

For: North Hertfordshire Council

Review of Applicant Submitted Viability Position

**Land at Roundwood
Stevenage**

**July 2026
(DSP26253AI)**

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1. Notes and Limitations

- 1.1.1. This review and its findings are intended purely for the purposes of providing North Hertfordshire Council (NHC) 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 applicant on a confidential basis. However, potentially some of the information provided 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, most recently 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 NHC area, in addition to strategic level (development plan/planning policy) projects.
- 1.1.6. In any event we can confirm that no conflict of interest 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 North Hertfordshire Council (NHC) to carry out an independent review of the 'Comparable Report' (CR) dated 1st April 2026 and supplied to the Council on behalf of the applicant by Henderson & Partners (H&P). This is in relation to the proposed redevelopment of Land at Roundwood, Back Lane, Graveley, Hertfordshire.
- 2.1.2. The CR has been submitted in support of a planning application (reference 24/02889/FP) which seeks permission for the: *'Residential development of 281 dwellings and associated roads, parking, realignment of Back Lane, drainage, landscaping, open space, servicing facilities and associated works (as amended).'*
- 2.1.3. The Development Plan for the area currently comprises the North Hertfordshire Local Plan 2011-2031. Policy HS2 relates to affordable housing and requires 40% affordable housing on sites of 25 or more dwellings. The CR notes a requirement for 112 affordable housing units.
- 2.1.4. We understand that the planning application, at a Planning Committee Meeting on 24th July, received a resolution to grant subject to completion of a satisfactory legal agreement. The S106 Agreement has not been completed, and the applicant has submitted the CR.
- 2.1.5. In presenting their viability position, the applicant has supplied to the Council the aforementioned 'Comparable Report' (CR) together with appendices including PDF versions of the submitted appraisals. We have also been provided with the 'live' working versions of the submitted appraisals carried out using Argus Developer software.
- 2.1.6. For context, DSP has also had sight of the documents contained within the Council's online planning application file.
- 2.1.7. We have considered the assumptions individually listed within the CR and provided our commentary based on those. 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.

- 2.1.8. 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

- 2.1.9. The submitted development appraisal has been run in a way which takes account of the benchmark land value (BLV) of the site (assumed at £4,039,200) and assesses the level of additional residual potentially available in excess of that after allowing for a fixed developer's profit (assumed at 17.5% on GDV for market housing and 6% GDV on affordable homes). Therefore, an approach has been taken that sets out to consider, in the applicant's view, the maximum supportable level for affordable housing.
- 2.1.10. In respect of the proposed scheme, the CR states that it has assessed the development economics of the proposed scheme, comparing the results at the time leading up to the

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

planning application, with updated information. The CR therefore provides two appraisals including 40% affordable housing – ‘Application’ and ‘Today’s Date’. The CR therefore seeks to demonstrate how the scheme’s viability has altered in the interim period since submitting the planning application. Although an ‘Application’ stage appraisal has been submitted now, we understand that this was not appraised at the time the planning application was submitted.

- 2.1.11. The CR states that the ‘Application appraisal’ produces a residual land value of £7,537,019 and a surplus of £3,497,819. Whereas the current view ‘Today’s Date appraisal’ indicates a deficit of -£8,175,829 (results tables extracted below).

Application

Benchmark Land Value	Residual Value	Surplus/Deficit
£4,039,200	£7,537,019	£3,497,819

Today’s Date

Benchmark Land Value	Residual Value	Surplus/Deficit
£4,039,200	-£4,136,629	-£8,175,829

- 2.1.12. A further version of the appraisal has been submitted reducing the quantum of affordable housing to 20% from 40% and the S106 contributions from £44,000 per unit to £20,000 per unit.
- 2.1.13. The 20% AH with reduced S106 contributions appraisal produces a residual land value equivalent to the BLV (£4,039,099).
- 2.1.14. The CR concludes that: *‘To rectify the position and bring the residual Value in line with the Benchmark Land Value of £4,039,200, a reduction in Section 106 contributions/Affordable Housing, will be required.’*
- 2.1.15. 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.

- 2.1.16. DSP's remit is to review the submitted information to assess whether the stated viability scope available to support planning obligations 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.
- 2.1.17. In this context, NHC 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.
- 2.1.18. We have based our review on the submitted CR 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.
- 2.1.19. 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 a wide range 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.
- 2.1.20. The purpose of this report is to provide our overview comments with regard to this individual scheme, on behalf of NHC - taking into account the details as presented. It will then be for the Council to consider this information in the context of the wider planning objectives in accordance with its policy positions and strategies.

- 2.1.21. 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 CR 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 Councils 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 As a general point, 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 into account, just as all markets should take all relevant factors that affect value into account. PPG paragraph 013 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 PPG on Viability PPG (most recently updated in December 2025) and the NPPF (most recently updated in December 2024 and now subject to consultation – December 2025) very clearly advises 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 it 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.’*

3.2.6 The guidance defines existing use value as: *‘the first component of calculating benchmark land value. EUV is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. 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. 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.'

3.2.7 It 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 and*
- *be informed by market evidence including current uses, costs and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. 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.'*

3.2.8 The guidance 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.'* It goes on to state: *'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).'*

3.2.9 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 current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. 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 have an existing*

implementable permission for that use. Where there is no existing implementable permission, 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 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 counted.'

- 3.2.10 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.
- 3.2.11 The application site comprises 26.69 acres (10.8 hectares) of greenfield land. The CR refers to the Local Plan Viability Assessment Update to arrive at a land value of £374,000 per hectare (including uplift) – a BLV of £4,039,200.
- 3.2.12 The CR also refers to a site in Stevenage, Bragbury End, which has recently been granted planning permission for 478 units. In that case, the CR notes that the Stevenage Borough Council's viability assessor agreed a BLV of £425,000/ha.
- 3.2.13 The Local Plan viability work is now circa 10 years' old and was prepared outside of the backdrop of the latest NPPF and accompanying PPG, which have brought much greater focus on the above noted 'EUV plus' approach, seeking to ensure that new developments deliver optimum levels of affordable housing and community infrastructure. An assumption of £250,000/ha would now be our well-established BLV assumption for such a site, leading to a BLV of £2,700,000.
- 3.2.14 For the purposes of this review and NHC's information, we have therefore tested both the submitted BLV and a lower BLV of £2.7m.
- 3.2.15 The CR notes that the parcel of land is subject to a ransom strip, which needs to be purchased to enable the development to proceed. In such cases, the landowner of the application site could expect some significant downward pressure on their own land value receipt, given that their land has little development potential without being able

to bring in the ransom strip. Given the significant uplift to EUV already to be reflected (whether at £250,000 or potentially more if the scheme finances allow), for viability in planning we would not accept the inclusion of any additional land value or equivalent – we would expect a suitable BLV to cover (have the effect of providing a share for) both the development host land value and that of any ransom scenario.

3.3 Gross Development Value – market housing

- 3.3.1 The application proposes 281 units, being a mix of houses and apartments. In the 40% AH appraisals 169 units extending to 213,889 sq. ft. are private market sale units and 112 units extending to 86,327 sq. feet are affordable housing units.
- 3.3.2 Values have been estimated by estate agent Connells (Appendix 6 of the CR). Connells estimated a total GDV of £88,585,000, equivalent to an average value £413/ft² for the market housing in April 2025. In February 2026 the estimate reduced to £85,322,000, equivalent to an average of £399/ft². The reduction of £3,285,000 to the estimate equates to a fall of 3.7% compared with the application stage assumption over the course of less than 12 months, therefore.
- 3.3.3 The estimates are based on individual pricing views for each house type with the most recent ranging between £368/ft² for a 3-bedroom house up to £457/ft² for a 1-bedroom flat. The average assumed value for houses is £398/ft² and £420/ft² for flats. The values assumptions further breakdown as follows:

Property Type	Average assumed value £/ft ²
Detached	£408
Semi-detached	£392
Flats	£388

- 3.3.4 We have reviewed the Land Registry's House Price Index (HPI) for North Hertfordshire. Since April 2025, up to April 2026 (the latest available data point at this time of review) the HPI indicates that values have generally risen c. 2.5% - contrary to the trend suggested by the submission.
- 3.3.5 We have, however, undertaken our own research into values locally to assess whether the current assumptions are reasonable – this being arguably the key point over trying to assess how it this would have looked compared with how it now does – given the

purpose of the submission. We have reviewed Land Registry data and property search engine Rightmove and similar sources.

- 3.3.6 We have reviewed all newbuild properties sold within 8-miles of the application (4-miles for flats owing to a larger data set being available). Details are summarised in the table below:

Newbuild Homes within 8-miles April 2024 - April 2026 (Source: Land Registry sold data)					
Type	Number of properties sold	Average Sold price (uplifted by HPI)	Average size sold	Average £/m ²	Average £/ft ²
Detached	114	£ 892,863	157	£ 5,700	£ 530
Semi detached	75	£ 586,268	109	£ 5,388	£ 501
Flats	20	£ 325,455	64	£ 5,062	£ 470

- 3.3.7 We have also reviewed all properties sold on the second-hand market within 7-miles of the application site. Details are summarised in the table below:

Resale Homes in November 2025 - April 2026 (Source: Land Registry sold data)					
Type	Number of properties sold	Average Sold price (uplifted by HPI)	Average size sold	Average £/m ²	Average £/ft ²
Detached	46	£ 916,757	161	£ 5,706	£ 530
Semi detached	73	£ 513,598	99	£ 5,206	£ 484
Flats	49	£ 242,636	58	£ 4,196	£ 390

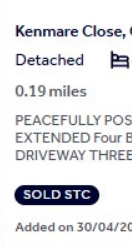
- 3.3.8 The assumed values fall lower than the Land Registry data for both newbuild and resale. However, values can be very dependent on location. For context, we have included a heat map below (source: PropertyData) showing that properties located closest to Stevenage train station tend to have the amongst highest values. The centre of Hitchin also supports some of the highest values.



3.3.9 As a further check, we have reviewed properties currently being marketed for sale within the Great Ashby area, adjoining the application site.

3.3.10 We note a 4-bedroom detached property advertised as 'sold subject to contract' with a guide price of £625,000, equivalent to £505/ft² based on a floor area of 1,238 ft². Allowing a 5% reduction to take account of potential negotiations indicates a value of £480/ft².





Kenmare Close, Great Ashby,

Detached 4 3

0.19 miles

PEACEFULLY POSITIONED and MUCH IMPROVED & HUGELY EXTENDED Four Bedroom Executive Detached FAMILY HOME with DRIVEWAY THREE CARS Close to Open Countryside. Features...

SOLD STC

Added on 30/04/2026 by Geoffrey Matthew Estates, Stevenage

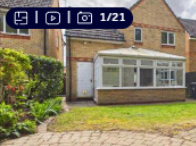
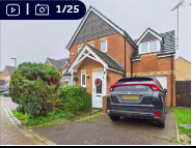
£625,000
Guide Price

EXTENDED

01438 901782
Local call rate

Contact Save

3.3.11 We note the following further detached properties being marketed for sale. Allowing a 5% reduction to the average value of £395/ft² shown in the table below, to take account of potential negotiations indicates an average value of circa. £375/ft²:

Property	Address	No. of Beds	Guide Price	Size ft ²	£/ft ²
	Finbracks	5	£600,000	1958	£306
	Orwell Avenue	4	£535,000	1074	£498
	Humber Court	3	£525,000	1421	£369
	Orwell Avenue	4	£525,000	1270	£413
	Riccat Lane	4	£500,000	1091	£458
	Mendip Way	4	£450,000	1119	£402
			£3,135,000	7933	£395

3.3.12 We note the following semi-detached properties being marketed for sale. Allowing a 5% reduction to take account of potential negotiations indicates an average value of £362/ft²:

Property	Address	No. of Beds	Guide Price	Size ft ²	£/ft ²
	Snowdonia Way	4	£525,000	1127	£466
	The Beacons	4	£450,000	1268	£355
	Bray Drive	3	£425,000	1062	£400
	Swale Close	3	£415,000	1109	£374
	Calder Way	3	£375,000	1147	£327
	Tamar Close	3	£375,000	1023	£367
			£2,565,000	6736	£381

3.3.13 The assumed values for the both the proposed detached and semi-detached dwellings therefore reflect a newbuild premium of c. 8% over the resale values.

3.3.14 We have also looked further afield for indications from new build properties advertised for sale. We note the following properties currently advertised.

3.3.15 Miller Homes 3-bedroom semi-detached – the Whitton of 947ft², advertised from £455,000 (£480/ft²). The property is smaller than the subject 3-bedroom properties. Applying a 5% discount, indicates a value of £456/ft².



NEW HOME

The Whitton, Stevenage

From
£455,000 ⓘ

 Can you afford it? Added on 26/02/2026

PROPERTY TYPE	BEDROOMS	BATHROOMS	SIZE	TENURE ⓘ
 Semi-Detached	 3	 2	 Ask agent	Freehold



3.3.16 Miller Homes 3-bedroom semi-detached – the Denton of 907ft², advertised from £427,000 (£470/ft²). Again, applying a 5% discount indicates a value of £447/ft².



NEW HOME

North Road, Stevenage, SG1 4BB

From
£427,000 ⓘ

 Can you afford it?

Added on 28/01/2026

PROPERTY TYPE	BEDROOMS	SIZE	TENURE ⓘ
 Semi-Detached	 3	 Ask developer	Ask developer


 ⓘ 2









+3

3.3.17 Reviewing all of the above, we consider that the submitted values potentially take a cautious approach. Given that the HPI indicates an increase of c. 2% generally in values since February 2026 (the date of Connells latest estimate), we have applied a 2% increase to the total market housing GDV assumption, which results in an increase of £1,706,440. We are not convinced that the back-looking view of values in the submitted 'application' version assumption and appraisal is directly helpful in considering this or the relativity in any event but particularly bearing mind it suggests a market movement trend that we have not been able to identify/verify.

3.3.18 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 Gross Development Value – affordable housing

3.4.1 Appendix 7 of the CR includes an explanatory note setting out the position of the affordable housing element of the scheme.

3.4.2 The assumed value of the AH is included in the appraisal at £18,900,000, which is stated to be the highest bid standing from a Registered Provider. At an average value of £219/ft², the blended value of the affordable housing element is equivalent to 55% market value. We have not adjusted the value in our trial appraisal and comment that this appears broadly appropriate as an assumption in our experience; however, the Council may wish to request further evidence of the offers received/withdrawn.

3.5 Gross Development Value – 20% AH scheme

3.5.1 The 20% AH appraisal increases the number of private sale units to 225 with a total floor area of 257,053 ft². The assumed GDV for the market housing increases to £102,514,018 based on an average value of £399/ft².

3.5.2 It is not clear which units have been “reallocated” as market homes in this iteration, however. The affordable homes are generally smaller than the market homes and therefore we would expect the average £/ft² to be higher where the mix of market homes includes a larger number of smaller properties. Other than to apply a 2% increase as above, we have not made any further adjustments at this stage, therefore; however, we recommend that the Council requests further details on the assumed/proposed mix under this scenario because any final proposal would need to be suitable for meeting affordable housing needs, we assume.

3.5.3 The number of affordable homes has reduced to 56 in this iteration, with a total assumed floor area of 43,164 sq. feet. The assumed value is based on the offer received as noted above with an average value of £219/ft².

3.6 Cost Assumptions – Build Costs & Fees

3.6.1 The submitted build costs have been based on the applicant's calculations. The CR states that at the application stage, construction costs were calculated at £58,818,319 (£196/ft²) and have been recalculated and increased to £61,844,496 (£202/ft²).

- 3.6.2 An allowance of 10% has been applied to the build cost to account for preliminaries. The total build costs have been included in the appraisals as follows. The cost as presented has increased 2.9% since the application stage:

Appraisal	Total Construction Costs
Application Stage	£64,700,151
Latest costs (Today's Date appraisal)	£66,569,295

- 3.6.3 We note that between April 2025 and April 2026, the BCIS All-In TPI (Tender Price Index) indicates a rise of 2.2%, lower than the increase of 2.5% in values indicated by the HPI. Although a high-level point, these factors in combination, therefore, could be expected to have a positive influence overall.

- 3.6.4 We have reviewed the latest BCIS data considering a range of sets and categories. BCIS data includes preliminaries but excludes external works; we have assumed an allowance of 15% for external works, and a net:gross floor area adjustment of 85% for the flats. When applying the BCIS 5-year median rate for 'Housing, mixed developments' at £1,992/m², BCIS indicates the following construction cost:

	Floor Area M ²	Construction Cost
Flats	6,058.60	£12,068,731.20
Communal areas @ 15%	908.8	£1,810,329.60
Houses	21,832.90	£43,491,136.80
Sub-total		£57,370,197.60
External Works @ 15%		£8,605,529.64
Total		£65,975,727.24

- 3.6.5 When applying a combination of BCIS 5-year median rate for 'Estate housing, generally' at £1,984/m², and 'Flats 3-5 storey' at £2,205/m² BCIS indicates the following construction cost:

	Floor Area M ²	Construction Cost
Flats	6,058.60	£13,359,213.00
Communal areas @ 15%	908.8	£2,003,904.00
Houses	21,832.90	£43,316,473.60
Sub-total		£58,679,590.60
External Works @ 15%		£8,801,938.59
Total		£67,481,529.19

Whilst the latest view on construction costs appears to reflect a cost broadly consistent with the BCIS median rate, at this scale of development, we have seen lower cost assumptions put forward i.e. reflecting BCIS lower quartile levels. However, in this case this is put forward as an all-inclusive cost basis, rather than for example taking a lower quartile basis and then considering further works/abnormals. Whilst the assumed costs are not excessively high, the Council could request further evidence of the submitted construction costs from the applicant.

- 3.6.6 In addition to the above build costs, an allowance of 10% has been included for professional fees and of 5% for contingency. These assumptions do not exceed the typical range and, therefore, are not considered unreasonable.

3.7 CIL / Planning Obligations

- 3.7.1 NHC does not currently charge CIL. S106 costs have been included at £30,000 per unit in the 'Application Stage' appraisal (total £8,430,000) and £44,403 per unit in the 'Today's Date' appraisal (total costs of £12,477,263).

- 3.7.2 As mentioned above, the CR provides a further appraisal in which the S106 costs total is reduced to £5,639,385 (in conjunction with the 20% AH position).

- 3.7.3 It should be noted that any change in the chargeable sum would have an impact on the overall viability of the scheme as viewed through the appraisal - a reduction in the S106 cost assumption would improve the viability outcome and an increase would pull it downwards (looking at the effect of this assumption only). In all such reviews, however, we assume that all requirements that are necessary to make a scheme acceptable in planning terms will have to be included. We suggest that the Council confirms the figures or provides alternatives that can be included in the appraisals.

3.8 Development Timings

- 3.8.1 The development timings for the 40% AH scheme set out in the CR assume a 6-month pre-commencement period, with construction taking place over 57 months.
- 3.8.2 Construction costs are spread using an 'S-curve' distribution. This is a typical approach.
- 3.8.3 S106 contributions are also timed using an 'S-curve' distribution. We have not adjusted this, although we note this reflects an assumed general spread of costs

(works/contributions) throughout the construction period – not an unreasonable assumption unless all the details are known at this stage.

- 3.8.4 Sales of the private units are assumed over a 51-month period, with 10% assumed to take place 12 months into construction and 3 units per month are assumed thereafter.
- 3.8.5 Sales of the affordable homes are assumed throughout the construction period with the first payment of 20% in month 1 of construction then payments every quarter starting 12 months into construction.
- 3.8.6 For the 20% AH appraisal, the assumed sales period increases to 67 months to reflect the larger number of market homes being sold at 3 units per month.
- 3.8.7 Overall, the assumed timings appear appropriate and are not weighing unduly on the scheme's finances as seen through the appraisal.

3.9 Development Finance

- 3.9.1 Typically, in the recent period we have seen finance rates of 6.0% - 8.0% being submitted for viability appraisal purposes, with those assumptions representative of the costs inclusive of all fees.
- 3.9.2 Finance costs have been included using a 6.5% debit interest rate. This assumption is considered suitable, and we have not made any adjustments in our trial appraisal, therefore.

3.10 Sales, Marketing & Legal costs

- 3.10.1 Sales marketing, agent's and legal fees (combined) have been assumed at a total of 3%. This results in total costs of £2,657,550 in the 40% AH appraisals, equivalent to £15,725 per unit. This does not exceed typical parameters and therefore, we have not made any adjustments.
- 3.10.2 In respect of the affordable housing, an allowance of 1% has been included for agents' fees and £1,000 per unit for solicitors' costs has been included in this case. Although fees for the transfer of AH to an RP are not always included in appraisals, where they are included, they do not typically exceed 1%. We have therefore excluded the £112,000 allowance from our trial appraisal.

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 types'*.
- 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 at the decision taking stage.
- 3.11.3 In this case, the level of profit has been included as a fixed input at 17.5% GDV for market housing and 6.0% GDV for affordable housing. We consider these assumptions to be suitable, and we have applied the same profit levels in our trial appraisals.

4. Findings Summary

- 4.1.1. Although we are not convinced about what is presented or proven in this case by including a backdated view as well in this case, the overall approach to assessing the viability of the proposed development is considered appropriate in terms of general principles.
- 4.1.2. We also consider many of the submitted assumptions to be suitable. However, there are areas we have queried or where a difference of opinion exists. In brief summary, these are as follows:
- Benchmark Land Value (paragraph 3.2). Given the date of the Local Plan viability assessment work preceding current national policy and guidance on viability in planning, we have also tested the scheme against our well established assumption of £250,000/ha – a BLV of £2,700,000.
 - Gross Development Value (paragraph 3.3). We consider the assumed values for the market homes to take a potentially cautious approach. We have increased the assumed GDV by 2% reflecting with the latest available data from the Land Registry and reflecting our view that the assumptions appear low.
 - Legal fees (paragraph 3.10). The AH sales cost assumptions exceed typical allowances, where we see those made. We have excluded the legal fees assumptions of £1,000 per unit, therefore.
- 4.1.3. To recap, the scheme as presented in the CR produces the following outcomes:

Scheme	Residual Land Value	Benchmark Land Value	Surplus/Deficit
40% AH Application Stage	£7,537,019	£4,039,200	£3,497,819
40% AH Current	-£4,136,629	£4,039,200	-£8,175,829
20% AH reduced S106	£4,039,099	£4,039,200	-£101

- 4.1.4. We have applied the above adjustments to the scheme appraisals, which indicate the following DSP outcomes:

Scheme	Residual Land Value	Benchmark Land Value	Surplus/Deficit
40% AH Application Stage	£7,646,034	£2,700,000 (DSP)	£4,946,034
40% AH Application Stage	£7,646,034	£4,039,200 (CR)	£3,606,834
40% AH Today's Date	-£2,855,119	£2,700,000 (DSP)	-£5,555,119
40% AH Today's Date	-£2,855,119	£4,039,200 (CR)	-£6,894,319
20% AH reduced S106	£5,689,234	£2,700,000 (DSP)	£2,989,234
20% AH reduced S106	£5,689,234	£4,039,200 (CR)	£1,650,034

- 4.1.5. Overall, although the submitted 'Application' stage appraisal indicates a surplus, no information has been provided to support the build cost considered relevant at that time. Given the indexing derived figures indicate a smaller increase in build costs than seen for the sales values trend, it is difficult to understand why, based on the relativity alone, within a period of 12 months since 2025, the applicant now considers that it is not possible to proceed with the scheme as agreed.
- 4.1.6. That said, while we consider the scheme outcome to be more positive than has been presented currently, our overall finding at this time is also such that the scheme finances, as reviewed in accordance with the principles of the PPG, do not provide scope to support the full policy compliant level of AH (40%) alongside the full S106 contributions (£12,477,263) – as reflected by the two deficit outcomes noted in the DSP outcomes table above.

- 4.1.7. Even before considering the values assumptions, which need further clarification in our view, the 20% AH appraisal indicates further scope for supporting AH and/or other S106 contributions. Overall, we recommend that the Council explores this further with the applicant.
- 4.1.8. If a reduction in AH provision and/or S106 contributions (from previous) is agreed, the Council may wish to consider putting a review mechanism in place to enable a revisit of the viability at a later stage. Small changes in assumptions can have a significant impact as seen through the appraisal. This can be seen from the applicant's own submission which, as presented, suggests that over the past year there has been a greatly significant swing in the scheme's finances such that it has moved so far away from being able to support a full policy compliant level of AH and S106 contributions. In our view, this presented relativity is not representative – it appears to have had the effect of overstating the negative swing in supportable outcomes.
- 4.1.9. 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.
- 4.1.10. 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. 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.
- 4.1.11. 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.
- 4.1.12. The RICS Professional Standard 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 Professional Standard notes: *'PPG paragraphs 007 and 009 reflect on the impact of*

market cyclicalities during the life of the plan. Paragraph 007 gives market downturns as one example of the justification for a site-specific FVA, but it is restricted to “a recession or similar significant economic change”. This implies the exclusion of normal market cyclicalities, which is embedded in the level of developer return.’

4.1.13. DSP will be happy to advise further if required by NHC.

**Review report ends
July 2026**

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

Roundwood Stevenage as Application (1)

Roundwood Stevenage as Application (1)
Appraisal Summary for Merged Phases 1 2
Currency in £
REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Affordable	112	86,327	272.20	209,809	23,498,639
Private	<u>169</u>	<u>213,889</u>	414.16	524,172	<u>88,585,000</u>
Totals	281	300,216			112,083,639

NET REALISATION
112,083,639
OUTLAY
ACQUISITION COSTS

Residualised Price	7,646,034	7,646,034
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CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Affordable	86,327	195.92	16,913,186
Private	<u>213,889</u>	195.92	<u>41,905,133</u>
Totals	300,216 ft²		58,818,319
Prelims Aff @ 10% of Construction		10.00%	1,691,319
Contingency Affordable @ 5%		5.00%	930,225
Prelims Private @ 10% of Build Cost		10.00%	4,190,513
Contingency Private @ 5%		5.00%	2,304,782
			67,935,158

Municipal Costs

Setion 106 Costs @ £30,000 p/u	8,430,000	8,430,000
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PROFESSIONAL FEES

Professional Fees Affordable	10.00%	1,860,450
Professional Fees Private	10.00%	4,609,565
		6,470,015

MARKETING & LETTING

Priv sale/Marketing/sols/agent @3%	2,657,550	2,657,550
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DISPOSAL FEES

Sales Agent Fee Affordable	1.00%	234,986
		234,986

TOTAL COSTS BEFORE FINANCE
93,373,744
FINANCE

Debit Rate 6.50%, Credit Rate 0.00% (Nominal)	
Total Finance Cost	689,533

TOTAL COSTS
94,063,277
PROFIT
18,020,362
Performance Measures

IRR% (with Interest)	N/A
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Roundwood Stevenage as Today Planning

Roundwood Stevenage as Today Planning

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Affordable	112	86,327	218.93	168,750	18,900,000
Private	<u>169</u>	<u>213,889</u>	406.78	514,828	<u>87,006,000</u>
Totals	281	300,216			105,906,000

NET REALISATION 105,906,000

OUTLAY

ACQUISITION COSTS

Residualised Price	1,581,154
Residualised Price (Negative land)	(4,436,273)
	(2,855,119)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Affordable	86,327	201.58	17,401,797	
Private	<u>213,889</u>	201.58	<u>43,115,745</u>	
Totals	300,216 ft²		60,517,541	60,517,541
Prelims Aff @ 10% of Construction		10.00%	1,740,180	
Contingency Affordable @ 5%		5.00%	957,099	
Prelims Private @ 10% of Build Cost		10.00%	4,311,574	
Contingency Private @ 5%		5.00%	2,371,366	
				9,380,219

Municipal Costs

Setion 106 Costs @ £44,403 p/u	12,477,263
	12,477,263

PROFESSIONAL FEES

Professional Fees Affordable	10.00%	1,914,198	
Professional Fees Private	10.00%	4,742,732	
			6,656,930

MARKETING & LETTING

Priv sale/Marketing/sols/agent @3%	2,559,000
	2,559,000

DISPOSAL FEES

Sales Agent Fee Affordable	1.00%	189,000	
			189,000

TOTAL COSTS BEFORE FINANCE 88,924,834

FINANCE

Debit Rate 6.50%, Credit Rate 0.00% (Nominal)	
Total Finance Cost	45

TOTAL COSTS 88,924,879

PROFIT

16,981,121

Performance Measures

IRR% (with Interest)	N/A
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Roundwood Stevenage as Today Viable April

Roundwood Stevenage as Today Viable April

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Affordable	56	43,164	218.93	168,750	9,450,000
Private	<u>225</u>	<u>257,052</u>	406.78	464,730	<u>104,564,298</u>
Totals	281	300,216			114,014,298

NET REALISATION

114,014,298

OUTLAY

ACQUISITION COSTS

Residualised Price	8,011,226
Residualised Price (Negative land)	(2,321,991)
	5,689,234

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Affordable	43,164	201.58	8,700,898
Private	<u>257,052</u>	201.58	<u>51,816,744</u>
Totals	300,216 ft²		60,517,642
Prelims Aff @ 10% of Construction		10.00%	870,090
Contingency Affordable @ 5%		5.00%	478,549
Prelims Private @ 10% of Build Cost		10.00%	5,181,674
Contingency Private @ 5%		5.00%	2,849,921

69,897,877

Municipal Costs

Setion 106 Costs	5,639,385
	5,639,385

PROFESSIONAL FEES

Professional Fees Affordable	10.00%	1,004,954
Professional Fees Private	10.00%	5,984,834
		6,989,788

MARKETING & LETTING

Priv sale/Marketing/sols/agent @3%	3,075,420
	3,075,420

DISPOSAL FEES

Sales Agent Fee Affordable	1.00%	94,500
Sales Legal Fee Affordable	56 un 1,000.00 /un	56,000
		150,500

TOTAL COSTS BEFORE FINANCE

91,442,204

FINANCE

Debit Rate 6.50%, Credit Rate 0.00% (Nominal)	
Total Finance Cost	2,549,066

TOTAL COSTS

93,991,270

PROFIT

20,023,028

Performance Measures

IRR% (with Interest)	N/A
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