Viability statement for development at

Land to Rear of

Sion Court, Sion Road, Twickenham, TW1 3DD

by

Bailey Venning Associates Limited on behalf of

Moreland Residential Ltd

July 2024

Content

Appendices

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1.0 Introduction

1.1 Bailey Venning Associates Limited (BVA) is instructed by Moreland Residential Ltd, the Applicant, to undertake a viability assessment and to prepare this report in support of the application to develop five dwellings on land to the rear of Sion Court, Sion Road, Twickenham, TW1 3DD. The land is presently occupied by a parking courtyard with garages and a two bedroom apartment. The application is for "*Demolition of existing lock-up garages and 1 no. flat to create 5 no. residential units with associated landscape, bin and cycle storage provision.*"

1.2 *The contents of this report are for feasibility assessment purposes only and are conducted on current values and costs specific to the planning application as at the date of report and do not constitute a valuation, in accordance with Valuation Standards of the RICS Valuation – Professional Standards – Global Standards 2021, and should not be relied upon as such.*

1.3 *In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.*

1.4 *This report is addressed to our client only and its contents should not be reproduced in part or in full without our prior consent. We note that a copy of this report may be provided by the Applicant to London Borough of Richmond upon Thames and potentially their retained viability consultant; this is done solely for the purposes of validating the reasonableness of the approach to viability taken by the Applicant. No duty of care can be extended to any other party other than the Applicant.*

1.5 *In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate, available, sources of information. We are not aware of any conflicts of interest in relation to this assessment.*

1.6 This report has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) "Professional Statement on Financial Viability in Planning: conduct and reporting" (1st Edition, May 2019). The report has been prepared by Richard Bailey and in line with the requirements of this guidance I can confirm the following is true.

- The author of this report has acted with objectivity, impartially, without interference and references all appropriate sources of information.
- Terms of Engagement were set out clearly and included in all reports and comply with the RICS statement 'Conflicts of Interest'.
- No performance-related or contingent fees have been agreed.
- Information used is market led and not client driven.

- Inputs to the Financial Viability Appraisal (FVA) are reasonably justified and based upon industry benchmarks recently agreed with other local planning authorities for similar proposals and in a number of occasions at planning appeal.

1.7 Where disagreement exists, BVA will seek to engage with the Council and their advisors as necessary in order to reach agreement in respect of the viability conclusions. Where agreement is not possible, the decision maker will be provided with a clear statement on the matters at dispute.

1.8 The purpose of this report is threefold;

- To determine whether the development plan and national guidance as they relate to the proposal require affordable housing to be provided; if so, to calculate the maximum affordable housing requirement that can be expected and, by extension, the cost to the developer of the subsidy toward providing for the required number of affordable units;
- To determine the viable level of commutation for affordable housing provision as supported by adopted plan policy for small sites; and
- To weigh all of this against a consideration of the principles of economic viability and residual land appraisal and how they relate to the development.

1.9 The report will outline and justify the inputs into the residual land appraisal and how the output from the appraisal shows that the Local Plan affordable housing requirement cannot be borne by this development whilst maintaining an economically viable position. A CIL contribution is also included, taking into account existing floorspace credits. This is a position allowed for at all levels of planning policy relating to the provision of affordable housing through Section 106.

1.10 It should be noted that a site visit has not been necessary, and the assessment has been undertaken on a desktop basis with survey information provided to us by our client and their professional team. Further research has been conducted online.

1.11 It should be noted that the author has advised the same applicant on a previous planning application and appeal on the site, under references: Planning application: 22/1757/FUL and Appeal reference: APP/L5810/W/23/3315130. This report adopts many of the appraisal assumptions accepted and agreed in the previous application and appeal, taking into account the Council's and Inspector's comments where appropriate, and updating cost and value data for the passage of time.

2.0 Local and National Planning Policy and Relevant Guidance

2.1 It is considered that the following documents represent the most relevant parts of the adopted development plan and other current guidance which affect the affordable housing requirement for this proposal:

- National Policy Planning Policy Framework (NPPF)
- National Planning Practice Guidance (NPPG)
- London Borough of Richmond upon Thames Local Plan, adopted 3 July 2018
- LBRuT Affordable Housing SPD, adopted 6 March 2014
- LBRuT Guidance Notes on the Calculation of a Commuted Sum for the provision of Affordable Housing off-site
- LBRuT Community Infrastructure Levy Charging Schedule effective from 1 November 2014
- LBRuT Community Infrastructure Levy (CIL) Annual Rate Summary 2024
- Mayoral Community Infrastructure Levy Annual CIL Rate Summary 2024
- LBRuT Whole Plan Viability Assessment, Adams Integra, December2016
- LBRuT Whole Plan Viability Assessment Addendum to test affordable housing at 50% of the total number, on sites of 10 or more units., Adams Integra, August 2017
- RICS Guidance Note; Assessing viability in planning under the National Planning Policy Framework 2019 for England (1st edition, March 2021)
- RICS Professional Statement: Financial Viability in Planning: Conduct and Reporting, May 2019

The National Planning Policy Framework (NPPF)

2.2 The Government published a revised NPPF on 20 December 2023.

2.3 Housing applications should be considered in the context of the presumption in favour of sustainable development.

2.4 Where it is identified that affordable housing is needed, policies should be set for meeting the need on site, unless off-site or a financial contribution of appropriate value can be robustly justified.

2.5 In addition, the NPPF also highlights the importance of setting realistic targets in Local Plans that can be achieved; this includes the provision of new homes which will be undeliverable if viability thresholds are unrealistic.

2.6 The NPPF summarises that viability should be based on national planning guidance (paragraph 58) and that it is up to the applicant to demonstrate, "whether particular circumstances justify the need for a viability assessment at the application stage."

2.7 Also, planning decisions should take into account efficient use of land taking into account local market conditions and viability (paragraph 128). Any planning obligations imposed would also have to satisfy the CIL Regulation 122 (2) tests in being necessary, directly related and be fairly and reasonably related in scale and kind (paragraph 57).

Planning Practice Guidance (Viability Section latest updates published 14 February 2024)

Should viability be assessed in decision taking? (Paragraph: 007 Reference ID: 10-007-20190509)

2.8 Generally, it is expected that planning applications that comply with development plan policies will be assumed to be viable, although applicants have the onus placed upon them to demonstrate where the particular circumstances of their application warrant a deviation from policy on the basis of viability. Those circumstances may include development of unallocated sites or sites which are different from a standard model of development, like housing for older people or development on brownfield land with a high existing use value.

What are the principles for carrying out a viability assessment? (Paragraph: 010 Reference ID: 10-010-20180724)

2.9 Essentially the National Planning Guidance sees the viability process as being founded upon non-developer specific data that encompasses the requirements of developing on the subject site in a proportionate, simple and transparent way. Being viable is determined from looking at whether the value generated by the development is more than the cost of developing it including all costs, land value, landowner premium and developer's return. Decision making, where viability is considered, strikes a balance between the planning system in securing maximum public benefit from development (noting that development that is not viable might not secure any public benefit as it might not be built) and the interests of developers and landowners in terms of return against risk.

How should gross development value be defined for the purpose of viability assessment? (Paragraph: 011 Reference ID: 10-011-20180724)

2.10 The guidance considers that site specific viability assessment should assess the value from market-based evidence of sales adjusted for location and other factors, ignoring outliers.

How should costs be defined for the purposes of viability assessment? (Paragraph: 012 Reference ID: 10-012-20180724)

2.11 The guidance is clear that costs should be adjusted to reflect the locality, based upon appropriate data, and include site specific infrastructure costs, finance charges, professional fees and project management charges, sales and marketing fees and organisational overheads associated with the site. The costs should also outline contingency pricing for risk based on the project circumstances.

How should a return to developers be defined for the purpose of viability assessment? (Paragraph: 018 Reference ID: 10-018-20190509)

2.12 Whilst it is confirmed that the price paid for land is not a mitigation for failing to accord with plan policy (and this is reiterated in the PPG a number of times), developer returns of between 15% and 20% of gross development value may be considered a suitable return, with a lower percentage applying to affordable housing in certain circumstances. It is also confirmed that alternative figures may be appropriate for different development types.

RICS Professional Statement Financial viability in planning: conduct and reporting 1st edition, May 2019

2.13 The RICS has published a guide to conduct and reporting for members, and others where appropriate, to adhere to. The Statement confirms the reporting requirements for viability assessments, including declarations on conflicts of interest.

RICS Guidance Note, Assessing viability in planning under the National Planning Policy Framework 2019 for England

2.14 The guidance note is intended to represent 'best practice', i.e. recommendations which in the opinion of RICS meet a high standard of professional competence.

2.15 When determining planning applications LPAs are concerned with the merits of the particular scheme in question. The aim should be to reflect industry benchmarks and not be specific to any individual applicant.

2.16 The date at which the planning application is determined is confirmed as the date where relevant information is considered. In practical terms, a viability assessment will be prepared and submitted with the planning application and could remain relevant, but updates may be necessary if the planning process is protracted.

2.17 Benchmark land value is to be determined in line with the methodology set out in the NPPF, in using the principle of existing use value plus a premium.

Harman Report (2012)

2.18 The Harman report was published in June 2012 and identifies guidance on viability related to National Planning Policy.

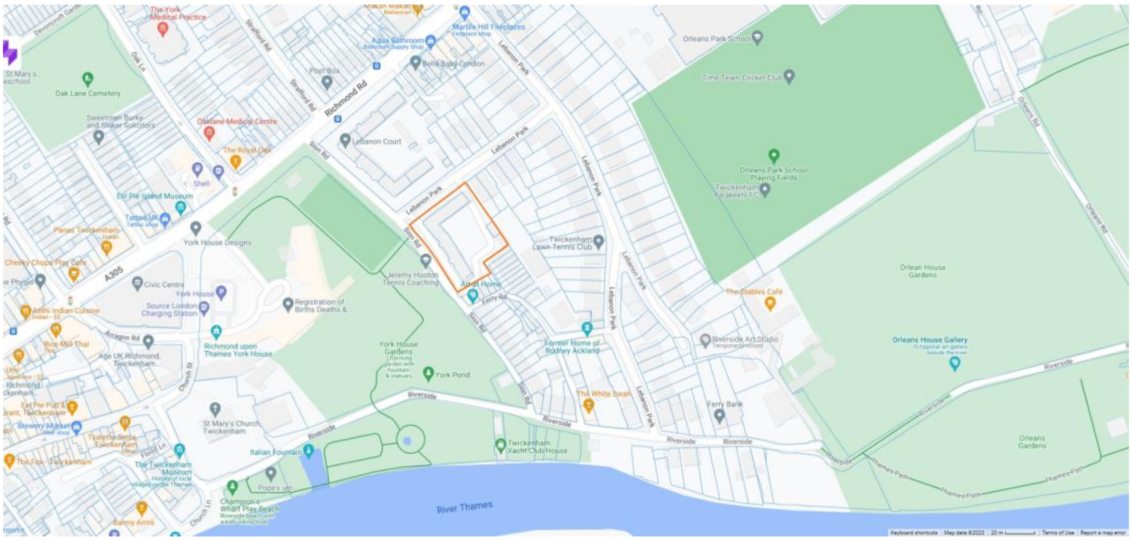
2.19 The Harman Report was originally produced as guidance for district wide planning associated with viability. However, due to the detailed nature of the analysis undertaken in the Harman Report, the guidance is also highly relevant to site specific viability assessments such as this.

2.20 The Harman Report makes clear emphasis on the point that Local Planning Policy should not be set at the margins of viability, including the level of Threshold Land Value applied to a scheme and developer profit.

2.21 In addition, the Harman Report highlights the importance of creating realistic targets. The report also points out that the complexity of area wide viability across a Local Authority will be unable to take into account all the variables associated with specific developments and a suitable and flexible approach is taken to viability.

3.0 Site Description

3.1 The site is located to the rear of Sion Court, Sion Road, Twickenham, TW1 3DD. It is approximately 0.3 miles from Twickenham train station. It is adjacent to the gardens of York House.



3.2 The land is currently the parking courtyard at the rear of Sion Court. It comprises hardstanding and single garages, with a two bedroom caretaker's apartment above of 48m^2. Associated with the caretaker's apartment is a lock-up store which is of the same construction and layout as the lock-up garages though with a timber frontage and access door. The overall site area is 0.26 hectares.

4.0 The Need to Achieve a Successful Housing Development

4.1 The success of an open market housing development depends on many factors, including site size, number of dwellings, the incorporation of successful management arrangements and, of course, the nature of the environment and surroundings in which it is built and accessed.

4.2 Planning policy and national guidance require residential developments to be successful, both in terms of amenity enjoyed by the occupants and the affordability of the finished dwellings.

4.3 The LBRuT Local Plan policy LP36 requires affordable housing contributions of up to 50% from residential development. The policy sets out that for sites of 5 units, a 25% affordable housing requirement applies (LP36Bc) to be provided by way of a commuted sum. LP36C then sets out that the Council will have regard to viability assessment in considering the amount of affordable housing to be provided. LP36Dc sets out that viability assessments should use a benchmark land value established from existing use value plus a premium. The Council also operates a commuted sum calculator to determine the value of policy compliant commuted sums.

5.0 An Appropriate Affordable Housing Contribution

5.1 The NPPF requires an off-site affordable housing contribution to be appropriate and robustly justified[1] and would amount to a sum equivalent to the subsidy required to provide up to 50% of qualifying development as affordable housing. The affordable housing requirements fall on all sites of residential development. The requirements are set out firstly in the Local Plan Policy LP36 and then expanded upon in the LBRuT guidance on calculating financial contributions for affordable housing on small sites and an accompanying spreadsheet to calculate commuted sums. The policy is however subject to viability considerations to ensure deliverability of sites.

5.2 In order to establish, initially, the viability of an affordable housing requirement, it is necessary to establish the developer subsidy that would be required in order to satisfy the affordable housing requirement on this site. This is the principle of *'equivalence'* whereby the offsite contribution equates to the amount of subsidy that would have been provided on site, ensuring that any contribution is "fairly and reasonably related in kind and scale to the development."[2]

5.3 In the usual course of events, this developer subsidy would equate to the difference between the value of the scheme without affordable housing (the "*unencumbered value*") and the value of the scheme with the policy requirement for affordable housing (the "*encumbered value*"). This will establish the maximum amount of affordable housing developer subsidy and thereby the maximum amount of offsite financial contribution. Any greater contribution would prejudice the provision of off-site affordable housing against on site provision.

5.4 However, a requirement to contribute affordable housing is not intended to make a development financially unviable. Therefore, we must first establish whether this scheme can afford to make any contribution for affordable housing.

5.5 Economic Viability is established as a material consideration in the determination of planning applications - The NPPF and PPG considers development viability to be a central consideration in delivering sustainable development. It is therefore important to assess whether the Council's requirements for affordable housing can be delivered as part of a financially viable development.

[1] NPPF, Paragraph 64, December 2023
[2] NPPF, Paragraph 57, December 2023

5.6 The principles underlying economic viability rely on the assumption that land will be used in the form that secures an appropriate site value for the land owner. Therefore, unless the Residual Land Value (RLV) of a proposed development exceeds the value in existing use or Alternative Use Value for the land, then the land owner will not release or sell the land and it will not be brought forward for development. The threshold to test the viability of the proposed scheme against other alternatives is referred to as the Benchmark Land Value and has been assessed on the basis of Existing Use Value plus a premium in accordance with guidance in the PPG.

5.7 To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

5.8 It remains to suggest a way of valuing land such that an empirical assessment of the ability of any parcel of land to deliver affordable housing can be made.

Benchmark Land Value

5.9 The NPPF states that plans should set out the contributions required from development including affordable housing and infrastructure and that the policies introduced should not undermine deliverability of the plan.[3] As such it requires local authorities to ensure that the scale of obligations and policy burdens do not threaten the viability of developments.

5.10 The National Planning Practice Guidance advises that there must be an appropriate return to the developer, consideration for the existing use for the site and also a premium established from market evidence to encourage the site to come forward for development (taking into account the typical policy and infrastructure burdens that the site would be required to carry). Hence, the developer profit should be reasonable, (i.e. appropriate for the degree of risk for the particular type of development) and that the land-owner should achieve a reasonable land value for the site. If the developer or land-owner do not secure this return, the project will not proceed.

5.11 The Planning Practice Guidance (PPG) suggests that "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

[3] Paragraph 34, NPPF, December 2023

the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements."[4]

Existing Use Value plus Premium

5.12 The site comprises 19 single garages organised into two blocks, a lock-up store plus a two-bedroom caretaker's apartment above.

5.13 We understand that, typically, garages in the area range from £30,000 to £37,000 (and higher) depending on location and an example of a recent sale is included in Appendix A. Given the location and condition of the garages at Sion Court, we ascribe an indicative initial value of £25,000 per garage. The total existing use value of the garages would therefore be £475,000 using that approach.

5.14 The Council's consultant, BPC adopted an approach based on rental which was estimated at £27 per week. The capitalised value was then built up with a yield of 6%, arriving at a capital value per garage of £23,400.

5.15 I have reviewed listings locally on property websites and found garage and lock-up stores of equivalent unit size to be listed, details are contained in Appendix A:

	weekly	monthly	annual
SP56801 - Secure Garage, Twickenham - London - TW7	69.69	302.00	3,624.00
r/o 497-499 Twickenham Road, Isleworth, TW7	45.00		2,340.00
Jersey Road, Isleworth, TW7	45.23	196.00	2,352.00
SP61250 - Secure Garage - Richmond - TW9	57.69	250.00	3,000.00
Average			2,829.00

[4] Paragraph: 013 Reference ID: 10-013-20190509, PPG

5.16 Evidence suggests therefore that the rental assumption made by BPC at £27 per week is at the low end of the range. However, I take into account the current condition of the garages and adopt that figure.

5.17 As can be seen to the right of the picture above, the store associated with the caretaker's apartment follows the layout and construction of the garages though has a timber frontage with access door. This would be suitable for storage or, with reinstatement of a garage door, revert to a garage. I have not at this time included this unit in the assessment of value, other than its association with the caretaker's apartment.

5.18 The caretaker's apartment has two bedrooms and, whilst needing some refurbishment, we ascribe a value in the region of £250,000 to this given the location and opportunity such a property would offer.

5.19 In addition to the existing use values, we consider that a land owner premium of 20% would apply. This was agreed by BPC and the Inspector as being a reasonable approach.

5.20 The total benchmark land value is therefore:

Use	Value
Garages	£444,600
Existing apartment	£250,000
Plus premium (20%)	£138,920
Total BLV	£833,520

6.0 Methodology

6.1 The methodology to assess viability in this case is the commonly used Residual Land Value (RLV) appraisal. This method is one which is used industry wide in land purchase and that has been established as the pre-eminent method through various development plan examinations and planning appeals.

6.2 An RLV appraisal treats the land value as the output of a calculation which compares the costs of development with the revenue generated by it. Since the revenues from housing and the costs of development are relatively inelastic and outside the developer's control the one element of the appraisal that can vary is the land value. Therefore, if affordable housing is required, the cost of it must be deducted from the land value where possible.

6.3 For this application we will be testing the economic viability of the proposed development by including all the costs of development against an appropriate site benchmark determined from the Existing Use Value (EUV) plus a premium. All the land value generated from the development will be deemed as the RLV, defined as a toolkit appraisal, with the output showing either a development surplus (a viable contribution) or deficit (not viable) when measured against the site value benchmark. This approach is widely used and is referenced as the preferred methodology in the PPG.

6.4 On behalf of a number of clients, the staff of BVA has, over the past 14 years, negotiated appropriate affordable housing and other section 106 contributions on a number of housing developments, as well as sheltered housing and mixed use developments on behalf of private developers and Local Authorities all around the UK using a toolkit viability appraisal. We consider it to be appropriate given the circumstances of the single phase "snap shot" development which this proposed housing scheme represents.

6.5 There are many appraisal software packages on the market. However, they all rely on the principle that land value is the result of subtracting development costs from revenue.

6.6 In the case of this assessment, we will be using Argus Developer to carryout the viability assessment. Argus Developer is a widely used and highly recognised development appraisal tool and will be used to determine the viability of the application scheme.

6.7 The assumptions applied to the model are set out in below.

6.8 As a parallel test, we also complete the LBRuT Small Sites Toolkit, but it is noted that not all inputs to the appraisal are available to the user.

7.0 Viability Appraisal Assumptions

7.1 The following section details the assumptions included in the viability appraisal. The Argus Model summary pages are also included in Appendices C and E.

Unit schedule

7.2 The proposed scheme unit schedule is for the following units to be developed:

Unit Ref	Unit size m^2	Unit size Sq. Ft
Unit 1	56	604
Unit 2	86	923
Unit 3	86	923
Unit 4	79	846
Unit 5	66	713
Total GIA	372	4008

Scheme Revenue:

7.3 Comparables to the proposed units are listed in Appendix A. Proposed values are analysed and interpolated on the basis of the comparables listed and a value per square metre is derived based on unit floor area.

7.4 Taking the above into account we consider maximum unit values to be as follows:

Unit ref	Unit size m^2	Unit size Sq. Ft	Value £ per sq m	Unit value £
Unit 1	56	604	10,305.90	577,130.18
Unit 2	86	923	9,031.38	776,698.34
Unit 3	86	923	9,031.38	776,698.34
Unit 4	79	846	9,328.76	736,972.36
Unit 5	66	713	9,881.06	652,149.70
Totals	372	4008	9,461.42	3,519,648.90

Development Timetable

7.5 Construction start/end – assumes a twelve month build period from start on site to completion of the development after a six month lead in period from the date of site acquisition which is assumed to be the grant of the planning application. The lead in period allows for discharge of any conditions together with preparation of working and engineering drawings following investigative survey work. Six months is included for the period during which planning consent is likely to be granted.

7.6 Sales start/end – Occupations (sale completions) commence two months before build completion. Units are sold on the basis of a straight line sales curve over a total duration of 3 months which we consider to be realistic in the current market circumstances.

Base Build Cost Work Up

7.7 Construction costs have been provided in July 2024 from the applicant's appointed cost consultant, Savile Brown Associates, based on the works necessary. The total construction cost is estimated to be £1,693,197 excluding contingency.

7.8 A development contingency allowance of 5% of build costs is separately applied to the viability assessment.

7.9 A detailed breakdown of construction costs by Savile Brown Associates is contained in Appendix B to this report.

Professional Fees

7.10 Professional Fees, typically incorporating building design fees, architects / building surveyor costs, planning costs, building regulations approval, QS fees, M&E Engineer fees, Structural Engineer, CDM Supervisor and Project Management Costs. Guidance suggests a typical rate would range from 8% to 12.75% of construction costs. Whilst it would normally be anticipated that 12% of the total construction cost would be used for professional fees which has been accepted by Inspectors at appeals and in line with guidance from the HCA EAT model and would be reflective of the local plan viability assessment assumptions, in this case I adopt 10% on the basis of the agreed figure from previous negotiations on the site.

Section 106 and Community Infrastructure Levy

7.11 A CIL charge will be applicable for this development for the residential floorspace for both the Mayoral CIL2 and LBRuT CIL charges.

7.12 The works comprise 372m^2 GIA. This development replaces a total of 241 m^2 of existing garages and 48m^2 of existing residential floorspace. The chargeable floorspace is therefore 83m^2.

7.13 The LBRuT Annual CIL Rate Summary for development consented in 2024 confirms that the CIL rate applying to development in the Higher Residential Development Zone is £398.54 per m^2. This will need to be re-indexed if consent is granted later than 31 December 2024. The total LBRuT CIL charge included in the models is therefore £33,079.

7.14 Mayoral Community Infrastructure Levy Annual CIL Rate Summary 2021 confirms that the MCIL2 rate applying to development in Residential Development Band 1 is £92.36 per m^2 for development consented in 2024. This will need to be re-indexed if consent is granted later than 31 December 2024. The total Mayoral CIL charge included in the models is therefore £7,666.

7.15 The above figures are reflected in the appraisal, though will need to be confirmed by the charging authority. Should the confirmed figure be substantially different then revised models will need to be undertaken.

7.16 No other Section 106 costs are included at this time in order to consider the viability of whether an affordable housing obligation could be viable.

Sales and Marketing Fees

7.17 Legal costs on sales – assumed at 0.25% of GDV per unit based on the anticipated sales value of each unit.

7.18 Agents and Marketing Fees – Sales and marketing fees of 2.5% of the open market values of the dwellings have been included. This rate is considered to be reasonable and necessary to achieve the suggested sales values and sales rate in current market conditions. It accords with the assumptions used in the local plan viability assessment

Finance Costs

7.19 Interest rate – A debt rate of 7.5% has been used which is considered, in the current lending climate, to be acceptable and includes the general 1-2% required for the arrangement fee. Typical development interest rates are 3-5% above the inter-bank lending rate which at the time of writing is 5.20%. The debt rate is therefore considered to be a conservative assumption.

Land Acquisition Costs

7.20 Stamp Duty Land Tax –For the purposes of this assessment we have applied an estimated figure on the basis of the rates advised by HMRC.

7.21 Legal Fees – Land purchase legal fees assumed at 0.75% of the residual land value on purchase. The HCA EAT User Guide refers to 0.75% as "typical."

7.22 Acquisition Agent fees – 1.0%.

7.23 It should be noted that the model does not apply these fees where negative land values arise.

Developer's Return

7.24 The Council's adopted Local Plan Policy LP36 on affordable housing was supported by evidence regarding the viability of development. This was prepared by Adams Integra, entitled the Whole Plan Viability Study and published in December 2016 with an addendum report published in August 2017. Appendix 4 to the Adams Integra Whole Plan Viability Study dated December 2016 sets out the assumptions that underpinned the viability work. These included profit on market housing at 20% of gross development value.

7.25 The Bank of England base rate remains high, though inflation is stabilising from its significant peak twelve months ago. Mortgage rates remain high compared to historic rates and this is having a downward pressure on house prices.

7.26 It is noted that the PPG also makes reference to acceptable profit margins of between 15% and 20% of GDV.

7.27 I present the appraisal here at 17.5% of GDV as the profit measure, as previously agreed with BPC and presented and accepted as reasonable at the appeal.

8.0 Viability Appraisal Output

8.1 The benchmark land value of £833,520 which is used for assessing viability of this site is established on the basis of existing use value plus premium.

8.2 The proposed scheme without an affordable housing contribution generates a residual land value of £646,259. The appraisal output sheets are attached at Appendix C. Given this finding, an affordable housing contribution or other Section 106 obligation would not be viable.

8.3 It should be noted that the LBRuT Small Sites Calculator would require a policy compliant payment for affordable housing in accordable with Policy LP36 of £478,652. The output sheet is attached at Appendix D. The appraisal model including the policy compliant sum is attached at Appendix E and, with a residual land value of £250,117 which is well below the benchmark land value, is not viable.

8.4 It should be noted that the above appraisals include CIL on the basis of a floorspace credit being given for existing GIA forming the existing uses. A higher CIL payment would further reduce viability.

9.0 Summary and Conclusion

9.1 A Council must apply a consistent approach when considering a planning application for all development for housing.

9.2 It is important to assess whether the Council's requirements for affordable housing and other planning gain contributions can be delivered as part of a financially viable development. A critical issue for any viability assessment is identifying what is a reasonable return to be attractive enough for the land owner or developer to bring forward their site.

9.3 The viability appraisal exercise has been undertaken using the latest appraisal Argus toolkit and utilises up to date build costs provided by the applicant's surveyor and up to date sales values and follows the latest published RICS guidance on viability in planning.

9.4 Using the LBRuT small sites calculator, a policy compliant commuted sum would be required of £478,652.

9.5 When the application scheme is assessed for economic viability, when measured against the benchmark land value established from the existing use value of the site plus a premium, and including the required level of CIL payments, the residual land value in the appraisal is positive though is not greater than the benchmark land value. An affordable housing obligation would not therefore be considered to be viable.

9.6 The viability appraisals assume a single phase development which will be implemented without delay.

9.7 The appraisals assume a CIL liability for LBRuT of £33,079 and MCIL2 of £7,666 assuming a credit for existing floorspace.

9.8 The planning statement submitted as part of the suite of application documentation sets out the benefits of developing this brownfield site in a sustainable location for housing.