluded that the scheme was not viable with a 25% affordable housing scheme (against a policy of 0%) and S106 contributions totalling around £200,000.

This viability outcome is contrary to the results of the Local Plan viability work (from 2017), which was used to inform the policies set out in the South East Lincolnshire Local Plan. This review has been carried out in accordance with RICS guidance

This review has been carried out in accordance with RICS guidance as well as planning practice guidance on viability. As per the guidance, we have compared our appraisal assumptions against those used in 2017 Local Plan testing, summarised as follows:

Appraisal Input	South East Lincolnshire Plan viability 2017 Study (Rates/% for 30 dwellings)	St Margaret, Quadring (36 dwellings)
Density	35 dwellings per Ha	42 dwellings per Ha
Average Value	£1,900 per sqm	£1,860 per sqm

Average Size	100 sqm	85 sqm
Build Cost	£911 per sqm	£972 per sqm
Externals	10% on build cost	17.84% on build cost
Contingency	3% on build cost	3% on build cost
Professional Fees	7% on build cost	6.48% on build cost
S106	Up to £5,000 per dwelling	£5,555 per dwelling
Sales/Marketing	3% on revenue	3% on revenue
Developer Profit	17.5% Market, 6% Afford	17.5% Market, 6% Afford
BLV (inc abnormals)	£535,000 per Ha	£274,269 per Ha

As shown above, there are a number of differences between the assumptions applied by Seagates appraisal testing and that used in the South East Lincolnshire Plan viability. These include scheme density, average dwelling size, build costs, externals, professional fees, Developer Profit and benchmark land value. It is also worth noting that we have included the purchase of the access of £130,000 in the 'abnormals – infrastructure' section of the two appraisals.

We have subsequently reviewed our various appraisal assumptions. As part of this process, we have looked at Scenarios to make the scheme viable.

Inputs	**Scenario 1** SGH Appraisal with 25% Affordable with 106	**Scenario 2** SGH Appraisal with Full Market Sale with zero 106	**Difference**
Revenue/GDV	£ 199.36 /ft2	£ 220.26 /ft2	£ 595750.00
Development Build Cost	£ 188.88 /ft2	£ 181.94 /ft2	-£ 197791.00
	Total		£ 396959.00

From the Above Scenario 1, results demonstrated that the scheme is not viable with a 25% onsite affordable housing provision, plus S106 contributions totalling £200,000. This scenario only generated a profit of 298,944 (5.26%) for the overall development.

However, and in addition to the 'base' appraisal (referred to as Scenario 1 above). We have as part of the considerations, developed Scenario 2.

Scenario 2 showed that as a full open market site, with No 106 contribution, the development could be Viable (just). This scenario returns a viable outcome, generating at potentially profitable development (17.4%).

There are currently two major areas that we believe are affecting these scenarios. These are:

- Market fluctuations in the cost of labour and materials
- Affordable Values

Conclusions

Our appraisals have shown that the scheme is only viable, as a fully market site with no contributions. Considering this, it is reasonable for the Council to consider negating the need for any S106 Contributions and any Affordable unit percentage to this scheme. This would mean that the scheme could deliver the necessary dwellings to the area.