

For: Mid Sussex District Council

Review of Applicant Submitted Viability Position

Land rear of Central House

25-27 Perrymount Road

Haywards heath

West Sussex

RH16 3TP

August 2026

(DSP26521AN)

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DixonSearle
Partnership



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1. Practice and Limitations

- 1.1.1. This review and its findings are intended purely for the purpose of providing Mid Sussex District Council (MSDC) with an independent check of, and opinion on, the planning applicant's viability information and stated position in this case.
- 1.1.2. In the preparation of this review Dixon Searle Partnership has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.
- 1.1.3. This report and any associated work does not provide or amount to formal valuation advice.
- 1.1.4. So far as we have been able to see, the information supplied to DSP to inform and support this review process has not been supplied by the prospective / current planning application on a confidential basis. However, potentially some of the information included may be regarded as commercially sensitive. Therefore, we suggest that the Council and prospective / current or subsequent planning applicant may wish to consider this aspect together. DSP confirms that we are content for our review information, as contained within this report, to be used as may be considered appropriate by the Council (we assume with the applicant's agreement if necessary). In looking at 'Accountability', since July 2018 (para. 022 revised in December 2025), the published national Planning Practice Guidance (PPG) on viability says on this; *'Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances.'*
- 1.1.5. Dixon Searle Partnership conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. We have been and are involved in the review of other planning stage proposals within the MSDC area and have previously been involved in strategic level (development plan/planning policy) projects.

- 1.1.6. In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base. This is kept under review. Our fees are all quoted in advance and agreed with clients on a fixed or capped basis, with no element whatsoever of contingent/incentive/performance related payment.
- 1.1.7. We have undertaken this as a desk-top exercise as is appropriate for this stage and level of review. For general familiarisation we have considered the site context from the information supplied by the Council and using available web-based material.
- 1.1.8. This document has been prepared for this specific reason and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned. To the extent that the document is based on information supplied by others, Dixon Searle Partnership accepts no liability for any loss or damage suffered by the client.

2. Introduction

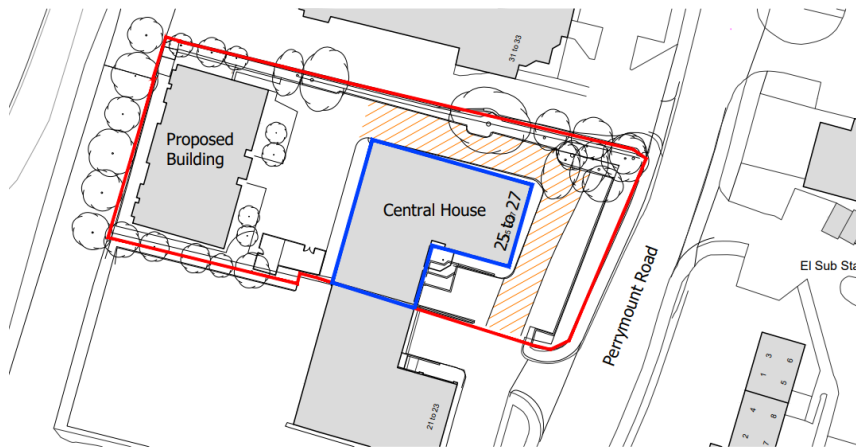
- 2.1.1. Dixon Searle Partnership (DSP) has been commissioned by Mid Sussex District Council (MSDC) to carry out an independent review of the 'Financial Viability Assessment' (FVA) dated March 2026 and supplied to the Council on behalf of the applicant, by Turner Morum (TM). This is in relation to the proposed development at Land to the rear of Central House, 25 – 27 Perrymount Road, Haywards Heath, RH16 3TP.
- 2.1.2. The FVA has been submitted in support of a full planning application (reference DM/26/0946) which seeks permission for the *'Erection of a 7-storey building comprising 30 flats (18 x 1 bed and 12 x 2 bed) with associated landscaping, parking and refuse stores.'* The site location plan is shown below.

Location Plan for planning application reference DM/26/0946



- 2.1.3. By way of brief background, DSP has reviewed the viability of a proposal on this site (site plan shown below) previously (reference DM/22/2880) which sought permission for the *'Erection of a 6 storey building comprising of 28 flats (15 x 1 bed and 13 x 2 bed) with associated landscaping, parking and refuse stores.'* DSP reported to MSDC in January 2023 and our review report (reference DSP22521Y) concluded that the nil AH outcome had not been justified. We understand that the application was granted permission on 3rd August 2023 subject to a s.106 Agreement, which provides that 6no. dwellings will be provided as affordable rented and 3no. dwellings as First Homes.

Site and Location Plan for planning application reference DM/22/2880 (Central House edged in blue is excluded from the application site)



- 2.1.4. In addition, the FVA notes that outline planning permission (reference DM/20/1137) was granted for a 9 storey 42 residential dwelling development. However, we note that the planning description is for *'the erection of a new office (B1 use) and a mixed use (commercial B1, D1, D2 use and residential) building comprising of up to 38 flats and up to 3,419 sqm of commercial floorspace'*.
- 2.1.5. The FVA further notes that the site benefits from a detailed planning permission (reference DM/23/2259). The consent was granted subject to a s.106 Agreement on 16th October 2025 and provides permission for the *'Erection of an 8 storey building comprising of 38 flats 21 x 1 bed and 17 x 2 bed) with associated landscaping, parking and refuse stores.'* The s.106 Agreement requires the provision of 10no. affordable or social rented homes and 2no. First Homes. The site location plan is shown below.

Location Plan for planning application reference DM/23/2259



2.1.6. The FVA explains that a lower quantum of development is sought so that the proposed development does not fall within the description of a higher-risk building as defined by the Building Safety Act 2022.

2.1.7. The Development Plan for the area currently comprises the Mid Sussex District Plan 2014-2031. Policy DP31: Affordable Housing states:

“The Council will seek:

- 1. the provision of a minimum of 30% on-site affordable housing for all residential developments providing 11 dwellings or more, or a maximum combined gross floorspace of more than 1,000m²;*
- 2. for residential developments in the High Weald Area of Outstanding Natural Beauty providing 6 – 10 dwellings, a commuted payment towards off-site provision, equivalent to providing 30% on-site affordable housing;*
- 3. on sites where the most recent use has been affordable housing, as a minimum, the same number of affordable homes should be re-provided, in accordance with current mix and tenure requirements;*
- 4. a mix of tenure of affordable housing, normally approximately 75% social or affordable rented homes, with the remaining 25% for intermediate homes, unless the best available evidence supports a different mix; and*
- 5. free serviced land for the affordable housing”.*

2.1.8. The Council has informed us that in this case a policy compliant approach would lead to the provision of 9no. affordable homes comprising 3no. 1-bedroom and 6no. 2-bedroom (2 x 2-bedroom First Homes and 7no. rented homes). The equivalent commuted sum payable would be £543,000.

2.1.9. In presenting their viability position for this latest application, the applicant has supplied to the Council the aforementioned ‘Financial Viability Assessment’ (FVA) together with Appendices including PDF versions of the submitted appraisals using Turner Morum’s own appraisal tool.

2.1.10. To test the sensitivity of the appraisals to assumption changes that we consider appropriate to consider as described throughout this report, we have built our own versions of the appraisals using Argus Developer. This is industry-wide recognised

software and enables a common basis for review. It should be noted that even when following the commentary within the FVA and the submitted assumptions as the starting point, we have been unable to exactly replicate the appraisal summary. This is not entirely unusual in our experience, however, because there are a range of detailed appraisal settings that may be applied differently between appraisal forms or versions/users.

2.1.11. For context, DSP has also had sight of the documents contained within the Council's online planning application file.

2.1.12. This report does not consider planning policy or the wider aspects in the background to or associated with the Council's consideration of this scenario. DSP's focus is on the submitted viability assumptions and therefore the outcomes (scope to generate land value and profit while also supporting the development costs and planning policies) associated with that aspect of the overall proposals.

2.1.13. For general background, a viable development could be regarded as the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate site value (i.e. existing use value plus a reasonable premium) for the landowner and a market risk adjusted return to the developer in delivering that project. The Government's Planning Practice Guidance (PPG) on Viability sets out the main principles for carrying out a viability assessment. It states:

'Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return. [...] Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available. Improving transparency of data associated with viability assessment will, over time, improve the data available for future assessment as well as provide more accountability regarding how viability informs decision making. In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims

of the planning system to secure maximum benefits in the public interest through the granting of planning permission’.¹

- 2.1.14. Under normal circumstances, if the residual land value (RLV) created by a scheme proposal exceeds the existing use value plus a premium (referred to as a benchmark land value (BLV)) then we usually have a positive viability scenario – i.e. the scheme is much more likely to proceed (on the basis that a reasonable developer profit margin is also reached).
- 2.1.15. The submitted development appraisals have been run in a way which take account of the benchmark land value (BLV) of the site (assumed at £95,333) and assesses the level of residual available after also allowing for a fixed profit allowance of 20% GDV on market housing. Therefore, an approach has been taken that sets out to consider, in the applicant’s view, the maximum supportable level of affordable housing.
- 2.1.16. The FVA considers two appraisal scenarios for the current proposal – 30% affordable housing with a c. 80/20 split affordable rented and First Homes respectively and 0% affordable housing. A third appraisal for the consented 38 dwelling scheme including 10no. affordable rented dwellings and 2no. First Homes has also been provided.
- 2.1.17. The 30% AH appraisal as presented produces a deficit of -£1,802,700. The 0% AH appraisal is also presented as producing a deficit albeit at a reduced level of -£1,253,819. Therefore, both iterations of the currently proposed scheme are presented as being non-viable and undeliverable. The third scenario relating to the consented scheme is also presented as producing a significant deficit and therefore, as being unviable.

Tab	Description	Total Units	Affordable % (Units)	RLV	EUV	Surplus / Deficit	Viable/ Non-Viable?
1A	30% Affordable Housing	30	30%	-£1,707,367	£95,333	-£1,802,700	NON-VIABLE
1B	0% Affordable Housing	30	0%	-£1,158,486	£95,333	-£1,253,819	NON-VIABLE
1B	Consented Scheme	38	32%	-£3,988,801	£95,333	-£4,084,134	NON-VIABLE

¹ Paragraph: 011 Reference ID: 10-011-20180724

2.1.18. DSP has calculated that when the presented deficit is deducted from the target profit, the 0% AH appraisal produces an actual profit of 4.6% GDV indicating a likelihood in our view that the applicant will be considering alternative assumptions as part of bringing the scheme forward.

2.1.19. The FVA states: *'it will be noted from the above summary table that the consented scheme is hugely non-viable to the extent that it is a fully loss-making development and therefore has no realistic prospect of delivery.'*

The proposed scheme shows as technically non-viable even when the level of affordable housing is reduced to 0% affordable housing – however the extent of the deficit is significantly reduced whereby we consider that it is deliverable.' This suggests that the applicant or their agent is of the view that a developer return of 4.6% allows the scheme to be deliverable based on their own development appraisal assumptions.

2.1.20. The FVA provides sensitivity testing to demonstrate the impact on both the proposed and consented scheme of reducing the target profit to 17.5% GDV on market housing (table of results extracted below). The FVA states that the reduction does not alter the overall conclusions and the proposed scheme and consented scheme are still presented as being non-viable.

Tab	Description	Total Units	Affordable % (Units)	RLV	EUV	Surplus / Deficit	Viable/ Non-Viable?
1A	30% Affordable Housing	30	30%	-£1,562,847	£95,333	-£1,658,180	NON-VIABLE
1B	0% Affordable Housing	30	0%	-£955,378	£95,333	-£1,050,711	NON-VIABLE
1B	Consented Scheme	38	32%	-£3,798,116	£95,333	-£3,893,450	NON-VIABLE

2.1.21. Further sensitivity testing is provided, showing the impact of adjustments to the costs and values in increments of 5% on the 0% AH scheme appraisal. The FVA notes that *'relatively small adjustments to revenues/costs the deficit can be converted into a surplus (shown in black text).'* This means that with relatively small adjustments the scheme as presented would become viable.

Tab 1B						
SENSITIVITY TABLE		Market Revenues - GDV				
		-10%	-5%	0%	5%	10%
Total Cost	10%	-£2,994,530	-£2,588,314	-£2,182,099	-£1,775,883	-£1,369,667
	5%	-£2,530,390	-£2,124,174	-£1,717,959	-£1,311,743	-£905,528
	0%	-£2,066,250	-£1,660,035	-£1,253,819	-£847,603	-£441,388
	-5%	-£1,602,110	-£1,195,895	-£789,679	-£383,463	£22,752
	-10%	-£1,137,970	-£731,755	-£325,539	£80,677	£486,892

2.1.22. The FVA concludes that: *‘Based on TM’s experience, where certain deficits are incurred in viability, the developer can choose to take the ‘commercial decision’ to proceed with a scheme at a certain level of affordable, provided that the deficit does not increase any further beyond that point. This ‘commercial decision’ would be reached on an individual site basis formed on the assumptions within this appraisal. In this instance, the applicant has advised us that they are prepared to deliver the scheme as per the appraisal in our submission, with a provision of 0% affordable housing. Although this position still shows a viability deficit, based on the numbers in the appraisal model, this does not mean the scheme is loss making. The developer does still make a positive return (5%) on GDV based on current day costs/values and as demonstrated above in this report, through changes in market conditions there is the prospect that the scheme may produce a surplus and thus deliver on the target return.’*

2.1.23. Whilst we have undertaken a general sense check of the submitted consented 38-unit scheme appraisal our focus is on the current proposal. We have therefore considered in detail the assumptions individually listed within the FVA relating to the current proposal and provided our commentary based on those whilst also testing alternative assumptions using our built appraisals where opinion differs from that of the applicant’s agent.

2.1.24. This review does not seek to pre-determine any Council positions and merely sets out our opinion on the submitted viability assumptions and outcomes in order to inform the Council’s discussions with the applicant and its decision making; it deals only with viability matters, in accordance with our instructions.

2.1.25. DSP’s remit is to review the submitted information to assess whether the stated viability scope available to support planning obligations (for affordable housing and/or other matters) is the most that can reasonably be expected at the time of the assessment. Our

brief does not go as far as confirming what should be the outcome where schemes are stated or verified as being non-viable per se, based on a viability submission or any subsequent review. It is for the applicant to decide whether there is sufficient justification to pursue a scheme, financially. While an absence of (or insufficient level of) planning obligations will be a material consideration, we are not aware that proof of positive viability is in itself a criterion for acceptable development under current national policy. The Council may wish to consider these matters further, however.

- 2.1.26. In this context, MSDC requires our opinion as to whether the viability figures and position put forward by the applicant are reasonable. We have therefore considered the information submitted. Following our review of the key assumptions areas, this report provides our views – information all provided below.
- 2.1.27. We have based our review on the submitted FVA on the premise that the viability of the scheme should be considered based on the assumption of current costs and values. We then discuss any variation in terms of any deficit (or surplus) created from that base position by altering appraisal assumptions (where there is disagreement if any) utilising in this case the supplied appraisal basis as a starting point.
- 2.1.28. This assessment has been carried out by Dixon Searle Partnership, a consultancy which has many years combined experience in the development industry working for Local Authorities, developers, Housing Associations and in consultancy. As consultants, we have a considerable track record of assessing the viability of schemes and the scope for Local Authority planning obligation requirements. This expertise includes viability-related work carried out for many Local Authorities nationwide over more than 20 years.
- 2.1.29. The purpose of this report is to provide our overview comments with regard to this individual scheme, on behalf of MSDC - taking into account the details as presented. It will then be for the Councils to consider this information in the context of the wider planning objectives in accordance with its policy positions and strategies.
- 2.1.30. In carrying out this type of review a key theme for us is to identify whether, in our opinion, any key revenue assumptions have been under-assessed (e.g., sales value estimates) or any key cost estimates (e.g., build costs, fees, etc.) over-assessed – since both of these effects can reduce the stated viability outcome.

3. Review of Submitted Viability Assumptions

3.1 Overview of Approach

- 3.1.1 The following commentary reviews the applicant's submitted viability assumptions as explained within the FVA and the accompanying development appraisals.
- 3.1.2 Primarily the review process takes into account the fact that the collective impact of the various elements of the cost and value assumptions is of greatest importance, rather than necessarily the individual detailed inputs in isolation. We have considered those figures provided, as below, and reviewed the impact of trial changes to particular submitted assumptions.
- 3.1.3 This type of audit / check is carried out so that we can give the Council a feel for whether or not the result is approximately as expected – i.e., informed by a reasonable set of assumptions and appraisal approach.
- 3.1.4 Should there be changes to the scheme proposals relative to the details now under review, this would obviously impact on the appraisal outputs.

3.2 Benchmark Land Value

- 3.2.1 In all appraisals of this type, the base value (value of the site or premises – e.g. in existing use) is one of the key ingredients of scheme viability. A view needs to be taken on land value so that it is sufficient to secure the release of the site for the scheme (sale by the landowner) but is not assumed at such a level that restricts the financial capacity of the scheme to deliver suitable profits (for risk reward), cover all development costs (including any abnormals) and provide for planning obligations as a part of creating sustainable development. This can be a difficult balance to reach, both in terms of developers' dealings with landowners, and Councils' assessments of what a scheme has the capacity to bear.
- 3.2.2 The RICS (Royal Institution of Chartered Surveyors) Professional Standard: '*Assessing viability in planning under the national Planning Policy Framework 2019 for England*' (reissued April 2023) took effect from 1st July 2021 when it was previously published as a guidance note. Its emphasis reflects the Planning Practice Guidance (PPG) on Viability

as noted below, and the PPG will remain the primary source of guidance in this field – viability in planning.

- 3.2.3 The RICS Professional Standard states that: *‘The BLV should not be expected to equate to market value. [...] The BLV is not a price to be paid in the marketplace; it is a mechanism by which the viability of the site to provide developers’ contributions can be assessed. It should be set at a level that provides the minimum return at which a reasonable landowner would be willing to sell.’*
- 3.2.4 It goes on to state: *‘The BLV is a benchmark value against which the developer contributions can be assessed. Once those contributions have been set, land markets should take the level of policy requirements in to account, just as all markets should take all relevant factors that affect value into account. PPG paragraph 013 [paragraph 014 in the latest PPG update] states that ‘Landowners and site purchasers should consider policy requirements when agreeing land transactions. This means that the actual price paid for a site cannot be used to reduce developer contributions.’*
- 3.2.5 The latest Viability PPG (most recently updated in December 2025) and the NPPF (most recently updated on 17th August 2026) very clearly advise that land value should be based on the value of the existing use plus an appropriate level of premium or uplift to incentivise release of the land for development from its existing use. With regard to how land value should be defined for the purpose of viability assessment, paragraph 14 of the PPG states: *‘To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions.’*
- 3.2.6 The PPG defines existing use value as: *‘the first component of calculating benchmark land value. 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.²

3.2.7 Similarly, the updated NPPF (August 2026) states that *'Neither the price paid for land, nor the price intended to be paid through an option agreement, should be a justification for failing to accord with relevant policies in the plan³'*.

3.2.8 Paragraph 015 of the PPG states that a Benchmark Land Value should:

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

3.2.9 Paragraph 015 goes on to state that 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.'*

² Paragraph: 016 Reference ID: 10-016-20190509

³ NPPF policy DM5, page 20, paragraph 3.

- 3.2.10 Paragraph 015 further states that: *‘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.’*
- 3.2.11 Paragraph 017 of the PPG states that *‘Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).’*
- 3.2.12 With regard to assuming an alternative use value to determine BLV the guidance states: *‘For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV. Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted⁴.’*
- 3.2.13 It is therefore clear that the only acceptable approach to defining a benchmark land value for the purposes of a viability assessment is the EUV+, or, exceptionally, AUV.

⁴ Paragraph: 018 Reference ID: 10-018-20190509

- 3.2.14 The application site is described as the former car park associated with the existing building (25 – 27 Perrymount Road). The FVA states that the site comprises 20 parking spaces covering an area of 0.2 hectares or 0.49 acres.
- 3.2.15 The FVA considers the BLV based on the existing use as car parking spaces. Using the following assumptions (table extracted from the FVA), the FVA arrives at a value of £4,767 per space and a BLV of £95,333 for the 20 parking spaces. The FVA does not seek to apply a landowner's premium.
- 3.2.16 The September 2022 viability assessment submitted in relation to planning permission reference DM/22/2880 adopted a BLV of £47,834. It does not appear that the parking spaces are currently being let. Given the presented outcomes, in our view, the previously agreed BLV could be considered a suitable assumption and we have therefore, tested the scheme against a lower BLV of £47,834 although the difference is marginal within the wider context of this scheme finances being presented here.

3.3 Land acquisition costs

- 3.3.1 Acquisition costs have been included at 1.5% for fees. As a percentage, the assumption is considered broadly appropriate and we have not made any adjustments in our appraisal.

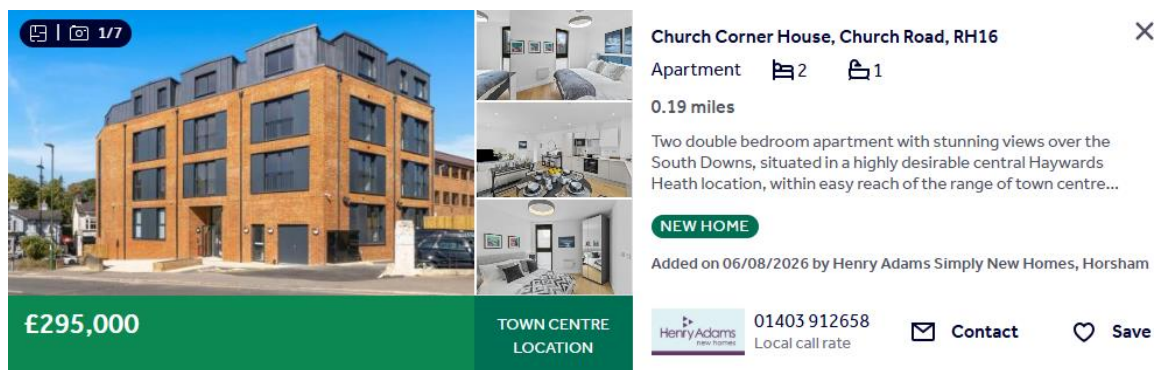
3.4 Gross Development Value – Market Housing

- 3.4.1 The FVA first refers to the 2022 viability assessment undertaken in respect of the 28-dwelling consented scheme (stated to be in respect of the 38-dwelling consented scheme in the FVA), which assumed the following values for the market homes (table extracted from FVA):

Type	Number of Units	Average Unit Area (ft ²)	Total Area (ft ²)	Average Unit Value (£)	Total Value (£)	(£/ft ²)
1B2P	11	609	6,698	£259,545	£2,855,000	£426
2B4P	9	835	7,513	£350,000	£3,150,000	£419
Total	20		14,211	£300,250	£6,005,000	£423

- 3.4.2 The FVA notes that since the September 2022 viability assessment the Land Registry House Price Index for Mid-Sussex indicates a 3% increase in the value of flats.

- 3.4.3 TM go on to note that they have been provided with a pricing schedule from local agents, Oakley, which indicates an average value of £372/ft² (Appendix 3 of the FVA). The pricing schedule is dated October 2025.
- 3.4.4 Noting the disparity between the assumed values in the 2022 viability assessment and the estate agent's opinion, TM consider comparable evidence looking at both new and resale properties.
- 3.4.5 Based on the available evidence, the FVA provides an individual pricing schedule for the proposed development, which provides a total GDV of £8,086,525, equivalent to £398/ft². The assumed value of the 2-bedroom apartments ranging between £321,000 and £337,050 for the 1-bedroom apartments between £224,000 and £235,400.
- 3.4.6 In addition to reviewing the submitted evidence, we have undertaken our own research. We note a newbuild development – Church Corner House – being marketed for sale within ¼-mile of the application site. Two-bedroom apartments are being advertised with guide prices ranging between £275,000 and £325,000, one-bedroom apartments are being advertised with guide prices ranging from £220,000 and £225,000.



Church Corner House, Church Road, RH16

Apartment 2 1

0.19 miles

Two double bedroom apartment with stunning views over the South Downs, situated in a highly desirable central Haywards Heath location, within easy reach of the range of town centre...

NEW HOME

Added on 06/08/2026 by Henry Adams Simply New Homes, Horsham

£295,000

TOWN CENTRE LOCATION

Henry Adams Simply New Homes 01403 912658 Local call rate

Contact Save

- 3.4.7 We also note a 1-bedroom apartment at 25 Boltro Road being advertised with a guide price of £240,000. Assuming a 5% reduction to take account of potential negotiations, we have assumed a value of £228,000, equivalent to £396/ft² based on a floor area of 576ft².

1/12 FEATURED NEW HOME - CLOSE TO STATION





25 Boltro Road, Haywards Heath, RH16

Flat 1 1

0.11 miles

JUST LAUNCHED - A brand new, high quality, top floor one bedroom apartment with Juliet Balcony, located in the heart of Haywards Heath Town Centre, just a few minutes walk from the mainline station - perfect for commuters!

NEW HOME

Added on 16/07/2026 by Henry Adams Simply New Home...

£240,000

Henry Adams 01403 912658 Local call rate

Save

3.4.8 Based on the available evidence, we consider the assumed values to be within the expected range.

3.4.9 It is also worth noting that any improvement in the sales value assumptions (compared with a level set at the point of the appraisal) would most likely be reflected in an improvement in scheme viability. Whilst the opposite could also occur (the sales values could fall relative to the assumptions made), that is the developer's (applicant's) risk, and such factors need to be kept in mind in making an overall assessment of the applicant's position.

3.4.10 The consented 38-unit scheme appraisal adopts a higher assumed value – an average of £430/ft². No explanation has been offered for this approach. As the consented scheme is not under consideration here, we have not adjusted the values in our trial version; however, it is worth noting that if lower values were adopted, it would only worsen the viability of the consented scheme as seen through the appraisal.

3.5 Gross Development Value – Affordable Housing

3.5.1 The 30% AH appraisal includes 4no. 1-bedroom and 3no. 2-bedroom apartments as affordable rented and 2no. 1-bedroom apartments as First Homes.

3.5.2 The affordable rented apartments are assumed at an average value equivalent to 55% market value (£217/ft²). First Homes are assumed at a discount of 30% to market value. The average value for the First Homes is therefore £264/ft².

3.5.3 We do not consider the assumed value for the affordable dwellings to be unreasonable; however, we note that the appraisal does not include a policy compliant mix of 3no. 1-bedroom and 6no. 2-bedroom apartments.

3.5.4 In the consented scheme appraisal, the affordable rented are also included at 55% market value and the First Homes at 70% market value.

3.6 Cost Assumptions – Build Costs & Fees

3.6.1 The build costs are based on the BCIS median 5-year rate for flats/apartments generally adjusted for a Mid-Sussex location. For the consented scheme appraisal, the FVA adopts the 6+ storey sample data. The BCIS extract included at Appendix 4 of the FVA indicates a rate of £2,065/m² (£192/ft²) for the proposed scheme and £2,558/m² (£238/ft²) for the consented scheme. We have reviewed the latest BCIS data, and we consider the assumed build rates to be suitable assumptions.

3.6.2 The FVA explains that the higher rate has been adopted for the consented scheme to reflect the higher cost of delivering a 'Higher-Risk Building' above 18metres in height and the requirements of compliance with the Building Safety Act.

3.6.3 For the proposed scheme appraisal, the build rate has been applied to a gross floor area of 26,899 ft² (2,499 m²). The net:gross ratio is 75% meaning that approximately 25% of the overall built floorspace is in the form of communal, non-saleable floorspace. This is high for a flatted development; however, we note that the proposed sixth floor consists of a rooftop plant room.

3.6.4 An allowance of 7.5% has been made for external works. This does not exceed typical allowances and is not considered excessive.

3.6.5 A further allowance for a new substation has been included at £254,000. Appendix 4 of the FVA includes a quote provided by UK Power Networks. We have not adjusted this allowance within our appraisal.

3.6.6 Contingency has been included at 5%. This assumption does not exceed typical parameters and is not considered unreasonable. Professional fees have been included at 6% of construction costs. For the scheme type, a single block, we consider the assumption to be suitable.

3.7 CIL / Planning Obligations

3.7.1 MSDC does not currently charge CIL on new development. S.106 contributions have been included at £173,000 and an allowance of £20,000 is included for BNG works.

3.7.2 We have been advised by the Council that the development would be required to make the following contributions:

Summary of Contributions	
S106 type	Monies Due
Education - Primary	£61,338
Education - Secondary	£60,261
Education - 6th Form	£13,016
Libraries	£9,697
Waste	No contribution
Fire & Rescue	No contribution
No. of Hydrants	secured under Condition
TAD	£2,046
Total Contribution	£146,357

3.7.3 In addition, the scheme would be required to make the following contributions:

Community buildings - £31,240

Play Space - £56,139

Outdoor Sports - £31,046

Local Community Infrastructure - £22,222

Total - £140,647

3.7.4 As above, we have amended the s.106 contributions in our appraisal to a total of £287,004.

3.7.5 It should be noted that any change in the chargeable sum(s) would have an impact on the overall viability of the scheme as viewed through the appraisal - a reduction in the cost assumption would improve the viability outcome, and an increase would pull it downwards (looking at the effect of this assumption only). As a general point, in all such reviews, we assume that all requirements that are necessary to make a scheme acceptable in planning terms will have to be included.

3.8 Development Timings

3.8.1 The development timings set out in the FVA assume a 3-month pre-commencement period, with construction taking place over a further 15 months. Sales are assumed to take place over the 6 months following construction completion.

- 3.8.2 The appraisal calculates finance costs using a quarterly cashflow. Construction costs are distributed on an equal quarterly basis. We have applied a standard 'S-curve' distribution to the construction costs in our trial appraisals.

3.9 Development Finance

- 3.9.1 Typically, in the recent period we would expect to see finance rates of 6.0 – 8.0% depending on circumstances and with those assumptions representing the costs inclusive of all fees.

- 3.9.2 Finance costs have been included using a 7.0% debit interest rate. This assumption is considered suitable, and we have not made any adjustments in our trial appraisal, therefore.

3.10 Agent's, Marketing & Legal costs

- 3.10.1 Fees and marketing costs are included at 2% of market housing GDV. The assumption, as a percentage, does not exceed typical parameters and is not considered unreasonable.

- 3.10.2 The cost of disposing of the affordable homes to a Registered Provider is included at 0.5% of affordable housing GDV. This does not exceed typical parameters and while this assumption is not always specifically applied in viability submission, depending on the views taken on other costs, is not considered unreasonable in this context.

3.11 Developer's Risk Reward – Profit

- 3.11.1 The Planning Practice Guidance (PPG) on Viability states: *'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. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan'*. It goes on to state: *'For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances*

where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types⁵.

- 3.11.2 The PPG, as above, although silent in terms of decision making, does set out a range of between 15% and 20% on GDV for market housing; lower for affordable housing in relation to plan making. Given that the NPPF and PPG expect planning applications to be consistent with the plan making stage, it is therefore also appropriate to assume that the range 15% - 20% on GDV (lower for affordable housing) may be considered suitable at the decision taking stage.
- 3.11.3 In this case, the level of profit has been included as a fixed input at 20% of gross development value (GDV) on market housing, 12% GDV on First Homes and 6% on the affordable tenures.
- 3.11.4 The assumed 6% profit on affordable housing and 12% on First Homes is a fairly standard assumption used widely in viability in planning and accordingly we have not adjusted this in our appraisals
- 3.11.5 For the Council's information, consistent with the FVA, we have provided sensitivity testing including a developer's profit of 17.5% GDV on market housing, which would provide the applicant with a significantly improved rate of return compared with the outturn of the submitted. In our view, this would also be part of a different balance between the acknowledged commercial drivers of development and the community angles including affordable housing needs.

⁵ Paragraph 019 Reference ID: 10-019-20190509

4. Findings Summary

- 4.1.1. The submitted overall approach to assessing the viability of the current proposal is considered to be appropriate in terms of general principles and approach to development appraisal.
- 4.1.2. Whilst we consider the majority of the submitted assumptions to be fair, there are areas where we have a difference of opinion or consider that the submitted assumptions are not fully justified, based on the discussion in Section 3, above. In summary, these are:
- Benchmark Land Value (paragraph 3.2) – we have tested the scheme against a lower BLV of £47,834 and agreed in the September 2022 viability assessment submitted in relation to planning permission reference DM/22/2880.
 - S. 106 contributions (paragraph 3.7) – we have increased the s. 106 allowance from £173,000 to £287,004 in line with information received from the Council.
 - Development timings (paragraph 3.8) – we have applied a typical ‘S-curve’ to the construction costs.
 - Developer’s Profit (paragraph 3.12) – the applicant has assumed a 20% profit on GDV. Given the presented outcomes and that the applicant has indicated a willingness to proceed with a lower profit, we have provided sensitivity testing based on a lower profit of 17.5% on GDV.
- 4.1.3. The submitted appraisals as presented indicate the following profit outcomes:

Tab	Description	Total Units	Affordable % (Units)	RLV	EUV	Surplus / Deficit	Viable/ Non-Viable?
1A	30% Affordable Housing	30	30%	-£1,707,367	£95,333	-£1,802,700	NON-VIABLE
1B	0% Affordable Housing	30	0%	-£1,158,486	£95,333	-£1,253,819	NON-VIABLE
1B	Consented Scheme	38	32%	-£3,988,801	£95,333	-£4,084,134	NON-VIABLE

- 4.1.4. When making our suggested amendments to the development appraisal, as summarised in paragraph 4.1.2 above, the proposed scheme and consented scheme produce the following results:

Scheme	Residual Land Value	Surplus/Deficit against BLV of £47,834	Actual Profit % GDV
30% AH	-£1,342,940	-£1,390,774	-3.9%
0% AH	-£895,035	-£847,201	7.01%
Consented 38-unit scheme	-£3,425,147	-£3,472,981	-18.3%

- 4.1.5. The above results indicate that only the 0% AH scheme appraisal produces a positive profit outcome, the 30% AH and the consented scheme appraisals producing an actual loss.
- 4.1.6. While in our view, the scheme is likely to produce a slightly higher profit level (7% GDV) than presented (5% GDV), it still falls significantly below the range of 15 – 20% GDV stated in the PPG. Therefore, DSP is able to confirm the presented affordable housing outcome in this instance – the scheme does not appear sufficiently viable to support a contribution towards AH.
- 4.1.7. We need to be clear that our review is based on current day costs and values assumptions as described within our review based on the current scheme(s) as submitted. A different scheme may of course be more or less viable – we are only able to review the information provided.
- 4.1.8. Of course, no viability report or assessment can accurately reflect costs and values until a scheme is built and sold – this is the nature of the viability process and the reason for local authorities needing to also consider later stage review mechanisms when developments fall short of policy provision. In this sense, the applicant and their agents are in a similar position to us in estimating positions at this stage – it is not an exact science by any means, and we find that opinions can vary. It may also be the case that the Council will consider what weight to place upon viability in any ongoing wider discussion on this scenario.

- 4.1.9. As regards the wider context including the current economic situation, in accordance with the relevant viability guidance our review is based on current day costs and values – a current view is appropriate for this purpose.
- 4.1.10. The RICS guidance notes that ‘Development risk’ reflects: *‘The risk associated with carrying out, implementing and completing a development, including site assembly, planning, construction, post-construction letting and sales’* and that *‘The return for the risk is included in the developer return and the PPG makes it clear that it is the developer’s job to mitigate this risk, not plan makers and decision takers’*. This is all part of the usual development process. Furthermore, in reflecting the PPG the RICS guidance notes: *‘PPG paragraphs 007 and 009⁶ reflect on the impact of market cyclicity during the life of the plan. Paragraph 007 gives market downturns as one example of the justification for a site-specific VAR, but it is restricted to “a recession or similar significant economic change”. This implies the exclusion of normal market cyclicity, which is embedded in the level of developer return’*.
- 4.1.11. DSP will be happy to advise further if required by MSDC.

Review report ends
August 2026

Appendix I – DSP versions of the applicant’s submitted appraisal

⁶ Now paragraphs 008 and 010 in the current PPG.

Land rear of Central House
30% AH
DSP26521AN

Development Appraisal
ARGUS Software
August 26, 2026

Land rear of Central House
30% AH
DSP26521AN

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
1 bed market	12	7,070	394.57	232,469	2,789,625
2 bed market	9	7,266	411.67	332,354	2,991,188
1 bed affordable rent	4	2,341	214.05	125,271	501,084
2 bed affordable rent	3	2,440	221.11	179,839	539,516
1 bed First Homes	<u>2</u>	<u>1,194</u>	264.70	158,025	<u>316,050</u>
Totals	30	20,311			7,137,463

NET REALISATION 7,137,463

OUTLAY

ACQUISITION COSTS

Fixed Price	95,333	
Fixed Price	95,333	
Residualised Price (Negative land)	(1,438,273)	
		(1,342,940)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Construction costs	26,899	220.67	5,935,802	5,935,802
Contingency		5.00%	296,790	
BNG			20,000	
				316,790

Other Construction Costs

Infrastructure and abnormals	254,329	
		254,329

Section 106 Costs

Section 106 Costs	173,269	
		173,269

PROFESSIONAL FEES

Architect	6.00%	371,408	
			371,408

DISPOSAL FEES

Sales Agent Fee	2.00%	121,937	
Affordable disposal costs	0.50%	5,203	
			127,140

TOTAL COSTS BEFORE FINANCE 5,835,799

FINANCE

Debit Rate 7.00%, Credit Rate 0.00% (Nominal)		
Land	(105,455)	
Construction	255,094	
Other	38,581	
Total Finance Cost		188,220

TOTAL COSTS 6,024,019

PROFIT

1,113,444

Performance Measures

Profit on GDV%	15.60%
IRR% (without Interest)	50.80%

Land rear of Central House

30% AH

DSP26521AN

Land rear of Central House
0% AH
DSP26521AN

Development Appraisal
ARGUS Software
August 26, 2026

Land rear of Central House
0% AH
DSP26521AN

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
1 bed market	18	10,605	391.53	230,677	4,152,188
2 bed market	<u>12</u>	<u>9,713</u>	408.95	331,010	<u>3,972,125</u>
Totals	30	20,318			8,124,313

NET REALISATION **8,124,313**

OUTLAY

ACQUISITION COSTS

Fixed Price	95,333	
Fixed Price	95,333	
Residualised Price (Negative land)	(990,368)	
		(895,035)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Construction costs	26,899	220.67	5,935,802	5,935,802
Contingency		5.00%	296,790	
BNG			20,000	
				316,790

Other Construction Costs

Infrastructure and abnormals	254,329	
		254,329

Section 106 Costs

Section 106 Costs	287,004	
		287,004

PROFESSIONAL FEES

Architect	6.00%	371,408	
			371,408

DISPOSAL FEES

Sales Agent Fee	2.00%	162,486	
			162,486

TOTAL COSTS BEFORE FINANCE **6,432,784**

FINANCE

Debit Rate 7.00%, Credit Rate 0.00% (Nominal)	
Land	(75,684)
Construction	288,546
Other	56,912
Total Finance Cost	269,774

TOTAL COSTS **6,702,558**

PROFIT

1,421,755

Performance Measures

Profit on GDV%	17.50%
IRR% (without Interest)	40.62%

Land rear of Central House
Consented scheme
DSP26521AN

Development Appraisal
ARGUS Software
August 26, 2026

Land rear of Central House
Consented scheme
DSP26521AN

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
1 bed market	15	8,880	420.92	249,186	3,737,791
2 bed market	11	8,848	439.60	353,599	3,889,592
1 bed affordable rent	6	3,552	231.51	137,052	822,314
2 bed affordable rent	4	3,315	241.80	200,395	801,578
1 bed First Homes	<u>2</u>	<u>1,658</u>	307.66	255,048	<u>510,095</u>
Totals	38	26,253			9,761,370

NET REALISATION 9,761,370

OUTLAY

ACQUISITION COSTS

Fixed Price	95,333	
Fixed Price	95,333	
Residualised Price (Negative land)	(3,520,480)	
		(3,425,147)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost
Construction costs	34,757	273.35	9,500,826
Contingency		5.00%	475,041
BNG			20,000
			495,041

Other Construction Costs

Infrastructure and abnormals	254,329
	254,329
Section 106 Costs	
Section 106 Costs	287,004
	287,004

PROFESSIONAL FEES

Architect	6.00%	585,309
		585,309

DISPOSAL FEES

Sales Agent Fee	2.00%	162,750
Affordable disposal costs	0.50%	8,119
		170,869

TOTAL COSTS BEFORE FINANCE 7,868,231

FINANCE

Debit Rate 7.00%, Credit Rate 0.00% (Nominal)	
Land	(232,096)
Construction	391,484
Other	45,033
Total Finance Cost	204,422

TOTAL COSTS 8,072,653

PROFIT

1,688,717

Performance Measures

Profit on GDV%	17.30%
IRR% (without Interest)	N/A

Land rear of Central House
Consented scheme
DSP26521AN