

**Hollyrood House, Ardingly Road, Linfield, Haywards Heath, West Sussex,
RH16 2RA**

S106 Management (S106M) is instructed to review the findings of Dixon Searle Partnership (DSP) in relation to a proposed development at Hollyrood House, ref DM/24/2922.

Executive Summary

- DSP have reviewed S106M's appraisal and suggested several adjusted inputs.
- The below table highlights the main differences in the two appraisals:

	S106M Original FVA	Council v1 (100% OM)
NIA	1,582.70	1,582.70
Residential GDV Total	£8,315,000	£8,644,797
Residential GDV psm	£5,254	£5,462
Ground Rent	£0	£0
TOTAL GDV	£8,315,000	£8,644,797
Base Build Cost Total	£3,761,745	£3,673,639
Base Build Cost (£/m2)	£2,377	£2,321
Externals	£376,175	£367,364
Contingencies (%)	5%	5%
Contingencies Total	£188,087	£183,682
Fees %	10%	8%
Fees Total	£394,983	£308,586
Acquisition Costs	£74,446	£94,447
CIL	£0	£0
BNG	£28,213	£3,674
Planning Obligations	£207,004	£176,139
Sales & Marketing Fees	£249,450	£172,896
%	3%	2.00%
Legal Fees (Total)	£20,000	£20,000
arrangement Fee	£0	£0

misc Finance	£0	£0
Interest	£456,868	£312,319
Finance Rate	8.00%	7.00%
Total Cost	£5,756,971	£5,312,746
Profit %	17.50%	17.50%
Profit Total	£1,455,125	£1,512,839
Cost + Profit	£7,212,096	£6,825,585
RLV	£1,102,904	£1,819,212
BLV	£1,925,000	£1,245,000
Surplus / Deficit	-£822,096	£574,212

- DSP conclude that a £4200,000 contribution can be achieved. This is primarily on the basis of increased sales values, reduced finance rates, and a reduced benchmark land value.
- The below response provides additional information, updating the original Q4 2024 reporting and reviews any changes aiming for agreement on any outstanding points.

1. Proposed development

- 1.1 Application **DM/24/2922** proposes ‘Removal of outbuildings and alterations to the existing buildings and hardsurfaces to allow for a change of use from Class C2 (residential institution) use to a Class C3 (dwellinghouse) use to provide 3 no. 1-bed flats, 14 no. 2-bed flats, and 2 no. 3-bed two storey dwellings (and retaining Holy Rood Cottage as a 3-bed dwelling), together with 37 no. car parking spaces, private and communal amenity spaces, landscaping, bin and cycle stores. Alterations to existing access points onto and from Ardingly Road and Park Lane.’.
- 1.2 S106M’s original viability report calculated that the development had a Residual Land Value (RLV) of £1,102,904. This figure was -£822,096 less than the adopted Benchmark Land Value (BLV) of £1,925,000; thus, it was concluded that the development could not viably provide any contributions towards Affordable Housing.

1.3 The below response reviews both appraisals and provides the further information required to allow a conclusion to these discussions.

2. Review of Assumptions

2.1 It should be noted from the outset that all concessions made in this review are purely for the purpose of this illustration; should the matter not be resolved at this juncture we reserve the right to return to our original figures in any subsequent appeal.

3. Sales Revenue

3.1 S106M originally valued the proposed development at £8,315,000 total GDV (£5,254/m²).

3.2 DSP have suggested an increased GDV of £8,644,797 (£5,462/m²).

3.3 Without prejudice, we have modelled the GDV proposed by DSP.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
NIA	1,582.70	1,582.70	1,582.70
Residential GDV Total	£8,315,000	£8,644,797	£8,644,797
Residential GDV psm	£5,254	£5,462	£5,462

4. Build Costs

4.1 S106M's original report included a base build total of £3,761,745, plus an allowance for externals of £376,175.

4.2 DSP included base build costs of £3,673,639, plus externals of £367,364.

4.3 The applicant has since obtained a site-specific breakdown of costs from Mr David Parker MRICS, this can be seen in full at ***Schedule 1***, but is summarised below for ease:

24/04/2025

Work Required - Apartments	Cost £
Demolitions and Alterations	£119,700.00
Foundations/Slab/Tanking	£225,500.00
External Walls	£187,600.00
Roofs	£230,200.00
Upper Floors	£52,000.00
Staircases	£15,000.00
Windows, Doors and Screens	£131,900.00
Internal Partitions	£93,600.00
Internal Doors	£80,300.00
Joinery	£323,600.00
Floor Finishes	£94,400.00
Wall Finishes	£63,200.00
Ceiling Finishes	£111,800.00
Decorations	£138,000.00
Sanitary Installation	£158,600.00
Plumbing Installation	£436,100.00
Electrical Installation	£190,400.00
Acoustic Testing	£13,000.00
Underground Drainage	£85,000.00
Sub-Total	£2,749,900.00
Main Contractors Preliminaries	£343,700.00
Scaffolding/Temporary Roof	£95,000.00
Main Contractors Profit & OH 10%	£318,900.00
Total	£3,507,500.00

Work Required - Houses	Cost £
Demolitions	£28,500.00
Foundations/Slab	£14,100.00

External Walls	£43,400.00
Roofs	£41,600.00
Upper Floors	£9,000.00
Staircases	£6,000.00
Windows, Doors and Screens	£55,700.00
Internal Partitions	£15,000.00
Internal Doors	£19,800.00
Joinery	£67,700.00
Floor Finishes	£23,800.00
Wall Finishes	£14,000.00
Ceiling Finishes	£9,400.00
Decorations	£23,000.00
Sanitary Installation	£32,600.00
Plumbing Installation	£82,000.00
Electrical Installation	£39,900.00
Acoustic Testing	£1,600.00
Underground Drainage	£8,000.00
Sub-Total	£535,100.00
Main Contractors Preliminaries	£66,900.00
Scaffolding/Temporary Roof	£25,000.00
Main Contractors Profit & OH 10%	£62,700.00
Total	£689,700.00

Work Required - Externals	Cost £
Demolitions	£21,000.00
Incoming Services	£100,000.00
NHBC/Warranty	£60,000.00
External Services	£258,400.00
Sub-Total	£439,400.00

Main Contractors Preliminaries	£54,900.00
Main Contractors Profit & OH 10%	£49,400.00
Total	£543,700.00

4.4 This total has been updated in the below table.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Base Build Cost Total	£3,761,745	£3,673,639	£4,197,200
Base Build Cost (£/m2)	£2,377	£2,321	£2,652
Externals	£376,175	£367,364	£543,700

5. Contingencies

5.1 S106M and DSP are in agreement that 5% is a reasonable allowance for contingencies.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Contingencies (%)	5%	5%	5%
Contingencies Total	£188,087	£183,682	£209,860

6. Build Fees

6.1 S106M and DSP are in agreement that 10% is a reasonable allowance for build fees.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Fees %	10%	8%	8%
Fees Total	£394,983	£308,586	£379,272

7. Acquisition Costs

7.1 Acquisition costs are based upon the presumed BLV. We outline our comments on the adopted BLV below.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Acquisition Costs	£74,446	£94,447	£94,447

8. CIL/S106 Costs

8.1 Both parties have adopted a presumed CIL contribution of £0 subject to confirmation by the charging authority.

8.2 S106M originally included contributions totalling £207,004

8.3 DSP have modelled £176,139 for planning contributions.

8.4 We have modelled the proposed £176,139, per the DSP report; however, we have also included SAMM and SANG.

Contribution	Amount
Education (Primary)	£31,307
Education (Secondary)	£33,694
Libraries	£6,876
TAD	£35,806
Play Equipment	£15,010
Kickabout	£12,608
Formal Sport	£17,190
Community Buildings	£11,076
Local Community Infrastructure	£12,572
SAMM	£22,230
SANG	£24,306
Total	£222,675

8.5 This figure has been included in our response.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Planning Obligations	£207,004	£176,139	£222,675

9. Sales Fees and Legal Fees

9.1 S106M originally modelled 3% of the GDV for sales/marketing and £1,999 per unit in legal fees.

9.2 DSP have modelled 2% of the GDV and £1,000 per unit.

9.3 We have adopted the same as DSP in our response.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Sales & Marketing Fees	£249,450	£172,896	£172,896
%	3%	2.00%	2.00%
Legal Fees (Total)	£20,000	£20,000	£20,000

10. Finance Costs

10.1 S106M originally adopted an 8% 'all-in' finance rate.

10.2 DSP have proposed a 7% 'all-in' finance rate.

10.3 To compromise, we suggest a 7.5% 'all-in' finance rate, this has been updated to reflect the site-specific build costs.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Interest	£456,868	£312,319	£402,891
Finance Rate	8.00%	7.00%	7.50%

11. Profit

11.1 Both parties have assumed a 17.5% target developer return.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Profit %	17.50%	17.50%	17.50%
Profit Total	£1,455,125	£1,512,839	£1,512,839

12. Benchmark Value

12.1 S106M originally adopted a benchmark land value of £1,925,000 based on a desktop valuation by John Carter MRICS.

12.2 DSP have modelled a lower benchmark land value of £1,245,000.

12.3 S106M originally modelled an AUV based on using the existing building as office accommodation. However, DSP disagreed with this approach and subsequently valued the existing as a vacant care home; therefore, in our response, we have done the same.

12.4 The property at present comprises a vacant Care Home, providing accommodation over 1,784m² and a site area of 3.44 acres. There are 23 resident's bedrooms and a 1-bedroom staff flat on the premises.

12.5 We understand that DSP have adopted an average of £54,000 per bedroom, producing a value of £1,245,000. This we without prejudice adopt for this element of the site.

12.6 Within the site boundary, there is also a cottage (Holy Rood Cottage). This has recently gained a Lawful Development Certificate for the existing use of the property as a Class C3 dwelling house (DM/24/2020). Therefore, we must value this separately to the care home.

12.7 The cottage is a 2-storey, 3-bedroom dwelling with a GIA of 126m². Therefore, we have looked at detached for sale data from Rightmove, to determine an appropriate value:

Detached Houses For Sale within 1 Mile					
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Address	Type	SSTC/For Sale?	Area m2	£/m2	Price
Savill Road, Lindfield, RH16	Modern 4-bedroom detached house, well-presented front and rear gardens, driveway and garage	Sold STC	174.2	£5,166.48	£900,000
High Street, Lindfield, RH16	3-bedroom detached Grade II listed cottage, annex and garage, enclosed rear garden	For Sale	215.84	£6,022.98	£1,300,000
Shenstone, Lindfield, RH16	4-bedroom detached house, off road parking, enclosed garden	For Sale	137.4	£5,822.42	£800,000
			Avg. £/m2 value	£5,687.85	

12.8 This suggests an average £/m2 value of £5,687.85. Based on inverse correlation

however, we would usually expect a smaller property to attract a larger GIA.

12.9 However, in this instance, based on the internal photographs of the property, some refurbishment is likely required to bring this property up to specification. Therefore, we have modelled a £/m2 of £4,000 in light of this.

12.10 This creates a figure of £504,000 for the C3 dwelling.

12.11 In total, our revised BLV for the site is per the below:

<i>Vacant Care Home</i>	<i>£1,245,000</i>
<i>C3 Dwelling (126m2)</i>	<i>£504,000</i>
Total	£1,749,000.

12.12 Our response therefore includes a compromise BLV of £1,749,000.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
BLV	£1,925,000	£1,245,000	£1,749,000

13. Conclusion

13.1 To conclude, S106M and DSP are largely in agreement over the inputs to be used in this appraisal.

13.2 The main updates relate to the introduction of a site-specific cost plan and revised S106 planning obligations.

13.3 The apparent results of the revised appraisal are summarised below:

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Residential GDV Total	£8,315,000	£8,644,797	£8,644,797
Residential GDV psm	£5,254	£5,462	£5,462
Ground Rent	£0	£0	£0
TOTAL GDV	£8,315,000	£8,644,797	£8,644,797
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Fees %	10%	8%	8%
Fees Total	£394,983	£308,586	£379,272
Acquisition Costs	£74,446	£94,447	£94,447
CIL	£0	£0	£0
BNG	£28,213	£3,674	£41,972
Planning Obligations	£207,004	£176,139	£222,675
Sales & Marketing Fees	£249,450	£172,896	£172,896
%	3%	2.00%	2.00%
Legal Fees (Total)	£20,000	£20,000	£20,000
arrangement Fee	£0	£0	£0
misc Finance	£0	£0	£0
Interest	£456,868	£312,319	£402,891
Finance Rate	8.00%	7.00%	7.50%

24/04/2025

Total Cost	£5,756,971	£5,312,746	£6,284,913
Profit %	17.50%	17.50%	17.50%
Profit Total	£1,455,125	£1,512,839	£1,512,839
Cost + Profit	£7,212,096	£6,825,585	£7,797,752
RLV	£1,102,904	£1,819,212	£847,045
BLV	£1,925,000	£1,245,000	£1,749,000
Surplus / Deficit	-£822,096	£574,212	-£901,955

13.4 This results in a deficit of -£901,955.

We look forward to your thoughts.

Best regards,

S106 Management.