



Review of Plan Wide Viability Appraisal Submitted in respect of the proposed allocation of Land South of Reeds Lane, Sayers Common – DPSC3.

On behalf of WILD

October 2024

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1.0 Instructions and Compliance with RICS Professional Statement

- 1.1 We confirm that we are instructed by WILD to carry out a review of the submitted plan wide viability assessment that accompanied the Regulation 19 proposed allocation under policy DPSC3 – Land to the South of Reeds Lane, Sayers Common, in respect of the financial viability of the allocation and Mid Sussex District Council’s evidence base supporting it.
- 1.2 Bespoke Property Consultants have not carried out an inspection of the site but are familiar with the locality.
- 1.3 Bespoke Properties Ltd accepts responsibility to the Client named at the start of this report alone, that this report has been prepared with the skill, care and diligence reasonably to be expected of a competent consultant dealing with the assessment of financial viability of developments. We accept no responsibility whatsoever to any person other than the client themselves. As such this advice is exempted from the RICS “Red Book” valuation practices (with the exception of PS 2 in relation to Ethics, competency, objectivity and disclosures) on the basis that the parties are seeking to negotiate the allocation in the Local Plan and any planning obligations relevant thereto.
- 1.4 We confirm compliance with the RICS Professional Statement “Financial Viability in Planning: Conduct and Reporting” May 2019. As required by the Professional Statement we confirm the following matters:
- We have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.
 - We have identified no conflicts of interest or risk of conflicts in preparing this report
 - We are not working under a performance related fee agreement or on a contingent fee basis.
 - We advocate reasonable, transparent and appropriate engagement between the parties in the planning process and we will do all that we can to assist in that process.

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- All the sub-consultants who have contributed to this report have been made aware of the RICS Professional Practice Statement and its requirements, they in turn have confirmed compliance with it.

1.5 We have been allowed sufficient time since instruction to carry out this review bearing in mind the scale of the development and the status of the information as at the date of this report.

2.0 Executive Summary

2.1 The purpose of this review in accordance with national policy is to compare the published Local Plan Viability Study (produced by HDH Planning and Development in May 2022), the Regulation 19 Local Plan submission document, and the Infrastructure Delivery Plan published by Mid Sussex District Council in December 2023 to identify whether the submitted appraisal (and supporting evidence) provides a sufficiently robust justification for the allocation of the subject site within the local plan in terms of its financial viability. We are also asked to identify whether there are any areas of conflict created by the allocation's financial viability with the national policy position.

2.2 We have carried out a review of the submitted viability assessment and can confirm:

- We agree with the headline rates arrived at within the appraisal for base build cost. However it should be noted that any additional sustainability measures required by planning policy would have to be taken from any surplus residual land value generated by the scheme, which as noted below is very marginal.
- The cost adopted within the HDH appraisal for S.106 contributions is a value of £12,000 per unit. Given the points made in this report about a number of headline Infrastructure items which either have a higher cost or are not identified we have adopted circa £90M (£45,000 per unit) within our comparison appraisal based on the advice received on costings from our cost consultant Exigere. This also reflects our recent experience of other strategic sites of this nature.
- Our appraisal has been carried out on the basis of the full land allocation which includes Employment Uses, Older Persons accommodation and retail/community provision, whereas the HDH assessment only considers the residential element.
- We believe the HDH assessment is further deficient in not considering the cost of garages, so our appraisal includes an allowance for garages to 15% of the residential plots.
- As the assessment needs to take into account the risks associated with this strategic project, we have amended the profit allowance to 20% of GDV profit to reflect the risks involved as required by the RICS guidance.

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- 2.3 We have carried out our own residual land value calculation based on the information set out within this report and the supporting information on cost provided by Exigere.
- 2.4 The outcome of our appraisal is that residual land value is considered to be £50,045,909 which is only £656,271 (1.3%) higher than the Benchmark Land Value we have calculated.
- 2.5 This means that subject to the information on infrastructure and planning obligations being provided as set out in this report there is a very small surplus from which to deliver any further sustainability requirements should they be considered acceptable by the Inspector.
- 2.6 We raise this as an issue because it is important for the Local Authority to clarify the requirements and appropriately test them in the Local Plan process. Otherwise as and when planning applications are submitted, should the sustainability requirements be higher than those tested or the planning obligations be higher than tested then the applicant may submit a viability appraisal stating that the level of planning obligations and/or affordable housing requirements needs to be reduced, which runs contrary to the intent of the NPPF and NPPG.
- 2.7 The NPPG¹ on financial viability confirms in paragraph 7 that “Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable”
- 2.8 Paragraph 1 confirms that “Policy requirements should be clear so that they can be accurately accounted for in the price paid for land”.
- 2.9 Therefore this confirms that at the plan making stage clear expectations on the planning policy requirements and infrastructure with clear costings should be provided and tested by the LPA such that if they are viable this should feed through to the amount paid for the land.
- 2.10 Paragraph 18 of the NPPG confirms that “Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of fully complying with policy requirements should be accounted for in benchmark land value”

¹ [Viability - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

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- 2.11 As our calculation of a surplus is minimal there is a high risk that should the planning obligations, sustainability measures and infrastructure requirements for this site be higher than currently assessed, then the applicant will submit a viability assessment at the planning application stage stating that they cannot provide all of the obligations and ask for a reduction.
- 2.12 In this case we recommend that as this is a strategic site, the Local Plan should set out the requirements for viability reviews on a phase-by-phase basis and these be included in the s106 agreement for the outline consent. This is so the LPA can benefit from any improvements in market conditions over the lifetime of the development, should the initial application not include all of the S.106 obligations set out by the Plan, or those requirements change over time. This is a standard process and should be included in the majority of strategic development schemes. This would accord with para 9 of the NPPG.

3.0 Purpose of Review/Documentation

3.1 Purpose of Review

- 3.1.1 The purpose of this review in accordance with national policy is to compare the published Local Plan Viability Study (produced by HDH Planning and Development May 2022), the Regulation 19 submission document, and the Infrastructure Delivery Plan published by Mid Sussex District Council in December 2023 to identify whether there are any areas of conflict with the national policy position, as well as to identify whether the submitted appraisal (and supporting evidence) provides a sufficiently robust justification for the allocation of the subject site land within the local plan in terms of its viability.
- 3.1.2 The Regulation 19 submission document confirms that *“Development will be permitted where it is supported by, and coordinated with, the delivery and maintenance of infrastructure and/or mitigation measures to meet the additional need arising from the proposal. Both on-site and off-site provision (including beyond the district boundary), in-kind and via financial contribution, may be required to address the impacts of development, including cumulative effects on the existing infrastructure. Generally, these will be secured via section 106 planning obligation, or where relevant via planning conditions. Infrastructure must be provided at the appropriate time as recommended by the relevant infrastructure provider. This may be prior to the development becoming operational or being occupied, and designed to ensure that services and amenity of existing residents is not unduly reduced during the development period. Applicants will be expected to have early engagement with infrastructure providers to ensure any necessary works can be undertaken in a timely manner. Larger developments may need to be phased to ensure that this requirement can be met. Significant sites must prepare a site-wide Infrastructure Delivery Strategy demonstrating that the development will deliver, in a timely manner, sufficient infrastructure to cater for the needs of the proposed development as a whole and also mitigate to an acceptable level the effect of the whole development upon the surrounding area and community.”*
- 3.1.3 The sustainability of these developments is predicated on the assumption that the commitments in the site policies will be met in full, and the standards in the other policies in the draft plan will also be achieved. If they are not, the sites will not be sustainable and therefore not deliverable as planned.

3.1.4 Therefore the purpose of this review is a high-level assessment of overall financial viability of the site allocated under policy DPSC3 with confirmation of clear assumptions of the total cumulative cost of all of the relevant policies.

3.1.5 This report therefore reviews the submitted figures on the basis of current values and costs with alternatives provided for an estimate of the current values for the most significant items within the overall assessment.

3.1.6 This will show if the total costs are likely to be met within the planning authority's current financial viability assumptions for this site.

3.2 Review of Documentation

3.2.1 In carrying out this review we have had reference to the following documentation:

- Mid Sussex District Plan 2021-2039 (submission draft Regulation 19) December 2023
- Local Plan Viability Study May 2022 (HDH Planning)
- Reeds Lane, Sayers Common Vision Document (Adam Urbanism)
- Infrastructure Delivery Plan December 2023 (Mix Sussex LPA)

4.0 Policy Review

4.1 National Planning Policy Framework

4.1.1 The NPPF requires Local Plans to be deliverable - paragraph 16 of the revised NPPF states:

Plans should:

- a) *be prepared with the objective of contributing to the achievement of sustainable development;*
- b) *be prepared positively, in a way that is aspirational but deliverable;*
- c) *be shaped by early, proportionate and effective engagement between plan-makers and communities, local organisations, businesses, infrastructure providers and operators and statutory consultees;*
- d) *contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react to development proposals;*
- e) *be accessible through the use of digital tools to assist public involvement and policy presentation; and*
- f) *serve a clear purpose, avoiding unnecessary duplication of policies that apply to a particular area (including policies in this Framework, where relevant).'*

4.2 National Planning Practice Guidance

4.2.1 The NPPG paragraph 001 confirms that for viability and plan making:

“Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development.”

4.2.2 The PPG (as noted below) provides further guidance on the NPPF wording by confirming that viability matters should be resolved at the plan making stage rather than decision-making stage, thus placing further weight on viability assessments early in the process:

“Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision-making stage.”

4.2.3 Therefore, in setting planning policy requirements local authorities need to have regard to the impact these have on development viability: *‘The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.’*

4.2.4 Ultimately the NPPG is clear that total cumulative costs of policies should not render development unviable: *‘The total cumulative cost of all relevant policies should not be of a scale that will make development unviable. Local planning authorities should set out future spending priorities for developer contributions in an Infrastructure Funding Statement.’*

4.2.5 Paragraph: 006 Reference ID: 10-006-20190509 confirms that “Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage.

“It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up-to-date plan policies. A decision maker can give appropriate weight to emerging policies. It is important for developers and other parties buying (or interested in buying) land to have regard to the total cumulative cost of all relevant policies when agreeing a price for the land. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.’

4.2.6 Therefore, this report considers whether the viability appraisal for the Land South of Reeds Lane, carried out as part of the Plan Wide Viability Assessment, has taken all the policy requirements into account and whether the appraisal includes assumptions which make the

scheme undeliverable through the development management process and therefore that viability needs to be revisited later, at the decision-making stage, which is not in accordance with the PPG.

5.0 Review of Policy DPSC3

5.1 Review of Policy DPSC3 – Land at Sayers Common

The following issues, which we consider have a relevance to the financial viability of the scheme, are set out within the policy documentation:

5.1.1 Indicative Development Capacity

- a) Net Residential Dwellings (2,000 (approximately 1,850 to 2,039))
- b) Employment (5,000-9,000m² E Class)
- c) Older persons – contribute to identified need
- d) Retail/community (2,000-4,000m²)
- e) Gypsy and Traveller provision 6 permanent pitches

5.1.2 Infrastructure on site

- a) Land for education provision with associated all-through school with 2FE (expandable to 3FE) at Primary and 4FE (expandable to 6FE) at Secondary, with or without Sixth Form, as well as an Early Years and Special Support Centre
- b) Space for the provision of full-day care nursery
- c) Self-service Library
- d) Community building
- e) Local Community Infrastructure including allotments, public realm, public seating, public rights of way and cycle tracks
- f) Community facilities
- g) Leisure
- h) Extra Care housing provision
- i) Play area
- j) Other outdoor sport provision
- k) Informal outdoor space
- l) New terminal pumping station

5.1.3 Infrastructure provided by financial contributions

- a) Improvements at Hassocks Station
- b) Emergency services
- c) Health
- d) Outdoor sports, where need not met on-site

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- e) Provision of Sustainable Transport measures and provision
 - f) Highways improvements
 - g) Wastewater Treatment Works

5.1.4 Further clarification is provided as follows:

- a) A Neighbourhood centre towards the eastern part of the site which has a range of community facilities including library, cafe, retail, co-working space, employment and potential healthcare. A local centre should be provided in the western part of the site offering further community facilities.
- b) Support delivery of a shared route with Significant Site allocation DPSC1: Land West of Burgess Hill/North of Hurstpierpoint, to Burgess Hill town centre and
- c) Meet the requirements of other relevant development plan policies.

5.1.5 Requirements of other relevant development plan policies

5.1.6 The other relevant development plan policies that are considered relevant to the plan wide viability appraisal process are:

- DPS1 – Climate Change
- DPS2 – Sustainable Design and Construction
- DPS3 – Renewable and Low Carbon Energy Schemes
- DPS4 – Flood Risk and Drainage
- DPS5 – Water Infrastructure and Water Environment
- DPS6 – Health and Wellbeing
- DPN2 – Biodiversity Net Gain and Nutrient Neutrality
- DPT4 – Parking and Electric Vehicle Charging Infrastructure

6.0 Review of Viability Appraisal carried out to support Local Plan

6.1 Review of content of Plan Wide Viability Appraisal

- 6.1.1 We have carried out a headline review of the methodology and reporting provided by the viability consultants who were commissioned by the LPA.
- 6.1.2 Consultants HDH Planning (HDH) carried out a plan-wide viability assessment in order to support the proposed allocations within the Local Plan. HDH Planning confirm that *“High level viability testing does have limitations. The assessment of viability is a largely quantitative process based on financial appraisals – there are however types of development where viability is not at the forefront of the developer’s mind, and they will proceed even if a ‘loss’ is shown in a conventional appraisal. By way of example, an individual may want to fulfil a dream of building a house and may spend more than the finished home is worth, or the end user of an industrial or logistics building may build a new factory or depot that will improve its operational efficiency even if, as a property development, the resulting building may not seem to be viable. This is a challenge when considering policy proposals. It is necessary to determine whether or not the impact of a policy requirement on a development type that may appear only to be marginally viable will have any material impact on the rates of development or whether the developments will proceed anyway. Some development comes forward for operational reasons rather than for property development purposes.”*
- 6.1.3 Having reviewed the methodology used to undertake the assessment we consider it to be in accordance with recognised practice for plan wide viability appraisals.
- 6.1.4 The majority of the report (and appraisal) is carried out at a strategic level adopting typologies as recommended by the NPPF and NPPG, which we consider to be the correct approach for the majority of the document.
- 6.1.5 However, the importance of *“engaging further with the promoters of the potential Significant Sites and service and infrastructure provided”* is noted in paragraph 2.4 of the HDH report.
- 6.1.6 HDH confirm that *“Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage.”*

6.1.7 The NPPG confirms in paragraph 10-005-20180724 of the viability guidance that *“It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment for strategic sites.”*

6.1.8 It is therefore our view that it is appropriate to test individual strategic sites as they are fundamental to the whole Local Plan’s success in delivering the required outcomes both the LPA and community are seeking.

6.2 **Plan Wide Viability Testing - North Site 4**

6.2.1 HDH have carried out a high level assessment of the subject site which is called North Site 4 in the documents. This assessment only refers to the residential elements of the allocation which we regard as not being in compliance with National Policy and RICS Guidance, in that the whole allocation should be reviewed.

6.2.2 The position arrived at within the Plan Wide Viability Testing for Sayers Common, which is listed as North Site 4 and contained on page 317 of the viability testing is that the residual land value of the site is £113,559,398 compared to a Benchmark Land Value of £46,462,500 which means that there is a surplus of £67,096,898.

7.0 Review of published information

7.1 Headline assessment

7.1.1 Following a review of the viability appraisal carried out by HDH planning to support the allocation we have set out the following tables to show whether the appraisal has included the requirements of :

- a) The allocation
- b) The infrastructure
- c) The additional policy requirements

7.1.2 The specific strategic site wide viability includes the following allocation requirements:

Table 1

Allocation Requirements	Included in the site-specific viability appraisal
Net Residential Dwellings (2,000 (approximately 1,850 to 2,039))	Yes – Tested for 2,000 units
Employment (5,000-9000m ² E Class)	No – not included in modelling
Older persons – contribute to identified need	No – not included in modelling
Retail/community (2,000-4,000m ²)	No – not included in modelling
Gypsy and Traveller provision 6 permanent pitches	No – not included in modelling

7.1.3 The specific strategic site wide viability includes the following infrastructure requirements:

Table 2

Infrastructure Requirements	Included in the site specific viability appraisal	Total Cost identified
Land for education provision with associated all-through school with 2FE (expandable to 3FE) at Primary and 4FE (expandable to 6FE) at Secondary, with or without	Land not included in viability appraisal, but December 2023 IDP identifies cost of provision of school. In addition, the possibility that expansion of Hassocks School may be required but no costings identified as well as SEND School with up to 120 places costing	£43.45M plus £13.24M (across a number of developments), plus £2.7M (across a number of developments).

Infrastructure Requirements	Included in the site specific viability appraisal	Total Cost identified
Sixth Form, with Early Years and Special Support Centre	£13.24M and expansion of existing facilities totalling £2.7M.	
Provision of full-day care nursery	Day care nursery (100 places)	No cost identified so we have obtained our own costing via Exigere at £1,062,100
Self-service Library	Tier 7 Library (floorspace and contribution)	£100,000 included in the community building
Community building	Community building with associated local CCTV and car park	No costs identified so we have obtained our own costing via Exigere at £3,297,050
Extra Care housing provision	Direct provision	Not included in the modelling and therefore we have revised the appraisal to include for this.
Play area	1.25ha	No build cost allowed
Other outdoor sport provision	1.5ha	No build cost allowed
Informal outdoor space	17ha	No build cost allowed
Improvements at Hassocks Station	Improve existing cycle storage and access	£100,000 across a number of sites
Emergency services	Provision of new fire station or extension of existing station, and equipment for police and premises	£795,000 across all new development plus further costs unidentified

Infrastructure Requirements	Included in the site specific viability appraisal	Total Cost identified
Health	Increase capacity at existing GP facilities	£13M across all new developments
Outdoor sports, where need not met on-site	contribution	£3.3M
Provision of Sustainable Transport measures and provision	Sayers Common to Burgess Hill Cycle Route and Sayers Common to Hassocks Cycle Route	No cost identified but should be delivered from any land value surplus identified
Highways improvements	All development	No cost identified so we have obtained a provisional costing via Exigere amounting to £20M.
Wastewater Treatment Works	Terminal pumping station and wastewater treatment works (offsite)	No cost identified so we have obtained our own costing via Exigere at £5,625,000

7.1.4 The specific strategic site wide viability includes the following development plan policy requirements:

Table 3

Development Plan Policy	Included in the site specific viability appraisal	Total Cost identified	Total Cost allowed for in modelling
DPS1 – Climate Change	Yes	This is identified in the Local Plan Viability Study in Table 10.4 as a reduction in £/ha.	Included in modelling as an uplift in build costs

Development Plan Policy	Included in the site specific viability appraisal	Total Cost identified	Total Cost allowed for in modelling
		For South, excluding Burgess Hill the total cost of policies is considered to reduce the cost of greenfield land by £267,739 /ha	
DPS2 – Sustainable Design and Construction	Relates to non-residential dwellings only	Unless it can be demonstrated that doing so is not technically feasible or unviable, using a fabric first approach, all new build development must achieve zero operational GHG emissions by reducing heat and power demand and then supplying all (regulated and unregulated) operational energy through on-site renewables.	Exigere’s review of costs indicates that the uplift of 3.2% on the residential £/sqft basis is an adequate allowance.
DPS4 – Flood Risk and Drainage	Costs to be included in green spaces	Not specifically	To be included in external costs
DPN2 – Biodiversity Net Gain	Minimum percentage of BNG of 20% will be	Between £3,456 and £63,841 per hectare for Southeast based	Included in viability appraisal as an uplift to

Development Plan Policy	Included in the site specific viability appraisal	Total Cost identified	Total Cost allowed for in modelling
	required on significant sites	on 2017 costs whether on site or off site	base BCIS build costs
DPT4 – Parking and Electric Vehicle Charging Infrastructure	A cost of £976 per unit is identified based on 2019 costs		We have allowed for a total cost of £6,650,000 as per Exigere costs

7.2 Conclusion on headline viability appraisal

7.2.1 It is confirmed that the HDH appraisals have been based on the following outcomes:

- a. Affordable Housing 30% (66.7% Affordable Rent, 25% First Homes, 8.3% Shared Ownership).
- b. Sustainability 31% CO2 saving in line with Part L uplift. EV Charging points. Water conservation – including rainwater harvesting. 10% Biodiversity Net Gain on typologies, 20% on Significant Sites.
- c. Design Part M4(2) / Part M4(3). Significant Sites include 4 gypsy and traveller pitches.
- d. Developer Contributions £12,000/unit.

8.0 Issues identified

8.1 The viability appraisal carried out by HDH confirms on page 312 of 382 the requirements that have been tested for viability purposes are as follows:

Base Build Costs

- 2,000 units
- Base Construction an average of £1,353 per m²
- External Works 15% of base build cost
- Contingency 2.5%
- Biodiversity Net Gain 0.15% of build cost
- CO2 plus 3.2% of base build cost
- Acc&Adpt £18.14 per m²
- Water £32.00 per m²

8.2 We have checked the appraisal carried out which is listed on page 317 of 382 and can confirm that a build cost of £1,666 per m² is included in the appraisal. We consider that the following calculation should be used:

- Base build £1,353
- Biodiversity Net Gain £2.03
- CO2 plus £43.30
- Acc&Adpt £18.14
- Water £32.00
- External Costs £217.27
- Total build cost £1,665.74 = £1,666 per m².

8.3 We therefore agree with the headline rates arrived at within the appraisal for base build cost but consider that any additional sustainability measures required as planning policy would have to be considered as deductible from any surplus residual land value.

S106 Costs/Infrastructure

- 8.4 The total cost adopted within the HDH appraisal is a value of £12,000 per unit for s106 costs. Given the points made in this report about a number of headline items which either have a higher cost or are not identified we have taken advice from Exigere and adopted the following indicative figures within our appraisal:

Infrastructure	Amount	Type (s106/Infrastructure)
Education	£45,000,000	S106
Day Care Nursery	£1,062,100	Infrastructure
Community Building	£3,297,050	Infrastructure
Transport	£50,000	S106
Emergency Services	£300,000	S106
Health	£5,000,000	S106
Outdoor sports	£3,300,000	S106
Wastewater Treatment Works	£5,625,000	Infrastructure
Highways Improvements	£20,000,000	Infrastructure
EV charging	£6,650,000	Infrastructure
Total	£90,284,000	

- 8.5 On this basis the total allowance for infrastructure/s106 is considered to be up to £66M higher than adopted within the appraisal produced by HDH.

Abnormal Costs

- 8.6 A figure of £5,032,000 has been included in the appraisal as abnormal costs on the basis of 2.5% of the BCIS costs. We consider this is a reasonable approach considering the low contingency allowance of 2.5% included in the plan wide viability modelling.
- 8.7 We have also allowed for garages to 15% of the residential units at a cost of £11,000 per unit.

Matters not included in the modelling

8.8 The following items have not been included in the modelling:

Employment (5,000-9,000m ² E Class)
Older persons – contribute to identified need
Retail/community (2,000-4,000m ²)
Gypsy and Traveller provision
6 permanent pitches

8.9 We have included them in our version of the modelling on the same basis as the inputs adopted by the plan wide viability testing.

Amended Viability Testing

8.10 We have therefore re-run the scheme appraisal adopting the following mix:

- 2,000 units including 60 extra care units
- Employment 9,000m² with a land sale @ £3,601,791 per hectare
- Retail uses 2,000m² with a land sale @ £8,129,569 per hectare
- Provision of full day care nursery
- Community Building including Tier 7 Library

Finance Rate

8.11 We consider the 6% debit rate to be a reasonable assumption for plan wide viability testing bearing in mind the longevity of the scheme. We have not sought to alter the timings of obligations but consider that in order to further aid the viability of this scheme, the later that these obligations can be delivered will reduce the interest paid and therefore improve the viability of the scheme.

8.12 Whilst we consider that some of the obligations can be timed later within the process there are some, such as the Wastewater Treatment facility that will have to be secured and delivered early in this strategic development and therefore we have cash flowed these accordingly.

Developers Profit

- 8.13 HDH planning have adopted a 17.5% profit for the open market units. We consider that for a strategic scheme with significant unknowns in the current market an open market profit of 20% of GDV should be adopted. We agree with the rates of 6% for Affordable Housing, have adopted 12% profit for First Homes and 15% for the commercial uses.

9.0 Conclusion

- 9.1 We have carried out our own residual land value calculation based on the information set out within this report and the supporting information on cost provided by Exigere.
- 9.2 The outcome of our residual land value is considered to be £50,045,909 which is £656,271 (1.3%) higher than the Benchmark Land Value we have calculated which covers the entire allocation. This compares to the surplus of £67M identified by HDH which in our view is because of the items omitted from their calculations as noted above.
- 9.3 This means that subject to the information on infrastructure and planning obligations being provided as set out in this report, there is a very low surplus from which to deliver any further sustainability requirements should they be considered necessary and acceptable to the Inspector.
- 9.4 We raise this as an issue because it is important for the Local Authority to clarify the requirements and appropriately test them in the Local Plan process. Otherwise as and when planning applications are submitted, should the sustainability requirements be higher than those tested or the planning obligations be higher than tested then the applicant may submit a viability appraisal stating that the level of planning obligations and/or affordable housing requirements needs to be reduced, which runs contrary to the intent of the NPPF and NPPG.
- 9.5 The NPPG² confirms in paragraph 7 that “Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable”
- 9.6 Paragraph 1 confirms that “Policy requirements should be clear so that they can be accurately accounted for in the price paid for land”.
- 9.7 Therefore this confirms that at plan making stage clear expectations on the planning policy requirements and infrastructure with clear costings should be provided and tested by the LPA and therefore if they are viable this should feed through to the amount paid for the land.

² [Viability - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

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- 9.8 Paragraph 18 confirms that “Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of fully complying with policy requirements should be accounted for in benchmark land value”
- 9.9 As our calculation of a surplus is minimal there is a high risk that should the planning obligations, sustainability measures and infrastructure requirements for this site be higher than currently allowed, the applicant will submit a viability assessment at the planning application stage, stating that they cannot provide all of the obligations and ask for a reduction.
- 9.10 In this case we recommend that as this is a strategic site, the Local Plan should set out the requirements for viability reviews on a phase-by-phase basis and these be included in the s106 agreement for the outline consent. This is so the LPA can benefit from any improvements in market conditions over the lifetime of the development, should the initial application not include all of the S.106 obligations set out by the Plan, or those requirements change over time. This is a standard process and should be included in the majority of strategic development schemes. This would accord with para 9 of the NPPG.

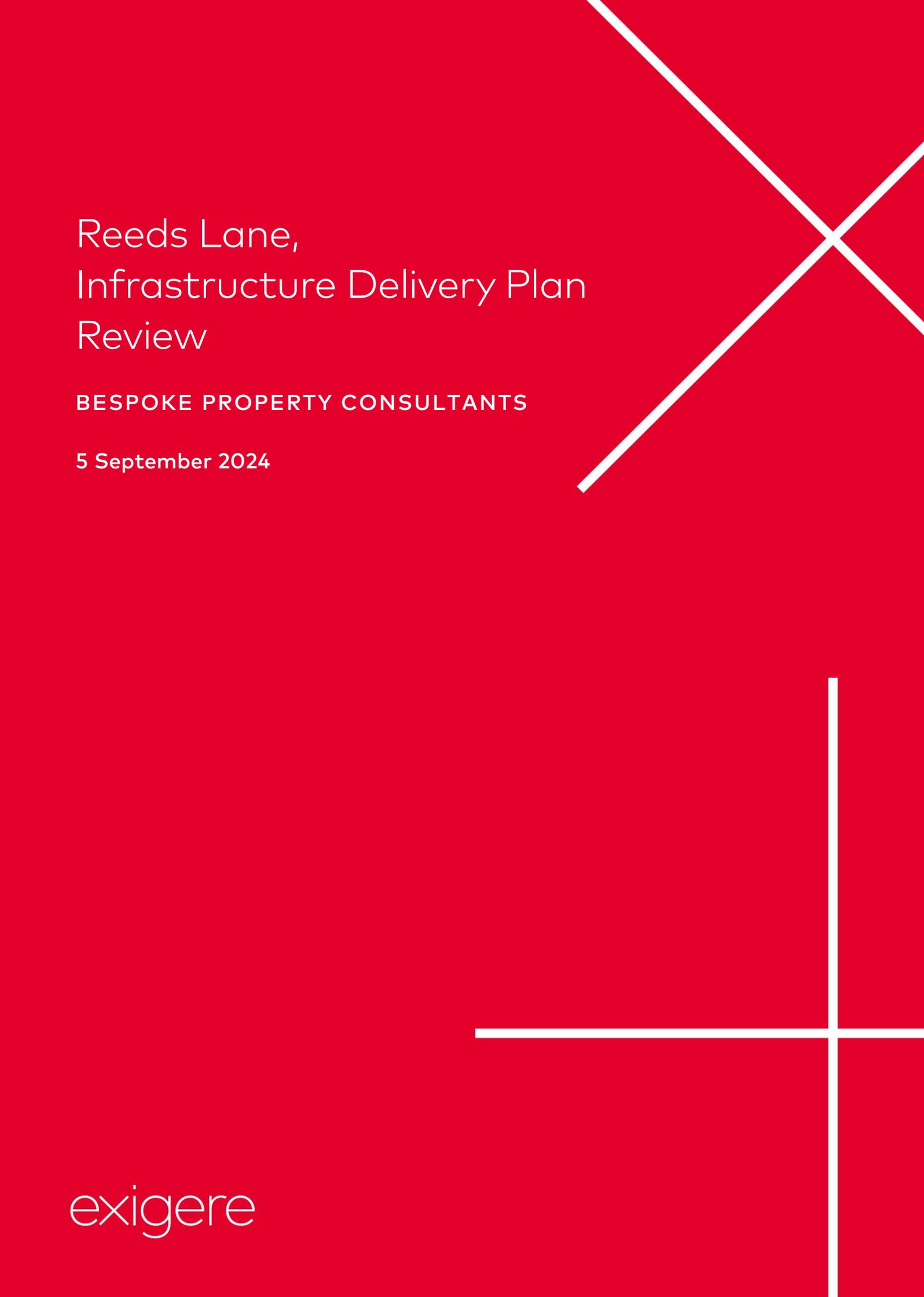
Appendix A

Appendix A

BPC
Strategic Site - Land at Sayers Common
Phase 1 - Viability Review

Unit Type	Tenure	Beds	Number of Units	Average ft2	Average m2	Total ft2	Total m2	Es per ft2	Average Unit Value	Total Value
Market Units										
1 bed	Market (flats)	1	68	431	40.0	29,278	2,720	£399.47	£171,996	£11,695,715
2 Bed	Market (terrace)	2	270	786	73.0	212,158	19,710	£399.47	£313,892	£84,750,932
3 bed	Market (terrace)	3	204	926	86.0	188,844	17,544	£399.47	£369,791	£75,437,359
3 Bed	Market (semi)	3	340	1,055	98.0	358,656	33,320	£399.47	£421,390	£143,272,504
4 bed	Market (semi)	4	68	1,141	106.0	77,587	7,208	£399.47	£455,789	£30,993,644
3 bed	Market (detached)	3	68	1,292	120.0	87,834	8,160	£399.47	£515,987	£35,087,144
4 bed	Market (detached)	4	204	1,399	130.0	285,461	26,520	£399.47	£558,986	£114,033,218
5 bed	Market (detached)	5	136	1,507	140.0	204,947	19,040	£399.47	£601,985	£81,870,002
Extra Care	Extra Care open market		42	764	71.0	32,098	2,982	£580.64	£443,751	£18,637,527
OPEN MARKET CAPITAL VALUE		70%	1,400	1,055	98	1,476,864	137,205		£425,556	£595,778,044
Affordable Rent										
2 bed	Affordable Terrace	2	97	753	70.0	73,088	6,790.1	£232.25	£174,996	£16,974,586
3 bed	Affordable Terrace	3	39	904	84.0	35,263	3,276.0	£232.25	£209,995	£8,189,800
2 bed	Affordable Semi	2	77	850	79.0	65,477	6,083.1	£232.25	£197,495	£15,207,129
3 bed	Affordable Semi	3	39	1,001	93.0	39,041	3,627.0	£232.25	£232,494	£9,067,279
4 bed	Affordable Semi	4	19	1,141	106.0	21,679	2,014.0	£232.25	£264,994	£5,034,877
1 bed flat	Affordable Flat	1	116	420	39.0	48,696	4,524.0	£232.25	£97,498	£11,309,724
extra care	Extra Care Affordable Rent		13	764	71.0	9,932	922.7	£232.25	£177,439	£2,306,707
TOTAL AFFORDABLE RENT		67%	400	733	27.7	293,176	11,087.8	£232.25	£170,225	£68,090,102
Shared Ownership										
2 Bed	Affordable Terrace	2	12	753	70.0	9,042	840.0	£279.63	£210,696	£2,528,347
3 bed	Affordable Terrace	3	9	904	84.0	8,138	756.0	£279.63	£252,835	£2,275,513
2 Bed	Affordable Semi	2	12	850	79.0	10,204	948.0	£279.63	£237,785	£2,853,421
3 bed	Affordable Semi	3	7	1,001	93.0	7,007	651.0	£279.63	£279,924	£1,959,469
4 bed	Affordable Semi	4	3	1,141	106.0	3,423	318.0	£279.63	£319,053	£957,160
1 Bed	Affordable Flat	1	2	420	39.0	840	78.0	£279.63	£117,388	£234,775
extra care	Extra Care Shared ownership		5	764	71.0	3,820	354.9	£406.45	£310,528	£1,552,639
TOTAL SHARED OWNERSHIP		8%	50	849	28.0	42,474	1,401.9	£291.04	£247,226	£12,361,324
First Homes										
2 Bed	Affordable Terrace	2	38	753	70.0	28,632	2,660.0	£267.93	£201,880	£7,671,436
3 bed	Affordable Terrace	3	30	904	84.0	27,125	2,520.0	£267.93	£242,256	£7,267,676
2 Bed	Affordable Semi	2	38	850	79.0	32,314	3,002.0	£267.93	£227,836	£8,657,764
3 bed	Affordable Semi	3	23	1,001	93.0	23,024	2,139.0	£267.93	£268,212	£6,168,873
4 bed	Affordable Semi	4	8	1,141	106.0	9,128	848.0	£267.93	£305,704	£2,445,631
1 Bed	Affordable Flat	1	13	420	39.0	5,457	507.0	£267.93	£112,476	£1,462,187
TOTAL FIRST HOMES		25%	150	838	23.3	125,680	3,494.0	£267.93	£173,348	£26,002,131
TOTAL AFFORDABLE HOUSING		30%	600	769	26.6	461,330	15,983.7	£230.75	£177,423	£106,453,556
TOTAL HOUSING		100%	2,000	969	76.6	1,938,194	153,189	£362.31	£351,116	£702,231,601
Employment	Non-Residential		size sqft				Land Sale Hectares	Price per hectare	Yield	
Retail	Non-Residential		96876				1.20	£3,605,791.00		£4,326,949
			21528				0.25	£8,129,569.00		£2,032,392
COMMERCIAL										
										£6,359,341
		100%	2,000			1,938,194	153,190			£708,590,942
Gross Ha/ Acres										
Average market units sales values psf										
£0.00										
Legal and Marketing Fees (Open Market Housing) @										
Affordable Housing Transaction Costs 3.50% (£21,762,306)										
Non-residential marketing 0.50% (£402,257)										
1.50% (£95,390)										
Base Build Costs Terrace inclusive of enhancements and externals sq ft £/ ft2 (£96,660,031)										
Base Build Costs Semi inclusive of enhancements and externals 647,541 £166.00 (£107,491,758)										
Base Build Costs Detached inclusive of enhancements and externals 578,242 £166.00 (£95,988,185)										
Base Build Costs Flats inclusive of enhancements and externals 84,271 £166.00 (£13,989,045)										
Base Build Cost Nursery 0 £0.00 (£1,062,100)										
Base Build Cost Community Building 0 £0.00 (£3,297,050)										
Base Build costs Extra Care inclusive of enhancements and externals 59,611 £209.96 (£12,515,926)										
Garages 300 £11,000 (£3,300,000)										
Wastewater Treatment (£5,625,000)										
Highways Improvements (£20,000,000)										
EV charging (£6,650,000)										
Abnormal Costs										
2.5% of base build cost (£5,946,216)										
Contingency										
2.5% -£7,853,225										
Construction Fees										
9.0% (£30,087,369) (£30,087,369)										
Open Market Dwelling Profit 20.0% (£119,155,609)										
First Homes Dwelling Profit 12.0% (£3,120,256)										
Affordable Housing Profit 6.0% (£4,827,086)										
Commercial Land Profit 15.0% (£953,901)										
18.07% (£128,056,851) (£128,056,851)										
Sub-Total Gross Land Value										
£147,808,232										
£106 costs										
£/ Unit £26,825 (£53,650,000) (£53,650,000)										
Construction Finance Costs										
(£44,112,323) (£44,112,323) (£97,762,323)										
Residual Land Value										
£50,045,909										
BENCHMARK LAND VALUE										
SDLT @ 4.8% £46,462,500										
Legals 1.50% £2,230,200										
£696,938										
£49,389,638										
Surplus / Deficit										
£656,271										
VIABLE/ NON-VIABLE?										
VIABLE										
Actual Developer Return										
Actual % Return on GDV										
Actual % Return on Costs										
18.2%										
19.5%										

Appendix B



Reeds Lane,
Infrastructure Delivery Plan
Review

BESPOKE PROPERTY CONSULTANTS

5 September 2024

exigere

Quality control

Document title	Location	Date	Issued to	Prepared by	Approved by
Infrastructure Delivery Plan Review	2055.02.02	5 September 2024	Bespoke Property Consultants	Adam Williams	Adam Williams

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Basis and assumptions	5

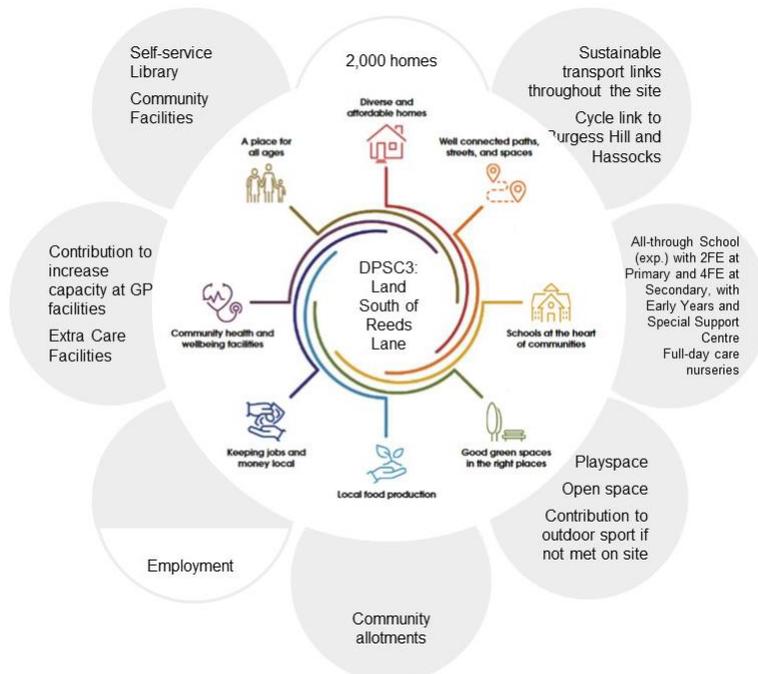
Introduction

This report has been prepared by exigere to provide Bespoke Property Consultants (BPC) with a review and commentary of the Mid Sussex District Council Infrastructure Delivery Plan (IDP) dated December 2023 regarding development of infrastructure works at the site known as DPSC3 Land South of Reeds Lane (Reeds Lane).

Project overview

The IDP has been produced to identify infrastructure requirements and community facilities required to support new residential development within the district. This review focuses on Reeds Lane and the proposals to provide 2,000 new homes. Reeds Lane is located to the South West of sayers Common adjacent to the A23.

The IDP seeks to provide evidence for the District Plan by identifying infrastructure required to support the delivery of development during the plan period and to evidence how identified infrastructure needs will be met and the costs of doing do. The illustrative summary below sets out requirements included in the plan. In partnership with BPC this report identifies elements of the works and provides commentary on the construction costs evidenced within the IDP.



Key findings

The following infrastructure items have been identified for comment generally for costs which are not captured within the IDP cost allowances but that should be considered as part of essential infrastructure works to facilitate housebuilding.

1. Provision of a full day care nursery of 100 places
2. Provision of a Tier 7 Library
3. Provision of a community building
4. Highways improvements to existing bridge crossing at the junction of the A2300/A23
5. Wastewater Treatment Works (WWTW) improvements including pumping station and wastewater treatment offsite
6. Provision of EV charging and infrastructure
7. Provision to achieve zero carbon construction regarding housebuilding

1. 100 place nursery

- The IDP does not include a cost allowance for provision of a new nursery.
- Using Ofsted recommendations for minimum areas for net space requirements we have generated the anticipated GIA for the nursery.
- Cost allowances are based on current BCIS data and included within the basis section of this report.
- The total cost of the nursery is estimated at £1,220,205 (£3,754/m²)

2. Tier 7 Library

- The IDP provides a cost of £100,000 for provision of a 'tier 7' library.
- This offer consists of a small selection of books with a pick-up point for requested items (a 'click and collect' service). This is not staffed by library staff, but is likely to be in a shared facility, where staff already employed by partner organisations can provide the very limited supervision needed.
- Based on the above description we agree with the allowance proposed however further consideration should be given to the ongoing management and maintenance of such a system.

3. Community building

- The IDP requires the site to provide new a new community building but does not include an allowance.
- The development plan references an average community use provision of 0.23m²/pp across the district. Appendix 5 of the IDP also advises an average occupancy level of 2.5p/dwelling. We have used this information to generate an expected GIA for the community building.
- We have used BCIS allowances to identify a rate and included this information within the basis section of this report.
- The total cost of the community building is estimated at £3,297,050 (£2,867/m²)

4. A2300 highway improvements

- The IDP refers to upgrade works to the A2300 highway which connects with the A23 and will be the main route serving the development.
- The highway works appear to be complete, and we have not commented on their costs.
- It has been identified that the bridge crossing the A23 has not been included in the works to increase capacity in the form of a dual carriageway. It is thought that this has the capacity to create congestion around the entrance to the existing bridge which will directly impact the new development.
- To facilitate any improvements, we assume that the existing bridge would need to remain operation and any new bridge works would need to be undertaken off-line to avoid unnecessary disruption. We have therefore considered the cost of a new bridge.
- Construction of a bridge across the A23 would require the management of a Tier 1 contractor with input from specialist contractors and supply chain. The cost of the bridge is anticipated to be in the region of £20m based on our understanding and experience of these types of works.
- In addition, there would be a significant amount of traffic management across an estimated 24month duration.
- There would need to be realignment of existing highways to align with the new bridge,
- A decision would then need to be taken about the use of the redundant bridge crossing. Demolition would likely cause more disruption, and consideration would need to be given to alternative uses prior to it reaching the end of its design life in line with the highway authority management plan.

5. WWTW

- The IDP proposes that foul water will be managed via a connection to the existing Goodards Green WWTW however the plan does not provide an estimated cost.
- The works are assumed to include a new pumping station within the site boundary, approximately 5,500m of pipe run connecting the site to the WWTW and upgrades to the existing plant.
- In addition, we have included allowances for temporary works associated with working on highways and for licenses and easements.
- The total cost of connecting to the treatment plant is £5,625,000. A high-level breakdown to this estimate is included on the following page.

6. EV charging

- The IDP references requirements for provision of EV charging and we have included an indicative cost for EV charging installation to each dwelling based on recent market data.

7. Net zero allowances

- The IDP includes an allowance of 3.2% as an uplift on the residential £/ft² included in the appraisal for achieving net zero construction.
- Our analysis indicate that this allowance is adequate assuming base costs are in line with current regulations following the implementation of recent changes to Part L and F.
- A point of note is that this does not include for provision of carbon neutral energy supply.

Summary of costs

The following table summarises our review of the applicants cost plan.

	Quantity	Unit	Rate	Total £
100-place nurse (based on Ofsted recommendations for minimum space standards and an assumed 80% net:gross ratio) Children under two years: 3.5m ² per child; 20 spaces. Two-year-olds: 2.5m ² per child; 20 spaces. Children aged three to five years: 2.3m ² per child; 60 spaces	325	m ²	3,268	1,062,100
Tier 7 Library - space to be provided within community building		item		100,000
Community building for 2,000 homes (0.23m ² /pp and an average occupancy rate of 2.5 people advised within the IDP)	1,150	m ²	2,867	3,297,050
A2300 Highways improvements				refer to report
WWTW improvements (Connection to Goddards Green WWTW)				
Pumping stations from site to WWTW		item		500,000
Pipe runs from site to WWTW (prov qty) including associated civils	5,500	m	250	1,375,000
Upgrades to existing WWTW	2,000	units	1,500	3,000,000
Temporary works and traffic management required to facilitate works		item	500,000	500,000
Allowances for licenses and easements		item	250,000	250,000
Total				5,625,000
EV charging				
EVCP solo 7kw charging station	2,000	nr	1,825	3,650,000
Allowance for associated civils	2,000	nr	500	1,000,000
Allowance for power supply; on-site	2,000	nr	1,000	2,000,000
Total				6,650,000
Zero carbon construction				refer to report

Basis and assumptions

Our report is based upon the following information:

- Mid Sussex District Plan 2021-2039, Infrastructure Delivery Plan dated December 2023

We have not been provided with detailed design or specification information. Our review is therefore limited to the information available and may not take cognisance of additional design or survey information in existence.

The below is an extract from the BCIS which indicates costs for provision of new build nursey and community centre accommodation rebased for time and location to Q3 2024 within West Sussex. Please note that this excludes the cost of professional fees, demolition, basements, services diversions, and other significant site abnormal costs.

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
711. Nursery schools/creches							
Generally (15)	3,268	1,088	2,542	3,194	3,815	5,818	69

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
532. Community Centres							
Generally (25)	2,876	1,117	2,285	2,724	3,274	8,257	101



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