



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Viability Review Report
Land opposite Langdon
Road Industrial Estate
Bradworthy
Devon
EX22 7SQ

Report for: Torridge District Council

Prepared by:

██████████ BSc MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Tel: ██████████

██████████@voa.gov.uk

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1.0 Executive Summary

1.1 Proposed Development Details.

This report provides an independent review of a viability assessment in connection with:

Proposed Development	Development of 38 dwellings together with access, car parking and associated works
Subject of Assessment:	Land Opposite Langdon Road Industrial Estate, Bradworthy, Devon
Planning Application Ref:	1/0128/2020/FULM
Applicant / Developer:	Messrs G and P Bromell
Applicant's Viability Advisor:	Messrs Greenslade Taylor Hunt (GTH)

1.2 Instruction

In connection with the above application Torridge District Council Planning Department require an independent review of the viability conclusion provided by the applicant in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made can be relied upon to determine the viability of the scheme.

A site-specific viability assessment review has been previously undertaken, and following discussion with the applicants agent, my report was issued to your Authority on 19 July 2021. Given that the previous report is out of date, I am instructed to re-assess the financial viability of the scheme in the light of current costs and values.

The inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

1.3 Viability Conclusion

It is my considered and independent opinion that:

The above scheme assessed with regards to full planning policy requirement (comprising 11 units on-site affordable housing contribution and s106 contribution of £356,066) is not financially viable.

The lack of viability is however marginal, and through testing reduced off-site affordable housing contribution, I am of the view that a scheme providing 11 units

of affordable housing (8 units for social rent, and 3 shared ownership), and an adjusted s106 contribution of £301,381 (reflecting a reduced off-site affordable housing contribution of £1,315) is financially viable based on current costs and values.

1.4 Non-Technical Summary of Viability Assessment Inputs

Policy Compliant scheme inputs	Agent	DVS Viability Review	Agreed (Y/N)
Assessment Date	February and May 2021	19 July 2021 and 4 April 2022	
Scheme, Gross Internal Area, Site Area	Site 2.147 hectares, GIA 3,310 m ²	Site 2.147 hectares, GIA 3,310 m ²	Y
Development Period	29 months	27 months	N
Gross Development Value	£7,570,750	£8,450,000	N
CIL/Planning Policy / S.106 Total	£176,566	£356,066	N
Construction Cost inc. Prelims, External Works Total	£5,218,248	£5,323,856	N
Contingency %	3%	3%	Y
Professional Fees %	8%	8%	Y
Finance Interest debit/credit rate	6% debit 0.25% credit	6% debit, 2% credit	N
Other Fees			
Sales / Agency / marketing	2.5%	2.5%	Y
legal sale fees	£600 / market unit £400 / affordable unit	£600 / market unit £400 / affordable unit	Y
Land Acquiring Costs	SDLT + 1.75%	SDLT + 1.75%	Y
Profit Target %	17.08% on GDV blended	17.5% on market GDV and 6% on affordable	N
Benchmark Land Value	£573,000	£531,000	N
EUV	£46,690	£53,100	N
Viability Conclusion Full Policy Scheme	Not viable	Not viable	Y
Deliverable Scheme	Yes with reduced s106	Yes with reduced s106	Y

A site-specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

2.0 Instruction and Terms

- 2.1 The Client is Torrridge District Council.
- 2.2 The Subject of the Assessment is Land opposite Langdon Road Industrial Estate, Bradworthy, Devon.
- 2.3 The date of viability assessment is 4 April 2022. Please note that values change over time and that a viability assessment provided on a particular date may not be valid at a later date.
- 2.4 Original Instructions were received on 26 February 2021, with a most recent request for an updated assessment dated 17 March 2022. It is understood that Torrridge District Council require an independent opinion on the viability information provided by GTH, in terms of the extent to which the accompanying appraisals are fair and reasonable and whether the assumptions made are acceptable and can be relied upon to determine the viability of the scheme. Specifically, DVS have been appointed to:
- Assess the Viability Assessment submitted on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authority's planning website.
 - Advise Torrridge District Council in writing on those areas of the applicant's Viability Assessment which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion, together with evidence. If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, this report will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or s106 contributions might be provided without adversely affecting the overall viability of the development.
- 2.5 Conflict of Interest Statement - In accordance with the requirements of RICS Professional Standards, DVS has checked that no conflict of interest arises before accepting this instruction. It is confirmed that DVS are unaware of any previous conflicting material involvement and is satisfied that no conflict of interest exists.
- 2.6 The property/site has not been inspected, and this report is provided on a desk top basis.
- 2.7 DVS/ VOA Terms of Engagement were issued on 2 March 2021. A redacted version will be attached in my subsequent, redacted report provided for publication.

3.0 Guidance and Status of Valuer

3.1 Authoritative Requirements

The DVS viability assessment review will be prepared in accordance with the following statutory and other authoritative mandatory requirements:

- The '**National Planning Policy Framework**', which states that all viability assessments should reflect the recommended approach in **the 'National Planning Practice Guidance on Viability'**. This document is recognised as the 'authoritative requirement' by the Royal Institution of Chartered Surveyors (RICS).
- RICS Professional Statement '**Financial viability in planning: conduct and reporting**' (effective from 1 September 2019) which provides the mandatory requirements for the conduct and reporting of valuations in the viability assessment and has been written to reflect the requirements of the PPG.
- RICS Professional Standards PS1 and PS2 of the '**RICS Valuation – Global Standards**'.

3.2 Professional Guidance

Regard will be made to applicable RICS Guidance Notes, principally the best practice guidance as set out in RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021).

Other RICS guidance notes will be referenced in the report and include RICS GN '**Valuation of Development Property**' and RICS GN '**Comparable Evidence in Real Estate Valuation**'.

Valuation advice (see Note 1) will be prepared in accordance with the professional standards of the of the '**RICS Valuation – Global Standards**' and the '**UK National Supplement**', which taken together are commonly known as the RICS Red Book. Compliance with the RICS Professional Standards and Valuation Practice Statements (VPS) gives assurance also of compliance with the International Valuations Standards (IVS).

(Note 1) Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our review assessment and conclusion may be used by you as part of a negotiation.

The RICS Red Book professional standards are applicable to our undertaking of your case instruction, with PS1 and PS 2 mandatory. While compliance with the technical and performance standards at VPS1 to VPS 5 are not mandatory (as per PS 1 para 5.4) in the context of your instruction, they are considered best practice and have been applied to the extent not precluded by your specific requirement.

3.3 RICS 'Financial Viability in Planning Conduct and Reporting'

In accordance with the above RICS Professional Statement it is confirmed that:

- a) In carrying out this viability assessment review the valuer has acted with objectivity, impartiality, without interference and with reference to all appropriate sources of information.
- b) The professional fee for this report is not performance related and contingent fees are not applicable.
- c) DVS are not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- d) The appointed valuer, [REDACTED] BSc MRICS is not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- e) Neither the appointed valuer, nor DVS advised this local planning authority in connection with the area wide viability assessments which supports the existing planning policy.
- f) The DVS viability review assessment has been carried out with due diligence and in accordance with section 4 of this professional statement
- g) The signatory and all other contributors to this report, as referred to herein, has complied with RICS requirements.

3.3 Most Effective and Efficient Development

It is a mandatory requirement of the **RICS 'Financial viability in planning: conduct and reporting'** Professional Statement for the member or member firm to assess the viability of the most effective and most efficient development.

The DVS valuer has assessed the viability based upon the same scheme assumptions as the applicant and passes no comment on whether this is the most effective and most efficient development. The impact on viability of a different

scheme form and density has not been appraised, however should this be pursued another viability assessment may be necessary.

3.4 Signatory

- a) It is confirmed that the viability assessment has been carried out by [REDACTED] BSc MRICS, a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge, skills and understanding necessary to undertake the viability assessment competently and is in a position to provide an objective and unbiased review.
- b) As part of the DVS Quality Control procedure, this report and the appraisal has been formally reviewed by [REDACTED] MRICS, Registered Valuer, who also has the appropriate knowledge, skills and understanding necessary to complete this task.

3.5 Bases of Value

The bases of value referred to herein are defined in the Terms of Engagement and are sourced as follows:

- Benchmark Land Value is defined at Paragraph 014 of the NPPG.
- Existing Use Value is defined at Paragraph 015 of the NPPG.
- Market Value is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Market Rent is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Gross Development Value is defined in the Glossary of the RICS GN '**Valuation of Development Property**' (February 2020).

4.0 **Assumptions, and Limitations**

4.1 Special Assumptions

As stated in the terms the following special assumptions have been agreed and will be applied:

- That your council's planning policy, or emerging policy, for affordable housing is up to date.
- There are no abnormal development costs in addition to those which the applicant has identified, and (for cases with no sq. review) the applicant's abnormal costs, where supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report.

- That the development as proposed is complete on the date of assessment in the market conditions prevailing on the date.

4.2 General Assumptions

The site has not been inspected. The below assumptions are subject to the statement regarding the limitations on the extent of our investigations, survey restrictions and assumptions, as expressed in the terms of engagement.

- a) Tenure - A report on Title has not been provided. The review assessment assumes that the site is held Freehold with vacant possession.
- b) Easements / Title restrictions - A report on Title has not been provided. The advice is provided on the basis the title is available on an unencumbered freehold or long leasehold basis with the benefit of vacant possession. It is assumed the title is unencumbered and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- c) Access / highways - The site is readily accessible by public highway and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- d) Mains Services - It is assumed the site is or can be connected to all mains services will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- e) Mineral Stability - This assessment has been made in accordance with the terms of the agreement in which you have instructed the Agency to assume that the property is not affected by any mining subsidence, and that the site is stable and would not occasion any extraordinary costs with regard to Mining Subsidence. I refer you to the DVS Terms of Engagement for additional commentary around ground stability assumptions.
- f) Environmental Factors Observed and/or Identified - It is assumed the site will not occasion any extraordinary costs relating to environmental factors over and above those identified by the applicant and considered as part of abnormal costs.
- g) Flood Risk – DVS have referred to the Environment Agency’s Flooding ‘flood map for planning’ mapping tool which indicates the site is not identified as being in an area at risk of flooding.

- h) Asbestos - It is assumed any asbestos present will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.

5.0 Proposed Development

5.1 Location / Situation

The subject proposed development site is located immediately to the North East of the village of Bradworthy, Devon, and is accessed via a made up and adopted local road opposite Langdon Road Industrial Estate.

5.2 Description

The site comprises agricultural land is located approximately 400 metres North East of the village centre, with an industrial area to the West, and agricultural land with dispersed residential property to the North, South and East.

5.3 Site Area

The gross site within the 'red line' boundary is measured as 2.147 hectares (5.31 acres) or thereabouts.

5.4 Schedule of Accommodation/ Scheme Floor Areas

DVS make no comment about the density, design, efficiency, merit or otherwise, of the suggested scheme, the accommodation details have been taken from the GTH assessment and submitted planning documents, and are summarised below:

no. units	type	beds	GIA sq m	Total GIA sq m
2	Terraced House	2	62.68	125.36
3	Terraced House	2	71.78	215.33
3	Bungalow	2	69.09	207.26
12	Detached House	3	90.54	1086.42
4	Detached House	4	112.54	450.17
3	Detached House	4	118.39	355.18
2	Affordable type 1 (average GIA)	1	52.46	104.92
6	Affordable type 2	2	75.96	455.74
2	Affordable type 3	3	96.94	193.88
1	Affordable type 4	4	115.51	115.51
38	Total GIA:			3,309.77

Measurements stated are in accordance with the RICS Professional Statement 'RICS Property Measurement' (2nd Edition) and, where relevant, the RICS Code of Measuring Practice (6th Edition).

As agreed in the terms, any office and/or residential property present has been reported upon using a measurement standard other than IPMS, and specifically Gross Internal Area has been used. Such a measurement is an agreed departure from 'RICS Property Measurement (2nd Edition)'.

I understand that you requested this variation because this measurement standard is how the applicant has presented their data, is common and accepted practice in the construction/ residential industry, and it has been both necessary and expedient to analyse the comparable data on a like with like basis.

5.5 Planning

- a) It is understood that the site previously benefitted from outline planning consent dated October 2017 for the development of 28 no. dwellings with all matters reserved save for access (ref. 1/0100/2016/OUTM). An associated s106 agreement made provision for 32% affordable housing and other financial contributions of £31,797. It is understood that this permission has lapsed.
- b) A detailed application (ref. 1/0128/2020/FULM) has been submitted for a revised scheme of 38 dwellings, and this is currently being considered.
- c) Developments are expected to meet the policy provision as prescribed in the Local Plan.

5.6 Policy Requirements for the Scheme

The North Devon and Torridge local plan 2018 sets out (in policy ST18) the expected affordable planning contribution of 30% on-site units. It is understood that this provision should comprise a mix of 75% units for social rent, and 25% shared ownership. It is further understood that following consultation, a target mix of affordable units should comprise 2 no. 1 bed, 6 no. 2 bed, 2 no. 3 bed, and 1 no. 4 bed dwellings. This amounts to 11 dwellings or 29%. An additional off-site commuted sum of £56,000 is also sought.

It is understood that the following additional s106 contributions are sought:

Primary Education	£147,888
Secondary school transport	£14,877
NHS	£13,301
Off-site Biodiversity Net Gain contribution	£124,000
Off-site affordable housing contribution	£56,000
Total:	£356,066

Planning policy requirements should be factual and agreed between the LPA and the applicant. If the review assessment adopts an incorrect figure and/ or a (significantly) different figure is later agreed the viability conclusion should be referred back to DVS.

6.0 Summary of Applicant's Viability Assessment

6.1 Report Reference

DVS refer to the Financial Viability Assessments prepared by GTH dated February and May 2021 and the appraisals contained therein.

6.2 Summary of Applicant's Appraisal

In summary, GTH's appraisal has been produced using Argus Developer software and follows established residual methodology. This is where the Gross Development Value less the Total Development Costs Less Benchmark Land Value equals the Residual Profit, and this is then compared to the target profit level as defined in the Planning Practice Guidance, to establish viability.

The applicant outlines in their report the following:

- The Benchmark Land Value (BLV) is **£573,000**.
- The proposed scheme with 29% on-site affordable housing units and lower than required s106 contributions produces a deficit of **-£58,545** with no Benchmark Land value. A revised scheme with 11% on site affordable housing (4 units) and a combined s106 contribution of £176,566 is considered viable.
- The applicant's advisor concludes a scheme with a reduced 11% on site affordable housing (4 units) and a combined s106 contribution of £176,566 is considered viable.

To review the reasonableness of this conclusion, the reasonableness of the applicant's appraisal inputs is considered in the next sections.

7.0 Development Period/ Programme

7.1 In their most recent assessment, the applicants have assumed a development programme as summarised below:

Pre-construction	-	6 months
Construction	-	16 months
Sales	-	17 months (offset 7 months from start of construction)
Total project length	-	29 months

7.2 I have rather allowed for a pre-construction period of 6 months, a construction period based on a 'build and sell' basis with a 4 month overlap. I have assumed affordable completion and transfer at month 18. On the basis of a planning policy compliant scheme, I have assumed a total project length of 27 months.

7.3 For my review I have used a bespoke Microsoft Excel based toolkit, with cash flow calculated on a monthly basis.

8.0 Gross Development Value (GDV)

Market Housing:

On the assumption of a 100% private market scheme with no affordable housing, GTH assess the 38 no. housing unit values as follows:

type	GIA sq m	GTH Unit value
Terraced House	62.68	£185,000
Terraced House	71.78	£195,000
Bungalow	69.09	£225,000
Detached House	90.54	£240,000
Detached House	112.54	£295,000
Detached House	118.39	£310,000
Affordable type 1	52.46	£130,000
Affordable type 2	75.96	£195,000
Affordable type 3	96.94	£245,000
Affordable type 4	115.51	£295,000

I have reviewed the GDV proposed with regards to RICS Guidance Notes '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' and '**Comparable Evidence in Real Estate**'. The values above were provisionally agreed, however the market has improved in the intervening time, and I have therefore reviewed projected gross completed unit values in the light of current market circumstances and the most recently available evidence. I conclude that the following schedule fairly reflects current market values:

type	GIA sq m	DVS Unit value
Terraced House	62.68	£200,000
Terraced House	71.78	£215,000
Bungalow	69.09	£250,000
Detached House	90.54	£265,000
Detached House	112.54	£325,000
Detached House	118.39	£340,000
Affordable type 1	52.46	£145,000
Affordable type 2	75.96	£215,000
Affordable type 3	96.94	£270,000
Affordable type 4	115.51	£330,000

As a cross check, it is noted that applying a Land Registry House Price Index for Torrridge District to the originally assessed GTH unit values results in figures in excess of the foregoing in each case.

- 8.1 On the assumption of a planning policy compliant scheme, the total market unit gross development in my appraisal amounts to the sum of **£7,295,000**.

The original GTH assessment on a like for like basis is the lower sum of **£6,535,000**.

8.2 Market Value of Affordable Housing Dwellings

It is understood that your Authority requires 11 units of affordable housing (circa 29% of the scheme), with a mix of 75% social rented (8 units) and 25% (3 no.) shared ownership units.

In the light of my recent experience in the District, and supported by investment valuations, I have adopted an averaged proportion of unrestricted market value of 40% in my assessment in respect of social rented units, and 65% in respect of shared ownership units in my assessment.

Following earlier discussions with the agent for the applicant, it is understood that these proportionate unit values are agreed.

The total gross development value in respect of 11 units of affordable housing amounts to **£1,155,000** in my assessment.

Based on their originally assessed scheme, the applicant's like for like figure is lower at **£1,035,750**.

In addition to the on-site provision, it is understood that to accord with planning policy requirements, your Authority will also require an off-site commuted sum of £56,000 to bring the overall contribution up to an equivalent of a 30% provision.

8.3 Other Revenue e.g. Grant Funding

In the absence of any evidence to the contrary, I have assumed that no grant funding to cross subsidise the affordable housing element of the scheme will be available. Should such funding become available, this would be a material factor and may alter my conclusions.

8.4 Total GDV

My total Gross Development Value (GDV) in respect of a notional policy compliant scheme comprising 27 no. market units and 11 affordable units is **£8,450,000**.

Due to differences in view in regard to market values, the applicants total GDV amounts to the lower sum of **£7,570,750**.

The impact on viability of higher and lower values of up to 5% are reflected upon as part of the sensitivity analysis detailed in this report.

9.0 **Total Development Costs**

9.1 Summary of Costs

The following cost inputs have not been accepted as reasonable.

1. Construction cost, external works and infrastructure works allowance.

9.2 Summary of Unagreed Costs

The following cost inputs have not been accepted as reasonable;

Plot construction cost:

In the absence of any direct evidence, the applicants have based their assessment of plot build costs on Royal Institution of Chartered Surveyors Build Cost Information Service (BCIS) data. They have agreed that a median rate is appropriate, and adjusted for location. Based on this analysis the projected base build cost amounts to £4,089,222.

I have reviewed projected costs in the light of the most recently available BCIS data. The median rate (adjusted to the Torridge location) in respect of 2 storey houses is £1,289, flats £1,467, and single storey bungalows £1,494. Applying these rates to the agreed schedule of accommodation yields a currently projected plot build cost in the higher sum of £4,327,458.

The applicants have adopted an additional 15% on unit build costs to reflect external works costs. This allowance is considered reasonable in my experience of similar scale schemes, and I have adopted the same in my assessments.

The applicant has adopted a build cost of £7,500 per single and £12,500 per double garage. These rates are considered fair and reasonable in my recent experience, and I have therefore adopted the same in my assessments.

The applicants have stated that there are items of extra-over infrastructure or 'abnormal' site costs as detailed in the schedule below:

Item	Claimed cost
Section 278 Works	£20,000
Works to existing culverts & ditches	£5,000
Traffic Calming	£7,500
Devon Hedgebanks	£15,000
Play Area	£50,000
Foul pumping station	£75,000
Hand Digging around trees etc.	£7,500
Fill	£110,000
Total:	£290,000

These have not been quantified or costed. Whilst I have not sought the advice of a QS (especially as there are no costed quantities to consider); based on the provided plans and my recent experience of similar costs in other schemes, the majority of the stated costs appear reasonable, and I have therefore incorporated them into my assessment. I do however have some concerns in regard to the claimed fill cost, as there is no supporting survey or costing evidence for this claimed requirement. I have therefore excluded it in my assessments.

Given that these sums are now out of date, I have additionally added an adjustment based on the BCIS tender price index of £14,760, yielding an overall sum of **£194,750**.

9.6 Summary Agreed Cost Inputs

The following cost inputs have been accepted as reasonable and adopted by DVS in the review assessment:

Cost	Agent	Comments
Professional fees	8%	In the light of the scale and nature of the scheme, this allowance is considered reasonable.
Build contingency	3%	This allowance is considered reasonable in the light of other comparable 'green field' developments

Sales costs:	£600/market unit, £400/affordable unit	Agreed as reasonable
Marketing/Agency costs	2.5%	Agreed as reasonable
Finance debit rate:	6%	Debit rate considered reasonable. The applicant has included a finance credit rate of 0.25% in their assessment, whereas I have included a credit rate on positive balances of 2% in common with other recent assessments in the region

The impact on viability of higher and lower costs of up to 5% are reflected upon as part of the sensitivity testing detailed in this report.

10.0 Developer's Profit

- 10.1 In their most recent appraisal, the applicants have adopted a target profit level of 17.08% on blended market housing and social housing GDV. In my most recent experience, developers target return has been set at a range of 17.5% to 20% of market GDV. The most recent government guidance also suggests an industry norm of between 15% and 20% on market GDV. An appropriate target rate of developers' return has been considered against this guidance, recent experience in the region, current market circumstances, and in the light of site-specific factors.
- 10.2 In the light of recent experience of development proposals of this nature, I have adopted a target return of 17.5% of market GDV in my assessments as being reasonable. In respect of affordable units, I have adopted a target profit level of 6% as is widely adopted and reflecting reduced risk on the basis of a forward sale to a Registered Provider.
- 10.3 To accord with the RICS Guidance Note '**Assessing viability in planning under the National Planning Policy Framework 2019**', I can report that the profit level I have adopted of 17.5% market GDV and 6% of affordable GDV is equivalent to 15.93% of Total Development Costs on the assumption of a planning policy compliant scheme.

11.0 Benchmark Land Value (BLV)

11.1 Applicant's BLV

The applicant's surveyor has adopted a Benchmark Land Value of £573,000.

In forming my opinion of BLV I have followed the five step process, which is detailed in RICS GN 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' (effective 1 July 2021).

11.2 Existing Use Value (EUV)

Step one is to undertake a valuation to determine EUV.

The Applicant's originally stated EUV comprises:

£46,690

This sum is based on a site area of 2.7 hectares or thereabouts, however the application 'red line boundary' is now agreed as 2.147 hectares or thereabouts gross. In the light of recent similar 'green field' assessments in the District and given the scale of the 2.147 hectare site, I am of the view that the EUV lies in the region of:

£53,100.

11.3 Alternative Use Value (AUV)

Step two is the assessment, where appropriate, of the AUV.

In this case, there was a previous planning permission for a scheme of 28 housing units dating from 2017. I understand that this has lapsed, and therefore there is no immediately implementable alternative use and consequently no ascertainable AUV.

11.4 Cross Sector Collaboration Evidence of BLV and Premium

The RICS GN explains that Step three is to assess a premium above EUV based on the evidence set out in PPG paragraph 016, which is '*the best available evidence informed by cross sector collaboration. which can include benchmark land values from other viability assessments' comparisons with existing premiums above EUV*'.

The Benchmark Land Value tone for viability purposes adopted by applicants on similar green field sites in the District reflects the widely recognised significant required premium over a low base agricultural value in order to incentivise release of the land for development (provided that they have met full policy to avoid circularity). It is noted in this regard that in respect of sites with no significant abnormal development costs, such a premium is frequently based on a multiplier in the region of 10 over base agricultural land value.

In the light of my experience in other cases in the District and more widely, and in the particular circumstances of this site, I assess that this level of premium is reasonable, and I have adopted an indicative multiplier of 10 in my assessment, yielding an indicative premium over EUV of £477,900.

11.5 Residual Land Value

Step four is to determine the residual value of the site or typology, assuming actual or emerging policy requirements, and this assessment of land value can be cross checked against the EUV+.

As assessed above in respect of AUV, adopting the inputs described herein this report, the residual land value (RLV) of the proposed scheme with full policy requirements is circa £483,000.

11.6 Adjusted Land Transaction Evidence

Step five is to cross-check the EUV+ approach to the determination of the BLV of the site by reference to (adjusted) land transaction evidence and can also include other BLV of compliant schemes (or adjusted if not compliant).

Due to the heterogeneity of development sites and consequent difficulty in direct comparison as recognised by the RICS, I do not consider that such evidence is useful in this case. My assessment is based on established and recommended determinants of BLV in development viability testing.

11.7 Purchase Price

The NPPG on viability encourages the reporting of the purchase price to improve transparency and accountability, however it discourages the use of a purchase price as a barrier to viability, stating *the price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. And under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.*

The PPG does not, however, invalidate the use and application of a purchase price, or a price secured under agreement, where the price enables the development to meet the policies in the plan.

I understand that the applicant already owns the site, and there is no disclosure of a purchase price.

11.8 Benchmark Land Value Conclusion

The reasonableness of the applicant's £573,000 Benchmark Land Value has been considered against:

- The EUV of £53,100
- Alternative use value £0
- Appropriate premium above the EUV of £477,900
- The Residual Land Value of the planning compliant scheme £483,000
- Benchmark Land Values (BLV) adopted in the local plan study for this typology are not applicable
- BLV adopted and agreed between DVS and applicant's advisors elsewhere in the District.
- Market evidence is not considered applicable.
- The purchase price is not applicable.

It is my balanced and professional opinion having considered all of the above approaches that an appropriate BLV lies in the region of £531,000. This comprises an EUV of £53,100 and a premium of £477,900 (10x EUV).

12.0 DVS Viability Assessment

12.1 DVS Viability Appraisal 1 Policy Compliant Scheme

My viability review assessment has been produced using bespoke Microsoft Excel software-based appraisal tool.

Appraisal 1 can be found at **Appendix (i)** reflects the combined policy requirements, being 11 affordable dwellings, and s106 contributions of £356,066.

Based on the inputs I have outlined above the residual output presented as the amount available for land which is then compared to the valuer's opinion of the BLV to determine the viability of the scheme is £483,137.

The indicated residual land value is marginally below my opinion of BLV at £531,000.

It is my independent conclusion therefore that a planning policy compliant scheme is not considered to be financially viable.

12.2 DVS Appraisal 2 – Reduced Policy Scheme

As I conclude that the scheme cannot meet full policy requirements, I have considered the maximum contributions that the scheme could viably provide. Through a series of iterations to the appraisal and using standard metrics as outlined in this report, I have established that the proposed scheme can in my view

support 11 no. affordable housing units (comprising 8 no. social rent, and 3 no. shared ownership) together with £301,381 in other s106 financial contributions, including a lower than policy required off-site affordable housing contribution of £1,315.

My appraisal summary in this regard can be found at **appendix (ii)** to this report.

It is my independent conclusion that in current market circumstances, the scheme as proposed can viably support circa 29% on-site affordable housing, together with other required s106 financial contributions, and an off-site affordable contribution of £1,315.

13.0 Sensitivity Analysis

13.1 Further to mandatory requirements within the RICS Professional Statement **'Financial viability in planning: conduct and reporting'**, sensitivity tests are included to support the robustness of the viability conclusion described above.

13.2 I have varied two of the most sensitive appraisal inputs relating to sales revenue, and construction costs. I have adjusted these in upward and downward steps of 2.5% from the base (appendix i) appraisal assumption, and the output is expressed as a surplus/deficit with a fixed BLV of £531,000.

13.3 Sensitivity Test 1 – Appraisal 1 – Policy Compliant Scheme Results

Construction cost:	Sales: revenue				
	5.000%	2.500%	0.000%	-2.500%	-5.000%
-5.000%	£638,864	£427,614	£216,364	£5,114	-£206,136
-2.500%	£501,506	£290,256	£79,006	-£132,244	-£343,494
0.000%	£364,147	£152,897	-£58,353	-£269,603	-£480,853
2.500%	£226,788	£15,538	-£195,712	-£406,962	-£618,212
5.000%	£89,430	-£121,820	-£333,070	-£544,320	-£755,570

13.4 The base conclusion is shown in bold at the centre of the results table (white cell). The green cell indicates the combination of factors that would give way to a viable scheme, and the yellow cells what would give way to an unviable scheme.

13.5 As can be seen from the Appraisal 1 sensitivity matrix, 12 of the 25 iterations gives way to a marginal or viable scheme. This matrix supports my conclusion that the scheme as proposed is only marginally unviable.

13.6 If your council requires any additional or specific testing for future reports please let me know.

14.0 Recommendations

Summary of key issues and recommendations;

14.1 Viability Conclusion

Following the above testing work It is my considered conclusion that a marginally less than planning policy compliant scheme providing 29% (11 units) on-site affordable together with other required s106 contributions and an off-site affordable housing contribution of £1,315 is considered financially viable.

14.2 Viability Review

Further to my conclusion above and the advice that your Council's full planning policy requirements will not be met; a review clause might be appropriate as a condition of any permission. In line with paragraph 009 of the PPG Review, mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project. DVS can advise further on this should you so require.

14.3 Market Commentary

Novel Coronavirus (COVID-19) Market conditions

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the 'RICS Valuation – Global Standards'.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation/ assessment date.

15.0 Engagement

- 15.1 The DVS valuer had conducted discussions with GTH in connection with the earlier reports. No discussions or negotiations have been undertaken with the applicant or their advisors in connection with this review.
- 15.2 Should the applicant disagree with the conclusions of our revised assessment; I would recommend that they provide further information to justify their position. Upon receipt of further information and with your further instruction, DVS would be willing to review the new information and reassess the schemes viability. Please note that there may be an additional charge for this work.
- 15.3 If any of the assumptions stated herein this report and/or in the attached appraisal are factually incorrect the matter should be referred back to DVS as a re-appraisal may be necessary.
- 15.4 Following any new information and discussions a Stage Two report may then be produced, however if the conclusion is unchanged, a redacted version of this report including reference to the discussions will be provided.

16.0 Disclosure / Publication

- 16.1 **This initial review report is not for publication.**
- 16.2 The report has been produced for Torridge District Council only. DVS permit that this report may be shared with the applicant and their advisors as named third parties only.
- 16.3 The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers and solely for the purposes of the instruction to which it relates. Our report may not, without our specific written consent, be used or relied upon by any third party, permitted or otherwise, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our report. No responsibility whatsoever is accepted to any third party (named or otherwise) who may seek to rely on the content of the report.
- 16.3 Planning Practice Guidance for viability promotes increased transparency and accountability, and for the publication of viability reports. However, it has been agreed that your authority, the applicant, and their advisors will neither publish nor reproduce the whole or any part of this initial assessment report, nor make reference to it, in any way in any publication. It is intended that a final report will later be prepared, detailing the agreed viability position or alternatively where the initial review report is accepted, a redacted version will be produced, void of personal and confidential data, and made available for public consumption.

- 16.4 As stated in the terms, none of the VOA employees individually has a contract with you or owes you a duty of care or personal responsibility. It is agreed that you will not bring any claim against any such individuals personally in connection with our services.
- 16.5 This report is considered Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006 and your council is expected to treat it accordingly.

The DVS valuer assume that all parties will restrict this report's circulation as appropriate, given the confidential and personal data provided herein.

If the parties do not wish to discuss or contest this report, a redacted version suitable for publication can be issued following your formal request.

I trust that the above report is satisfactory for your purposes, however, should you require clarification of any point do not hesitate to contact me further.

Yours sincerely



██████████ BSc MRICS
Principal Surveyor
RICS Registered Valuer
DVS
Date: 4 April 2022

Reviewed by:

██████████ MRICS
██████████
RICS Registered Valuer
DVS

17.0 Appendices

- (i) Appraisal 1
- (ii) Appraisal 2
- (iii) Redacted TOE

(i) Appraisal 1

Property Land opposite Langdon Road Industrial Estate, Bradworthy

Ref: 1792644

Client Torridge District Council

WITHOUT PREJUDICE

Appraisal

Date

planning policy compliant scheme

24 March 2022

Appraisal by

DVS Property Specialists
for the Public Sector

Receipts:

		No. Units	Total GIA		
		38	m2		
Private Residential	71%	27	2,440	£7,295,000	£7,295,000
Affordable Housing	29%				
social rent	73%	8	621	£700,000	
shared ownership	27%	3	249	£455,000	
		11	870	£1,155,000	£1,155,000

TOTAL DEVELOPMENT VALUE

£8,450,000

Development Costs

Acquisition Costs

Residual Land Value	2.15 gross hectares 5.31 acres	£225,029 per gross ha £91,066.10 per gross acre	£483,137	
Stamp Duty		nil, 2% and 5% tranches	£13,657	
Agents and Legal Fees		1.75%	£8,455	£505,249

Construction Costs:

		GIA	rate £/m		
house build		2,998	£1,289	£3,863,900	
Flat build		105	£1,467	£153,918	
bungalow build		207	£1,494	£309,640	
Garages	single	7	£7,500	£52,500	
	double	8	£12,500	£100,000	
Plot external works	15%			£649,119	£5,129,076
Infrastructure					
		Section 278 Works		£20,000	
		Works to existing culverts & ditches		£5,000	
		Traffic Calming		£7,500	
		Devon Hedgebanks		£15,000	
		Play Area		£50,000	
		Foul pumping station		£75,000	
		Hand Digging around trees etc.		£7,500	
		Fill		£0	
		indexation BCIS TPI	8.20%	£14,760	£194,760
Contingency	3%			£159,715	£159,715
Professional Fees:	build 8%			£410,326	£410,326

Planning Contributions

Primary Education	£147,888	
Secondary school transport	£14,877	
NHS	£13,301	
Off-site Biodiversity Net Gain contribution	£124,000	
Off-site affordable housing contribution	£56,000	£356,066
		£356,066

Disposal costs:

Marketing	1.00%	£72,950	
Agency	1.50%	£109,425	
legal costs market unit sales	£600 per unit	£16,200	
legal sales fee affordable	£400 per unit	£4,400	£202,975

Finance: Interest credit rate 2.00% debit rate 6.00% £145,908 **£145,908**

Profit: market residential on GDV 17.50% £1,276,625
affordable on GDV 6.00% £69,300 **£1,345,925**

TOTAL DEVELOPMENT COSTS

£8,450,000

PROFIT

Surplus/Deficit

£0

(ii) Appraisal 2

Property Land opposite Langdon Road Industrial Estate, Bradworthy

Ref: 1792644

Client Torridge District Council

WITHOUT PREJUDICE

Appraisal Date

potentially viable scheme

24 March 2022

Appraisal by

DVS Property Specialists
for the Public Sector

Receipts:

		No. Units 38	Total GIA m2		
Private Residential	71%	27	2,440	£7,295,000	£7,295,000
Affordable Housing	29%				
social rent	73%	8	621	£700,000	
shared ownership	27%	3	249	£455,000	
		11	870	£1,155,000	£1,155,000

TOTAL DEVELOPMENT VALUE

£8,450,000

Development Costs

Acquisition Costs

Benchmark Land Value	2.15 gross hectares 5.31 acres	£247,322 per gross ha £100,087.75 per gross acre	£531,000	
Stamp Duty		nil, 2% and 5% tranches	£16,050	
Agents and Legal Fees		1.75%	£9,293	£556,343

Construction Costs:

		GIA	rate £/m		
house build		2,998	£1,289	£3,863,900	
Flat build		105	£1,467	£153,918	
bungalow build		207	£1,494	£309,640	
Garages	single	7	£7,500	£52,500	
	double	8	£12,500	£100,000	
Plot external works	15%			£649,119	£5,129,076
Infrastructure					
		Section 278 Works		£20,000	
		Works to existing culverts & ditches		£5,000	
		Traffic Calming		£7,500	
		Devon Hedgebanks		£15,000	
		Play Area		£50,000	
		Foul pumping station		£75,000	
		Hand Digging around trees etc.		£7,500	
		Fill		£0	
		indexation BCIS TPI	8.20%	£14,760	£194,760
Contingency	3%			£159,715	£159,715
Professional Fees:	build 8%			£410,326	£410,326

Planning Contributions

Primary Education		£147,888	
Secondary school transport		£14,877	
NHS		£13,301	
Off-site Biodiversity Net Gain contribution		£124,000	
Off-site affordable housing contribution		£1,315	£301,381

Disposal costs:

Marketing		1.00%	£72,950	
Agency		1.50%	£109,425	
legal costs market unit sales		£600 per unit	£16,200	
legal sales fee affordable		£400 per unit	£4,400	£202,975

Finance: Interest credit rate 2.00% debit rate 6.00% **£149,499** **£149,499**

Profit: market residential on GDV 17.50% **£1,276,625**
affordable on GDV 6.00% **£69,300** **£1,345,925**

TOTAL DEVELOPMENT COSTS

£8,450,000

PROFIT

Surplus/Deficit

£0

(iii) Redacted Terms of Engagement (to be included in redacted copy report)

Sue Pennington
Planning Performance Team Leader
Torrige District Council
Riverbank House,
Bideford,
EX39 2QG

Bristol Valuation Office
Temple Quay House
2 The Square
Temple Quay
Bristol BS1 6PN

Mobile [REDACTED]
e-mail [REDACTED]@voa.gsi.gov.uk

By email

Your Reference : 1/0128/2020/FULM
Our Reference : [REDACTED]
Please ask for : [REDACTED]

Date : 2 March 2021

COMMERCIAL IN CONFIDENCE

Dear Sue

Review of Development Viability Appraisal

**Address: Land Opposite Langdon Road Industrial Estate Bradworthy Devon
EX22 7SQ**

Thank you for your instructions dated 26 February 2021 in regard to the above matter, and I am pleased to confirm my Terms of Engagement in order to undertake this commission.

This document contains important information about the scope of the work to be commissioned and confirms the terms and conditions under which DVS proposes to undertake the instruction.

It is important that you read this document carefully and if you have any questions, please do not hesitate to ask the signatory whose details are supplied above. Please contact them immediately if you consider the terms to be incorrect in any respect.

Please note that this terms of engagement document is confidential between our client, Torrige District Council, and the VOA. As it contains commercially sensitive and data sensitive information, it should not be provided to the applicant or their advisor without the explicit consent of the VOA.

1. Client

This instruction will be undertaken for Torrige District Council and the appointing Officer will be Sue Pennington.

2. Subject Property and proposed development

It is understood that you require a viability assessment review of planning application ref: 1/0128/2020/FULM.

The proposed development site subject to the review is known as land opposite Langdon Road Industrial Estate Bradworthy Devon.

It is understood that the development has:

- a gross site area of 2.7 hectares
- a total proposed residential GIA (excluding garages) of 3,343 sq m
- the proposed schedule of residential accommodation is as follows:

no. units	type	beds	GIA sq m	Total GIA sq m
2	Terraced House	2	62.68	125.36
3	Terraced House	2	71.78	215.33
3	Bungalow	2	69.09	207.26
12	Detached House	3	97.04	1164.42
4	Detached House	4	112.54	450.17
3	Detached House	4	118.39	355.18
2	Affordable type 1	1	45.96	91.93
6	Affordable type 2	2	75.96	455.74
2	Affordable type 3	3	85.99	171.97
1	Affordable type 4	4	105.95	105.95
	Total GIA:			3,343.30

3. Purpose and Scope

To complete this assessment DVS will:

- Assess the Financial Viability Appraisal (FVA) submitted by / on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authorities planning website.
- Advise you on those areas of the appraisal which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion.
- If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, we will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or s106 contributions might be provided without adversely affecting the overall viability of the development. This will take the form of sensitivity tests.

3.1 My report to you will constitute my final report if my findings conclude that the

planning applicant / developer cannot provide more affordable housing and s106 payments than have been proposed.

- 3.2 **However**, if having completed my assessment I conclude that the planning applicant / developer may be able to provide more affordable housing and s106 payments than have been proposed, I understand that my findings report may only constitute stage 1 of the process as the report will enable all parties to then consider any areas of disagreement and potential revisions to the proposal.
- 3.3 In such circumstances, I will where instructed by you be prepared to enter into discussions on potential revisions to the applicant's proposals, and / or consider any new supporting information. Upon concluding such discussions, I will submit a new report capturing my subsequent determination findings on the potentially revised application; for convenience and to distinguish it, this report on a second stage assessment may be referred to as my Stage 2 report.

4. **Date of Assessment**

The date of the assessment is required to be the date on which the report is signed, which date will be specified in the report in due course.

5. **Confirmation of Standards to be applied**

The viability assessment will be prepared in accordance with paragraph 57 of the National Planning Policy Framework, which states that all viability assessments should reflect the recommended approach in the National Planning Practice Guidance on Viability, this document was revised in May 2019.

The viability assessment review report will be prepared in accordance with the professional statement Financial Viability in Planning: Conduct and reporting (effective from 1st September 2019).

Regard will be made to the RICS Guidance Note "Financial viability in planning" 1st Edition (GN 94/2012), where applicable.

Valuation advice (where applicable) will be prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book. Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

Measurements stated are in accordance with the RICS Professional Statement '**RICS Property Measurement' (2nd Edition)** and, where relevant, the **RICS Code of Measuring Practice (6th Edition)**.

6. **Agreed Departures from the RICS Professional Standards**

RICS Red Book professional standards PS1 and PS2 are applicable to our undertaking of your case instruction but as our assessment may be used by you as part of a negotiation, compliance with the technical and performance standards

at VPS1 to VPS 5 is not mandatory (PS 1 para 5.4) and they will only be applied to the extent not precluded by your specific requirement.

7. Basis of Value

7.1 **Benchmark Land Value.** Paragraph 014 of the NPPG (May 2019) states that Benchmark land value should:

1. be based upon existing use value
2. allow for a premium to landowners (including equity resulting from those building their own homes)
3. reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

See related policy: National Planning Policy Framework [paragraph 57](#)

Paragraph: 014 Reference ID: 10-014-20190509

Revision date: 09 05 2019

7.2 **Existing Use Value:** the NPPG (May 2019) explains Existing Use Value at para 15 as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

See related policy: National Planning Policy Framework [paragraph 57](#)
Paragraph: 015 Reference ID: 10-015-20190509.
Revision date: 09 05 2019.

7.3 Gross Development Value (GDV)

GDV is the cumulative total of the market values of the entire development, as detailed in the schedule of accommodation.

Market Value (MV) RICS VPS 4, para 4 defines MV as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

On occasion, it may be agreed that a basis of value requires to be modified and a Special Assumption added, for example where there is the possibility of Special Value attaching to a property from its physical, functional, legal or economic association with some other property.

Any Special Assumptions agreed with you have been captured below under the heading Special Assumptions, in accordance with VPS 4, para 9 of the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, and will be restated in my report.

8. Special Assumptions

The following special assumptions have been agreed and will be applied:

- that your council's planning policy, or emerging policy, for affordable housing is up to date
- There are no abnormal development costs in addition to those which the applicant has identified, and the applicant's abnormal costs, will be independently assessed by a Quantity Surveyor to be appointed by your

Authority. This assessment will be relied upon to determine the viability of the scheme, unless otherwise stated in our report.

9. Extent of Valuer's Investigations, Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries that will be undertaken by the assessor.

The following agreed assumptions will apply to your instruction and be stated in my report, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer decides is professionally adequate and possible in the particular circumstance will be undertaken.
- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property will be undertaken. The Valuer will have regard to the apparent state of repair and condition, and will assume that inspection of those parts that are not inspected would neither reveal defects nor cause material alteration to the valuation, unless the Valuer becomes aware of indication to the contrary. The building services will not be tested and it will be assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection. If the Valuer decides further investigation to be necessary, separate instructions will be sought from you.
- It will be assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing.
- It will be assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.
- It will be assumed that all factual information provided by you or the applicant or their agent with regard to the purpose of this request and details of tenure, tenancies, planning consents and all other relevant information is correct. The advice will therefore be dependent on the accuracy of this information and should it prove to be incorrect or inadequate the basis or the accuracy of any assessment may be affected.
- Valuations will include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but will exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.

- No access audit will be undertaken to ascertain compliance with the Equality Act 2010 and it will be assumed that the premises are compliant unless otherwise stated by the applicant
- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972 unless identified as pertinent by the applicant.

10. Nature and Source of Information to be relied upon by Valuer

10.1 From the client

Information that will be provided to the VOA by the client comprises the following material, which will be relied upon by the viability assessor without further verification.

- a) The Planning application details.
- b) Confirmation of S106 / S278 planning obligations triggered by the scheme. In particular whether the applicant's assumptions on these matters are correct, if they are incorrect then please provide the correct details.
- c) A copy of, or a link to, the relevant planning policy applicable to the site, including current designation (and emerging designation if applicable).
- d) Details of any extant or elapsed consents relating to permitted Alternative Use.
- e) A copy of the applicant's financial viability appraisal prepared by Messrs Greenslade Taylor Hunt dated 11 February 2021.

10.2 Information from the applicant

Site access

It is understood that the site is accessible and no appointment to inspect is required. In particular it is understood there are no extraordinary health and safety issues to be aware of. If this is incorrect, please provide details of access arrangements and any PPE requirements.

Viability assessment

With regards to the applicant's financial viability appraisal the applicant should provide sufficient detail to enable DVS to assess the applicant's contention that the scheme would not be viable if the requirements for affordable housing and other public realm contributions were met as stated in the Local Plan.

To support the contention, the applicant's FVA should include a report with the following details:

- a) A planning policy compliant viability assessment, if completed by a member the RICS this should be prepared in accordance with the Financial Viability in

planning: conduct and reporting Professional Statement (effective from 1 September 2019). The following details are required:

- b) Site area -and schedule of accommodation the gross developable area and net developable area should be stated together with an illustrative plan showing the respective boundaries (or reference to the appropriate planning document with this information)
- c) Development programme assumptions, to detail the anticipated period involved in development, including pre- build, build period and marketing period.
- d) Gross Development Value:
 - (i) Market evidence in support of the sales values adopted
 - (ii) Tenure assumptions and Values for affordable housing
- e) Land Value
 - (i) The Benchmark Land Value should be clearly stated with reference to:
 - i. EUV (as defined in the Viability PPG para 015)
 - ii. Premium (see PPG para 016)
 - iii. Market evidence (suitably adjusted in accordance with PPG para 016)
 - (ii) Alternative use value for the site such be provided, where it exists. (see para 17 of the PPG).
 - (iii) The Purchase Price (or expected price as agreed through a conditional or optional agreement) should be reported for transparency. Where this is below the assessment of BLV a brief explanation of the reasoning should be provided.
- f) Gross Development Costs
 - (i) Build Cost assessment - the evidence should include a full build cost estimate, showing how the costs have been estimated.
 - (ii) Abnormal Costs total - Supporting reports for site abnormalities should be provided, together with the calculation adopted
- g) Cash flow. Either in the form of an accessible viability toolkit (Argus developer or HCA DAT) or as a Microsoft Excel unprotected document.

10.3 DVS Information

DVS will make use of VOA held records and information. The sources of any other information used that is not taken from our records will be identified in the review report.

10.4 Information Outstanding

We have reviewed the viability information already supplied and can confirm that we have sufficient information to complete this case.

11. Identity of Responsible Valuer and their Status

It is confirmed that the valuation will be carried out by a RICS Registered Valuer, acting as an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the assessment competently.

The valuer responsible will be [REDACTED], and their contact details are as stated above in the letterhead.

Any other valuer involvement will be detailed in the report.

12. Disclosure of any Material Involvement or Conflict of Interest

In accordance with the requirements of the RICS standards, the VOA has checked that no conflict of interest arises before accepting this instruction.

It is confirmed that DVS are unaware of any previous conflicting material involvement and am satisfied that no conflict of interest exists. Should any such difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

It is confirmed that the valuer appointed has no personal conflict undertaking this instruction.

13. Description of Report

A side headed written report as approved by you for this purpose will be supplied and any differences of opinion will be clearly set out with supporting justification, where inputs are agreed this will be stated also.

Further to the requirements of the RICS a non-technical summary will be included in the report, together with sensitivity tests to support the viability conclusion.

14. Report Date

It is my intention to submit the report of my findings within 15 working days of instruction and receipt of any requested information.

If unforeseen problems arise that may delay my report, you will be contacted before this date with an explanation and to discuss the position.

15. Validity Period

The report will remain valid for 3 (three) months unless circumstances alter or further material information becomes available. Reliance should not be placed on the viability conclusion beyond this period without reference back to the VOA for an updated valuation.

16. Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

17. Limits or Exclusions of Liability

Our viability advice is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our advice may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report.

If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

18. Fee Basis

18.1 You have asked for a fee estimate for an initial viability appraisal. Having considered the initial details of this application, we have estimated that our fees on a time cost basis will amount to the region of [REDACTED] plus VAT in order to complete the work set out above.

The personnel involved in this assessment will be as follows:

Personnel:	Role	Task
[REDACTED]	Development Consultant	Report and Viability
[REDACTED]	[REDACTED]	Report and Viability review

18.2 This fee proposal is for the provision of a report stating my findings on the development viability appraisal as initially provided by the planning applicant / developer. It will include consultation with you to deal with initial issues. It may require revision if the information supplied by you or the applicant is not quickly forthcoming at our request or if the initial task is varied by you and in both cases we would revert to you for advice on the way forward. Abortive fees would be based on work already carried out.

18.3 Any additional time to discuss, if required, issues with the planning applicant / developer or you, including the consideration of potential revised proposals, or to attend meetings will be charged at an hourly rate of £[REDACTED] excluding VAT. This will constitute a second stage requiring a Stage 2 report. I will contact your Authority in good time if it becomes apparent that projected fee budgets will be reached and seek your further instructions.

- 18.4 **Payer of fees:** With regard to the payment of fees, the former Homes and Communities Agency issued a Good Practice Note: "Investment and Planning obligations - Responding to the downturn". In this GPN is a comment that it is common practice for developers to fund the cost of independent validation. The reasoning for this is that you have a planning policy which the applicant is seeking to vary. In order to assess the applicant appraisal you need advice which it is reasonable for the applicant to bear in these circumstances. I understand that the planning applicant / developer has agreed to reimburse your reasonable costs incurred in this review.

Please note that you will be our named Client. As such, our contractual obligation is to you and not to the applicant and your authority will be responsible for payment of our fees. Any arrangement between your authority and the Applicant relating to payment of the fees would be a matter between yourselves.

Please note that that my minimum fee is £[REDACTED] unless agreed otherwise as part of a contract or SLA.

19. **Currency**

All prices or values are stated in pounds sterling.

20. **Fee Payment and Interim Billing**

Our fees are payable by our client within 30 days from the receipt of our invoice whether or not the amount is disputed or is being passed on to a third party for reimbursement.

The VOA reserves the right, subject to prior notification of details of time spent, to invoice at suitable points during the financial year for work in progress undertaken but not yet formally reported. In order to ensure timely cash flows within the public sector, such interim bills may be issued at either monthly or two monthly intervals. You will be advised beforehand that any such bill is imminent.

Where a case is cancelled before completion, our fees will be calculated on a 'work done' basis with added reasonable disbursements unless alternative arrangements have been prior agreed.

Please note under HM Treasury Managing Public Money we are required to review our charging on a regular basis. The VOA reserves the right to undertake an annual review of our rates going forward.

21. **Purchase Order Numbers**

I should be glad if you will please supply this number on instruction as I cannot proceed without this information.

22. **Complaints**

The VOA operates a rigorous Quality Assurance/Quality Control system. This includes the inspection by Team Leaders of a sample of work carried out during the

life of the instruction together with an audit process carried out by experienced Chartered Surveyors upon completion of casework. It also includes a feedback cycle to ensure continuous improvement.

The VOA has a comprehensive complaints handling procedure if you are not getting the service you expect. If you have a query or complaint it may be best to speak first to the person you have been dealing with or their manager. If you remain dissatisfied you should be offered a copy of our brochure "Our Code of Practice on Complaints". If it is not offered to you, please request a copy or access it on our website www.voa.gov.uk.

23. Freedom of Information

We will do all that we can to keep any information gathered or produced during this assignment confidential. The Freedom of Information Act 2000 or Environmental Information Regulations 2004, and subordinate legislation, may apply to some or all of the information exchanged between yourself and the VOA under this engagement. Therefore the VOA's duty to comply with the Freedom of Information Act may necessitate, upon request, the disclosure of information provided by you unless an exemption applies.

The VOA undertakes to make reasonable endeavours to discuss the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, with you prior to responding to any third party requests. However, the VOA reserves the right to comply with its statutory obligations under the Act in such manner as it deems appropriate.

The VOA requires you to make all reasonable endeavours to discuss with us the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, prior to your responding to any third party requests for information provided to you by the VOA.

24. Monitoring Compliance by RICS

It is possible that the RICS may at some stage ask to see the valuation for the purposes of their monitoring of professional standards under their conduct and disciplinary regulations.


25. Revisions to these Terms

Where, after investigation, there is in my judgement a need to propose a variation in these terms of engagement, you will be contacted without delay prior to the issue of the report.

For example, should it become apparent that the involvement of specialist colleagues would be beneficial, your consent will be sought before their involvement and we shall, if not included in the original fee estimate, provide an estimate of their costs.

I should be glad to receive at your earliest convenience brief written confirmation of instructions by email or letter that these terms and conditions are accepted and approved by you. If you have any queries please do not hesitate to me.

Yours sincerely,

 BSc MRICS
Principal Surveyor
RICS Registered Valuer
DVS