Studio 11 Architecture
King's Lynn Innovation Centre
Innovation Drive
King's Lynn
Norfolk
PE30 5BY
T: 01553 970033
E: design@studio11architecture.co.uk

STUDIO11
architecture

Our ref: KB.562.03.A.01

Maxine Simmons
South Holland District Council
Council Offices
Priory Road
Spalding
Lincolnshire
PE11 2XE

26th October 2022

Dear Maxine,

Application No: H16-0523-22
Residential development of 12 one-bedroom apartments on Land off Roman Bank, Spalding

Subsequent to our discussions regarding the site we are now in a position to submit the Financial Viability for the application. A copy is enclosed for your information and review. To assist I have outlined a synopsis of the Financial Viability below.

Property Overview
The property is located off Roman Bank, Spalding. The surrounding area is predominantly former local authority Council Housing. The site is currently an undeveloped area of land with an implemented planning permission.

The current application is seeking full planning permission for 12 dwellings.

Land
The application site was purchased for a land value of £105,000 including legal costs.

Gross Development Value (Revenue)
It is intended that the whole completed development is sold to a private rental company for £1,200,000.

Gross Development Cost (Outgoings)

Type	Rate	Total
Apartment Construction	£110.00 per sq ft	£594,000
Externals Works		£88,600
Roads & Sewers		£7,500
Infrastructure		£5,000
Mains and Services		£46,200
Site Management		£127,354
Contingency		£0
Professional Fees		£24,775
Fees and Bonds		£40,200
Abnormals - Construction		£42,000
Abnormals - Infrastructure		£17,500

Marketing		£0
Legals (sales)	£950 per dwelling	£11,400
Finance		£0
Land		£105,000
Total		**£1,117,449**

Developers Profit
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. As a broad guide for the industry profit margins in the region of 15 to 20% of revenue are seen to be acceptable. The application site is currently shows a return equivalent to 7.54% significantly below the 15% required to be a reasonable incentive for a developer to implement the development.

Conclusions
The Financial Viability submitted with this application has demonstrated that the development cannot deliver any financial contributions/ affordable housing contributions. Whilst the revenue return is not as high as would normally be expected the applicant has indicated that they are willing to accept that level of return on the project given that they currently own the land.

We trust that the above clarifies the situation however should you have any queries please do not hesitate to contact me.

Yours sincerely

Kris Baxter
Managing Director