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## Whole Plan Viability Assessment

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February 2026

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# 1. Introduction

## Scope

- 1.1 The South Downs National Park Authority (the Authority, SDNPA) is preparing a new Local Plan for the period from 2022 to 2042. HDH Planning & Development Ltd (HDH) has been instructed to prepare this Whole Plan Viability Assessment (WPVA) to assess the viability of the emerging Local Plan.
- 1.2 This WPVA will support the production of the emerging new Local Plan. This Assessment will provide evidence to inform the production of appropriate policies and options and ensure that development proposed through the emerging Local Plan is financially viable and deliverable. The emerging requirements are considered individually and cumulatively. Consideration is also given to how they relate to each other.
- 1.3 A technical consultation was undertaken in August 2025. Representatives of the main developers (including housing associations), development site landowners, agents, planning agents and consultants working in the area, and local authorities whose areas are within the National Park, were invited to comment on an early iteration of this report.
- 1.4 In December 2024 the Government published a new NPPF, which was further updated in February 2025<sup>1</sup>. The associated Planning Policy Guidance (PPG) was also updated. Whilst the changes will have a significant impact on the planning system, the consequences for this WPVA are minor.
- 1.5 In December 2025, the Government published a draft NPPF<sup>2</sup> for consultation. The consultation will run to March 2026. The draft NPPF is a fundamental re-write of the national planning policy, making a number of significant changes to the planning system, however it stresses the importance of the system being '*genuinely plan-led*'. The draft sets out national decision-making policies. It is proposed that these national decision-making policies are '*read alongside the policies in the development plan*' and are a material consideration when determining planning applications.

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<sup>1</sup> The December 2024 version of the National Planning Policy Framework was amended on 7 February 2025 to correct cross-references from footnotes 7 and 8, and amend the end of the first sentence of paragraph 155 to make its intent clear. For the avoidance of doubt the amendment to paragraph 155 is not intended to constitute a change to the policy set out in the Framework as published on 12 December 2024.

<sup>2</sup> [National Planning Policy Framework: proposed reforms and other changes to the planning system - GOV.UK](https://www.gov.uk/government/consultations/national-planning-policy-framework-proposed-reforms-and-other-changes-to-the-planning-system)

1.6 The methodology used in this report is consistent with the extant December 2024 NPPF, the CIL Regulations (as amended) and the PPG, albeit in the wider context of the statutory purposes and corresponding social and economic duties of the SDNPA<sup>3</sup> being:

- **Purpose 1:** To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.
- **Purpose 2:** To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.
- **Duty:** To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of its purposes.

1.7 It is important to note, at the start of an assessment of this type, that not all sites will be viable, even without any policy requirements or CIL. It is inevitable that Authority's requirements will render some sites unviable. The question for this report is not whether some development site or other would be rendered unviable, it is whether the overall Local Plan is likely to be deliverable.

### **Report Structure**

1.8 This report follows the following format:

- Chapter 2** The reasons for, and approach to viability testing, including a review of the requirements of the CIL Regulations, NPPF and PPG.
- Chapter 3** The methodology used.
- Chapter 4** An assessment of the housing market, including market and affordable housing, with the purpose of establishing the worth of different types of housing in different areas.
- Chapter 5** An assessment of the non-residential market.
- Chapter 6** An assessment of the costs of land to be used when assessing viability.
- Chapter 7** The cost and general development assumptions to be used in the development appraisals.
- Chapter 8** A summary of the various national and local policy requirements and constraints that influence the type of development that come forward.
- Chapter 9** A summary of the range of modelled sites used for the financial development appraisals.
- Chapter 10** The results of the appraisals and consideration of residential development.
- Chapter 11** The results of the appraisals and consideration of non-residential development.

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<sup>3</sup> [Purposes & Duty - South Downs National Park Authority](#)

**Chapter 12** Conclusions summary and recommendations.

**HDH Planning & Development Ltd (HDH)**

- 1.9 HDH is a specialist planning consultancy providing evidence to support planning and housing authorities. The firm's main areas of expertise are:
- a. Area wide and site-specific viability analysis.
  - b. Community Infrastructure Levy.
  - c. Housing Market Assessments.
- 1.10 The findings contained in this report are based upon information from various sources including that provided by SDNPA and by others, upon the assumption that all relevant information has been provided. This information has not been independently verified by HDH. The conclusions and recommendations contained in this report are concerned with policy requirements, guidance and regulations which may be subject to change. They reflect a Chartered Surveyor's perspective and do not reflect or constitute legal advice.

*Caveat and Material Uncertainty*

- 1.11 No part of this report constitutes a valuation, and the report should not be relied on in that regard.
- 1.12 Due to the nature of this assessment, it is important to note the uncertainty in the current market. The global and UK economy continues to be faced uncertainty around world trade and the ongoing war in Ukraine and unrest in the Middle East, and inflationary pressures. Consequently, in respect of this report, the assessment of viability is less certain so a higher degree of caution should be attached to the findings than would normally be the case.
- 1.13 This does not mean that the report cannot be relied upon. Rather, this comment has been included to ensure transparency and to provide further insight as to the market context under which the report was prepared. The importance of keeping the findings under review as the plan-making process continues is highlighted.

*Compliance*

- 1.14 HDH Planning & Development Ltd is a firm regulated by the Royal Institution of Chartered Surveyors (RICS). As a firm regulated by the RICS it is necessary to have regard to RICS Professional Standards and Guidance. There are two principal pieces of relevant guidance, being the *Financial viability in planning: conduct and reporting RICS professional statement, England (1<sup>st</sup> Edition, May 2019)* and *Assessing viability in planning under the National Planning Policy Framework 2019 for England, GUIDANCE NOTE* (RICS, 1st edition, March 2021).
- 1.15 *Financial viability in planning: conduct and reporting. 1st edition, May 2019* includes mandatory requirements for RICS members and RICS-regulated firms. HDH confirms that the RICS Guidance has been followed.

- a. In preparing this report the HDH has acted with objectivity, impartially and without interference and with reference to all appropriate available sources of information.
  - b. HDH is appointed by the South Downs National Park Authority and has followed a collaborative approach involving the Authority, the individual LPAs, developers, landowners and other interested parties. Where there is not agreement on all points by all parties, it will be necessary to make a judgment when making assumptions in this report.
  - c. The specification under which this project is undertaken is included as **Appendix 1**.
  - d. HDH has no conflicts of interest in undertaking this project. No performance-related or contingent fees have been agreed.
  - e. The presumption is that a viability assessment should be published in full. HDH has prepared this report on the assumption that it will be published in full.
  - f. HDH confirms that a non-technical summary is provided (in the form of Chapter 12). Viability in the plan-making process is a technical exercise that is undertaken specifically to demonstrate compliance (or otherwise) with the NPPF and PPG. It is recommended that this report is read in full.
  - g. HDH confirms that adequate time has been made to allow for engagement with stakeholders through this project.
  - h. This WPVA includes appropriate sensitivity testing in Chapters 10 and 11. This includes the effect of different tenures, different affordable housing requirements against different levels of developer contributions, and the impact of price and cost change.
- 1.16 The Guidance includes a requirement that, *'all contributions to reports relating to assessments of viability, on behalf of both the applicants and authorities, must comply with these mandatory requirements. Determining the competency of subcontractors is the responsibility of the RICS member or RICS-regulated firm'*. Much of the information that informed this Viability Assessment was provided by SDNPA. This information was not provided in a subcontractor role and, in accordance with HDH's instructions, this information has not been challenged nor independently verified.

### **Metric or Imperial**

- 1.17 The property industry uses both imperial and metric data – often working out costings in metric (£ per sqm) and values in imperial (£ per acre and £ per sqft). This is confusing so metric measurements are used throughout this report. The following conversion rates may assist readers.

1m	=	3.28ft (3' and 3.37")	1ft	=	0.30m
1sqm	=	10.76 sqft	1sqft	=	0.0929sqm
1ha	=	2.471acres	1acre	=	0.405ha

- 1.18 A useful broad rule of thumb to convert sqm to sqft is simply to add a final zero.

## 2. Viability Testing

2.1 Viability testing is an important part of the plan-making process. The requirement to assess viability forms part of the National Planning Policy Framework (NPPF), and of the CIL Regulations. In each case the requirement is slightly different, but they have much in common. Over several years, various national consultations and changes have been made to the plan-making process. These have included references to, and sections on, viability and are considered in this chapter.

### National Planning Policy Framework

2.2 The extant NPPF was published in December 2024 and was further updated in February 2025<sup>4</sup>. This NPPF makes some significant changes to the planning system, particularly to the way the overall requirement for housing is assessed (the Standard Method), however, it does not change the place of viability testing in the plan-making process, and the detail beyond that is largely unchanged.

2.3 In December 2025, the Government published a draft NPPF<sup>5</sup> for consultation. The consultation will run to March 2026. The draft NPPF is a fundamental re-write of the national planning policy, making a number of significant changes to the planning system, however it stresses the importance of the system being '*genuinely plan-led*'. The draft sets out national decision-making policies. It is proposed that these national decision-making policies are '*read alongside the policies in the development plan*' and are a material consideration when determining planning applications.

2.4 The most significant change is the requirement that a development plan should be made up from:

- a. *A spatial development strategy, produced by strategic planning authorities and the Mayor of London;*
- b. *A local plan produced by a local planning authority;*
- c. *A minerals and waste plan produced by a minerals and waste planning authority; and*
- d. *A policies map, prepared and maintained by a local planning authority, illustrating policies across all parts of the development plan*

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<sup>4</sup> The December 2024 version of the National Planning Policy Framework was amended on 7<sup>th</sup> February 2025 to correct cross-references from footnotes 7 and 8, and amend to the end of the first sentence of paragraph 155 to make its intent clear. The amendment to paragraph 155 is not intended to constitute a change to the policy set out in the Framework as published on 12<sup>th</sup> December 2024.

<sup>5</sup> [National Planning Policy Framework: proposed reforms and other changes to the planning system - GOV.UK](https://www.gov.uk/government/consultations/national-planning-policy-framework-proposed-reforms-and-other-changes-to-the-planning-system)

2.5 For the purpose of this study, the draft NPPF carries forward the requirements to carry out a plan-wide viability assessment, and to ensure that the new Local Plan will deliver, making it clear that allocations for development must be deliverable:

2. For plans that allocate specific sites for development the assessment should be undertaken with reference to national guidance<sup>15</sup> and include:
  - a. A thorough site identification process to identify a sufficient range and quantity of potential sites;
  - b. An assessment of the availability, suitability and achievability (including likely viability) of those sites;
  - c. An assessment of the amount of development those sites have the potential to accommodate and the potential timescales over which development could be delivered<sup>16</sup>; and
  - d. The identification of the most appropriate sites for development taking into account the emerging vision and spatial strategy of the plan and the information above

2.6 The draft NPPF also includes proposals to move or duplicate some of the text currently in the PPG, that relates to viability, into the body of the NPPF, thus giving it more weight. Annex B of the explanatory document sets out the reasoning behind the proposed changes in the draft NPPF is headed 'Viability: Standardised inputs in viability assessment' says:

*Standardised inputs to viability assessments provide a consistent framework for evaluating development proposals and ensure both authorities and developers have greater certainty in the viability assessment process.*

*The government is therefore proposing moving the current Planning Practice Guidance subsection on 'Standardised inputs to viability assessment' into an annex to the draft Framework, and updating where needed, to support the proposed policies PM12, DM5 and GB8 above, subject to views received. The remainder of the existing viability PPG would remain in guidance. The proposed updates seek to support greater consistency, upfront clarity for all interested parties, and reduce the need for negotiation at the decision-making stage. At the same time, the proposals seek to ensure the system remains sufficiently responsive to different development types and risk profiles, to ensure development can proceed.*

2.7 The consultation (which is ongoing) then seeks views on changes in relation to growth testing, developer's returns and benchmark land values.

2.8 The methodology used in this report is consistent with the extant December 2024 NPPF, however appropriate regard is had to the draft NPPF. It may be necessary to revisit this report following the publication of the new NPPF, albeit the transitional arrangements in Annex A of the draft NPPF state that Local Plans, submitted before 31<sup>st</sup> December 2026, will be examined under the December 2024 NPPF.

2.9 Paragraph 35 of the NPPF says that plans should set out what development is expected to provide, and that the requirement should not be so high as to undermine the delivery of the Plan.

*Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.*

- 2.10 As in the 2012 NPPF (and more recent iterations), viability remains an important part of the plan-making process. The changes made in 2021, do touch on matters where viability will be a factor:

*Strategic policies should look ahead over a minimum 15 year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from major improvements in infrastructure. Where larger scale developments such as new settlements or significant extensions to existing villages and towns form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery.*

*NPPF, Paragraph 22*

*To ensure faster delivery of other public service infrastructure such as further education colleges, hospitals and criminal justice accommodation, local planning authorities should also work proactively and positively with promoters, delivery partners and statutory bodies to plan for required facilities and resolve key planning issues before applications are submitted. Significant weight should be placed on the importance of new, expanded or upgraded public service infrastructure when considering proposals for development.*

*NPPF, Paragraph 101*

- 2.11 Several potential strategic sites are modelled in this WPVA. The Authority will need to engage further with the promoters of these sites and with service and with infrastructure providers, to ensure that the sites included in the Local Plan are deliverable.
- 2.12 When the NPPF was updated in 2018 there was shift of viability testing from the development management stage to the plan-making stage.

*Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.*

*NPPF Paragraph 59*

- 2.13 Consideration has been made to the updated PPG (see below). This WPVA will become the reference point for viability assessments submitted through the Development Management process.
- 2.14 The NPPF says:

*Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required (including the minimum proportion of Social Rent homes required), and expect it to be met on-site unless:*

- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- b) the agreed approach contributes to the objective of creating mixed and balanced communities.*

*NPPF Paragraph 64*

- 2.15 Social Rent is given greater emphasis in the updated NPPF than was in the earlier iterations. This is re-iterated in paragraph 71.

*Mixed tenure sites can provide a range of benefits, including creating diverse communities and supporting timely build out rates, and local planning authorities should support their development through their policies and decisions (although this should not preclude schemes that are mainly, or entirely, for Social Rent or other affordable housing tenures from being supported). Mixed tenure sites can include a mixture of ownership and rental tenures, including Social Rent, other rented affordable housing and build to rent, as well as housing designed for specific groups such as older people's housing and student accommodation, and plots sold for custom or self-build.*

*NPPF Paragraph 71*

- 2.16 The housing mix tested aligns with the wider evidence, and sensitivity testing is carried out.
- 2.17 The effectiveness of plans was important under the 2012 NPPF, but a greater emphasis is put on deliverability in the current NPPF. Under the heading *Identifying land for homes*, the importance of viability is highlighted:

*Strategic policy-making authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Planning policies should identify a supply of:*

- a) specific, deliverable sites for years one to five of the plan period; and*
- b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.*

*NPPF Paragraph 72*

- 2.18 Under the heading *Making effective use of land*, viability forms part of ensuring land is suitable for development:

*Local planning authorities, and other plan-making bodies, should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs, including suitable sites on brownfield registers or held in public ownership, using the full range of powers available to them. This should include identifying opportunities to facilitate land assembly, supported where necessary by compulsory purchase powers, where this can help to bring more land forward for meeting development needs and/or secure better development outcomes.*

*NPPF Paragraph 126*

- 2.19 The NPPF includes various sections concerning releasing land from the Green Belt. The SDNPA area does not include areas of Green Belt so these rules will not apply here.
- 2.20 Across the planning system and wider national policy, housebuilding is a Government priority, however, it is important to set this in the context of the statutory purposes and corresponding social and economic duty of National Parks which must also be taken into account through the plan-making process.

*Great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, the Broads and National Landscapes which have the highest status of protection in relation to these issues. The conservation and enhancement of wildlife and cultural heritage are also important considerations in these areas, and should be given great weight in*

*National Parks and the Broads*<sup>66</sup>. The scale and extent of development within all these designated areas should be limited, while development within their setting should be sensitively located and designed to avoid or minimise adverse impacts on the designated areas.

*NPPF Paragraph 189*

- 2.21 This does not alter the way a WPVA is undertaken, however it may influence the weight that is given to the findings of this report by SDNPA.
- 2.22 The *Levelling-up and Regeneration Act* became law in 2023. The Act has a significant impact on the overall plan-making process, but does not alter the place of viability in the Local Plan process. However, section 245 strengthened the duty of the National Park Authority and other relevant bodies to seek to further the purposes of the National Park in exercising their functions, including plan-making.
- 2.23 The NPPF does not include technical guidance on undertaking viability work. This is in the Planning Practice Guidance (PPG).

### **Planning Practice Guidance**

- 2.24 The December 2025 consultation on the draft NPPF asks a number of questions in relation to viability, including views on changes in relation to growth testing, developer's returns and benchmark land values. It may be necessary to keep these under review as the plan-making process continues.
- 2.25 The viability sections of the extant PPG (Chapter 10) were rewritten in 2018, and subsequently further updated. The changes provide clarity and confirm best practice, rather than prescribe a new approach or methodology. Having said this, the underlying emphasis of viability testing was changed.
- 2.26 The superseded requirements for viability testing were set out in paragraphs 173 and 174 of the 2012 NPPF which said:

*173 ... To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.*

*174 ... the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle...*

- 2.27 The test was whether or not the policy requirements were so high that development was threatened. Paragraphs 10-009-20190509 and 10-009-20190509 change this:

*... ensure policy compliance and optimal public benefits through economic cycles...*

*PPG10-010-20251216*

*and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.*

*PPG 10-011-20180724*

2.28 The purpose of viability testing is now to ensure that ‘*maximum benefits in the public interest*’ has been secured. This is a notable change in emphasis, albeit in the wider context of striking a balance between the aspirations of developers and landowners, in terms of returns against risk.

2.29 The core requirement to consider viability links to paragraph 59 of the NPPF (see above):

*Plans should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards including the cost implications of the Community Infrastructure Levy (CIL) and planning obligations. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and the total cumulative cost of all relevant policies will not undermine deliverability of the plan.*

*PPG 23b-005-20190315*

2.30 This assessment takes a proportionate approach to considering the cumulative impact of policies and planning obligations.

2.31 The PPG includes 4 main sections:

*Section 1 - Viability and plan making*

2.32 The overall requirement of viability testing was updated in December 2025:

***How should plan makers set policy requirements for contributions from development?***

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

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

*PPG 10-001-20251216*

2.33 This study takes a proportionate approach, building on the Authority’s existing evidence, and considers all the local and national policies that will apply to new development.

*The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan. ... Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.*

*PPG 10-002-20251216*

- 2.34 The emerging policy options that are under consideration by the Authority are tested individually and cumulatively, to ensure that when taken together, that they are set at an appropriate level.

*It is the responsibility of land owners, site promoters and developers to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions.*

PPG 10-002-20251216

- 2.35 The potential strategic sites are tested individually (based on information provided by the SDNPA). The Authority will continue to further engage with the promoters of the key sites in the Plan.

*Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.*

PPG 10-003-20180724

- 2.36 This study is based on typologies<sup>6</sup> that have been developed by having regard to the potential sites that are most likely to be identified through the emerging Plan. In addition, the potential strategic sites are modelled individually, so as to inform a decision as to whether or not they are to be included in the final iteration of the Local Plan.

*Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.*

PPG 10-004-20190509

- 2.37 This study draws on a wide range of data sources, including those collected through the development management process.

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<sup>6</sup> The PPG provides further detail at 10-004-20190509:

*A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period.*

*In following this process plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.*

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

PPG 10-005-20180724

- 2.38 The potential strategic sites are to be tested in this study. For the purpose of this WPVA, Strategic Sites are those which are considered key sites upon which the delivery of the Plan relies or may rely.

*Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage.*

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

PPG 10-006-20190509

- 2.39 Consultation has formed part of the preparation of this Viability Assessment. This WPVA specifically considers the total cumulative cost of all relevant policies.

### *Section 2 - Viability and decision taking*

- 2.40 It is beyond the scope of this study to consider viability in decision making. However, this WPVA will form the starting point for the consideration of viability through development management.

- 2.41 The December 2025 consultation on the draft NPPF includes proposals to move or duplicate parts of the text currently in the PPG that relates to viability, into the body of the NPPF, thus giving it more weight.

### *Section 3 - Standardised inputs to viability assessment*

- 2.42 The general principles of viability testing are set in the PPG.

*Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.*

*Where contributions are reduced below the requirements set out in policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time.*

*As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability*

*assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local planning authorities' ability to seek compliance with relevant policies over the lifetime of the project. They should not be used to avoid policy compliance or reduce agreed contributions.*

*PPG 10-010-20251216*

- 2.43 This study sets out the approach, methodology and assumptions used. These have been subject to technical consultation and have drawn on a range of data sources. Ultimately, the Authority will use this report to judge the appropriateness of the new policies in the emerging Local Plan and the deliverability of the planned development.

*Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary.*

*For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data. For housing, historic information about delivery rates can be informative.*

*PPG 10-012-20180724*

- 2.44 The residential values have been established using data from the Land Registry and other sources. These have been averaged as recommended. Non-residential values have been derived through consideration of capitalised rents as well as through reference to sales.

- 2.45 The PPG lists a range of costs to be taken into account.

- *build costs based on appropriate data, for example that of the Building Cost Information Service*
- *abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value*
- *site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value*
- *the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, [biodiversity net gain](#) (as required by Schedule 7A of the Town and Country Planning Act), and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value*
- *general finance costs including those incurred through loans*
- *professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value*
- *explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return*

*PPG 10-013-20240214*

2.46 All these costs are considered. The PPG then sets out how land values should be considered, confirming the use of the Existing Use Value Plus (EUV+) approach.

*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 comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).*

*PPG 10-014-20190509*

2.47 The PPG goes on to set out:

*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*

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

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

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

*PPG 10-015-20190509*

2.48 The December 2025 consultation on the draft NPPF asks a number of questions in relation to deriving the BLV. The approach adopted in this study is to start with the EUV. The 'plus' element is informed by the price paid for policy compliant schemes to ensure an appropriate landowners' premium.

*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.*

*PPG 10-016-20190509*

2.49 This report has applied this methodology to establish the EUV.

2.50 The PPG sets out an approach to the developer's return

*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 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.*

*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.*

*PPG 10-019-20190509*

2.51 As set out in Chapter 7, this approach is followed, however it is important to note that December 2025 consultation on the draft NPPF asks a number of questions in this regard.

#### *Section 4 - Accountability*

2.52 This section of the PPG sets out new requirements on reporting. These are covered, by the SDNPA, outside this report.

2.53 Paragraph 10-021-20251216 of the PPG that says that '*practitioners should ensure that the findings of a viability assessment are presented clearly and the assessment and its conclusions are objective, reasonable and realistic. An executive summary should be used to set out key findings of a viability assessment in a clear way*'. Chapter 12 is written as a standalone non-technical summary that brings the evidence together.

#### **Community Infrastructure Levy Regulations and Guidance**

2.54 The Authority has adopted CIL. The CIL Regulations are broad, so it is necessary to have regard to them and the CIL Guidance (which is within the PPG) when considering viability. The CIL Regulations came into effect in April 2010 and have been subject to subsequent

amendment<sup>7</sup>. For the purpose of this WPVA, CIL Regulation 122 is of particular importance. This sets out that payments requested under the s106 regime must be:

- a. necessary to make the development acceptable in planning terms;
- b. directly related to the development; and
- c. fairly and reasonably related in scale and kind to the development.

2.55 The *Levelling-up and Regeneration Act* became law in October 2023. The Act includes reference to a new national Infrastructure Levy to replace CIL and reform the current developer contribution system. The Government announced, as part of the July 2024 consultation on the draft NPPF, that this will not be taken forward, so this is not considered in this report.

### **Purposes & Duty of the SDNPA**

2.56 The methodology used in this report is consistent with the extant December 2024 NPPF, the CIL Regulations (as amended) and the PPG, however it is important to note that the SDNPA is not a normal local planning authority as it is subject to the overriding purposes and duties of a National Park Authority<sup>8</sup> being:

- **Purpose 1:** To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.
- **Purpose 2:** To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.

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<sup>7</sup> **SI 2010 No. 948.** The Community Infrastructure Levy Regulations 2010 Made 23rd March 2010, Coming into force 6th April 2010. **SI 2011 No. 987.** The Community Infrastructure Levy (Amendment) Regulations 2011 Made 28th March 2011, Coming into force 6th April 2011. **SI 2011 No. 2918.** The Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order 2011. Made 6th December 2011, Coming into force 7th December 2011. **SI 2012 No. 2975.** The Community Infrastructure Levy (Amendment) Regulations 2012. Made 28th November 2012, Coming into force 29th November 2012. **SI 2013 No. 982.** The Community Infrastructure Levy (Amendment) Regulations 2013. Made 24th April 2013, Coming into force 25th April 2013. **SI 2014 No. 385.** The Community Infrastructure Levy (Amendment) Regulations 2013. Made 24th February 2014, Coming into force 24th February 2014. **SI 2015 No. 836.** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND AND WALES, The Community Infrastructure Levy (Amendment) Regulations 2015. Made 20th March 2015. **SI 2018 No. 172** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND AND WALES. The Community Infrastructure Levy (Amendment) Regulations 2018. Made 8th February 2018. Coming into force in accordance with regulation 1. **SI 2019 No. 966** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND The Community Infrastructure Levy (Amendment) (England) Regulations 2019. Made - 22nd May 2019. **SI 2019 No. 1103** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND AND WALES The Community Infrastructure Levy (Amendment) (No. 2) Regulations 2019 Made 9th July 2019. Coming into Force 1st September 2019. **SI 2020 No. 781** The Community Infrastructure Levy (Coronavirus) (Amendment) (England) Regulations 2020. Made 21st July 2020, Coming into force 22nd July 2020. **SI 2020 No. 1226** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND, The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2020. Made 5th November 2020. Coming into force 16th November 2020.

<sup>8</sup> [Purposes & Duty - South Downs National Park Authority](#)

- **Duty:** To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of its purposes.

2.57 All public bodies (and utility companies), including the National Park Authority, have a duty to seek to further these purposes when exercising any function that might affect the National Park<sup>9</sup>. These purposes and duties run through everything the SDNPA does, including the plan-making process, and will be a factor for the SDNPA when deciding how much weight to put on different elements of the planning evidence base (including this study).

### **Wider Changes Impacting on Viability**

2.58 The draft NPPF also includes proposals to move or duplicate some of the text currently in the PPG, that relates to viability, into the body of the NPPF, thus giving it more weight. The consultation then seeks views on changes in relation to growth testing, developer's returns and benchmark land values.

2.59 There have been several changes at a national level over the last few years that are timely to mention here.

#### *Affordable Housing*

2.60 Paragraph 65 of the extant NPPF now sets out national thresholds for the provision of affordable housing:

*Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.*

2.61 In this context, major development is as set out in the Glossary to the NPPF:

**Major development:** *For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m<sup>2</sup> or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.*

2.62 All parishes in the National Park are defined as being Designated Rural Areas. Thresholds of less than 10 units are tested. Through the technical consultation, a local authority<sup>10</sup> sought clarity in this regard. The details of the modelling are set out in Chapter 9, and viability testing is set out in Chapter 10 below.

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<sup>9</sup> National Parks and Access to the Countryside Act 1949 as amended by Levelling Up and Regeneration Act section 245

<sup>10</sup> Adam Harvey of East Hampshire District Council.

- 2.63 Two requirements of earlier national policy have been dropped. Under Footnote 31 of the NPPF, the requirements for 25% for the affordable housing to be First Home no longer applies. Also, the requirement for 10% of all homes to be Affordable Home Ownership (as per paragraph 66 of the 2023 NPPF<sup>11</sup>) no longer applies.
- 2.64 The tenure mix in the base modelling aligns with the Authority’s housing evidence, is as set out in Chapter 8. This also takes into account the greater emphasis for Social Rent as per paragraphs 64 and 71 of the NPPF.

#### *Accessible and Adaptable Standards*

- 2.65 In July 2022, the Government announced the outcome of the 2020 consultation on raising accessibility standards of new homes<sup>12</sup> saying:

*73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.*

- 2.66 Under policy HO5: Meeting the needs of different groups of the draft NPPF, the Government is proposing the following text:

*In relation to accessible housing, setting out the proportion of new housing that should be delivered to requirement M4(2) and M4(3) of the Building Regulations. M4(2) requirements should reflect local levels of need, and should ensure that at least 40% of new housing delivered over the course of the plan is delivered to M4(2) or M4(3) standards.*

- 2.67 The Government will consult further on the technical changes to the Building Regulations to mandate the higher M4(2) accessibility standard. No timescale has been announced; however, this assumed to apply and is considered in Chapter 8.

#### *Environmental Standards*

- 2.68 It is national policy to achieve ‘net zero’ greenhouse gas emissions by 2050. In the spring of 2024, the Government carried out a consultation on how national standards in this regard may be implemented. The Department of Levelling up, Communities and Housing published revisions to Conservation of Fuel and Power, Approved Document L of the Building Regulations as a ‘stepping stone’ on the pathway to Zero Carbon homes that sets the target of an interim 31% reduction in CO<sub>2</sub> emissions over 2013 standards for dwellings. This

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<sup>11</sup> [\[ARCHIVED CONTENT\]](#)

<sup>12</sup> [Raising accessibility standards for new homes: summary of consultation responses and government response - GOV.UK \(www.gov.uk\)](#)

reduction applies to new homes that submit plans after June 2022 or have not begun construction before June 2023. It is assumed to apply to all new homes in this assessment.

2.69 At the same time the then Housing Minister made a Written Parliamentary Statement<sup>13</sup> which set out the Government's position in this regard as follows:

*... Any planning policies that propose local energy efficiency standards for buildings that go beyond current or planned buildings regulation should be rejected at examination if they do not have a well-reasoned and robustly costed rationale that ensures:*

- *That development remains viable, and the impact on housing supply and affordability is considered in accordance with the National Planning Policy Framework.*
- *The additional requirement is expressed as a percentage uplift of a dwelling's Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP).*

*Where plan policies go beyond current or planned building regulations, those policies should be applied flexibly to decisions on planning applications and appeals where the applicant can demonstrate that meeting the higher standards is not technically feasible ...*

2.70 Whilst this direction does not preclude the introduction of policies that go beyond national standards, this does suggest that such policies will need to be well justified and subject to greater scrutiny.

2.71 Under the draft NPPF, the Government is proposing the following text:

**Plan-making policies**

**CC1: Planning for climate change**

- 1 *Development plans should take a proactive approach to mitigating climate change and supporting the transition to net zero<sup>30</sup>. They should also take a proactive approach to adapting to climate change, taking into account the implications of extreme weather and long-term climate trends including overheating, wildfires, drought, flood risk, coastal change, water supply, biodiversity and landscapes. They should do this by:*
  - a. *Proposing development patterns through their spatial strategy and allocations which:*
    - i. *can help contribute to radical reductions in greenhouse gas emissions (which can be informed by an assessment of baseline carbon emissions and the potential effect of development options on future emissions and their mitigation); and*
    - ii. *avoid increased vulnerability and improve resilience to the effects of climate change (including through providing for necessary infrastructure improvements and the future relocation of homes and other uses where public safety would be at risk, for example as a consequence of coastal change);*
  - b. *Addressing any specific risks from climate change in their proposed allocations for development, and necessary adaptations, both of which should be considered for the anticipated lifetime of the development;*

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<sup>13</sup> [Written statements - Written questions, answers and statements - UK Parliament](#)

- c. *Setting local water efficiency standards for new development where these are justified in accordance with policy PM13; and*
- d. *Identifying opportunities for green infrastructure provision and nature-based solutions which can safeguard and improve carbon storage, support nature recovery and resilience, and which take account of Local Nature Recovery Strategies in accordance with policy N1.*

**National decision-making policies**

**CC2: Mitigation of climate change**

- 1. *In order to contribute to climate change mitigation and the transition to net zero, development proposals should, where relevant to the proposal:*
  - a. *Be located where a genuine choice of sustainable transport modes exists, and improve opportunities for walking, wheeling, cycling and public transport, in accordance with policies TR3 and TR4;*
  - b. *Support good access to facilities to limit the need to travel, whether through the development's location, through development densities which improve catchment populations for local services, or by incorporating community facilities and premises to support local employment opportunities;*
  - c. *Use design approaches which conserve energy and other resources in accordance with policy DP3(1)(c);*
  - d. *Take advantage of opportunities to re-use existing structures and materials, including by re-using non-contaminated excavated soil and hardcore within the site;*
  - e. *Take advantage of opportunities to draw low carbon energy from decentralised networks (such as district heat networks), where these are available, and to co-locate energy and heat generators and users, especially to take advantage of suppliers of surplus heat and energy;*
  - f. *Contribute to the creation or restoration of habitats which can act as carbon stores, such as through woodland planting and peatland restoration, while avoiding harm to habitats which can act as important carbon stores, including peatland and salt marsh; and*
  - g. *Not increase the extraction of fossil fuels unless it is in accordance with policy M5.*
- 2. *Substantial weight should be given to the benefits of improving the energy efficiency of existing buildings and/or drawing energy from district heat networks, renewable and low carbon sources (including through the installation of heat pumps and solar panels where these do not already benefit from permitted development rights).*

2.72 The draft NPPF consultation also says (on page 16):

**6 Streamlining local standards.** *We want to promote certainty for applicants and speed up local plan production by limiting quantitative standards in development plans to only those specific issues where local variation is justified. We also want to limit duplication of matters which are covered by the Building Regulations – other than where there is the existing ability to use 'optional technical standards'.*

2.73 Policy PM13: Setting standards of the draft NPPF says:

- 1. *Quantitative standards set through development plan policies should be limited to infrastructure provision, affordable housing requirements<sup>18</sup>, parking and design and placemaking, and where this will provide clarity and a high degree of certainty about the requirements that relevant development proposals are expected to meet. Such standards should:*
  - a. *Be justified, drawing upon relevant evidence of local characteristics and needs, while utilising or adapting relevant national standards where it is appropriate to do so (such as in relation to green infrastructure). Evidence in support of standards*

*should be proportionate, in accordance with policy PM8, especially where relevant national standards already exist;*

- b. *Not cover matters which are already addressed by Building Regulations, other than in relation to:*
  - i. *accessibility standards, for which local standards in relation to requirement M4(2) (accessible and adaptable dwellings) and/or M4(3) (wheelchair user dwellings) of the Building Regulations should be set in line with policy HO5; or*
  - ii. *water efficiency, for which it may be appropriate to apply the tighter Building Regulations optional requirement where justified, or exceptionally a more stringent local standard in areas of serious water stress.*
- c. *Not cover matters relating to the construction or internal layout of buildings unless they are to implement the nationally described space standard.*

2.74 Under PM13: Setting standards the draft NPPF consultation says:

*In addition, the policy proposes preventing standards which cover matters already addressed by building regulations, with the exception of the established national technical standards for accessibility and water efficiency. In relation to water efficiency, the policy recognises that some areas may need to set a tighter standard than the existing optional requirement, due to the pressure on water supplies. This reflects relevant parts of the Written Ministerial Statement made on 19 December 2023 titled The Next Stage in Our Long-Term Plan for Housing Update. The Department for Environment, Food and Rural Affairs ongoing consultation on revising water efficiency standards will not affect this policy.*

*Beyond these areas, the policy identifies specific areas where local standards should not be set. This includes matters relating to the construction or internal layout of buildings (other than the nationally described space standard), which the government considers are matters best left to the market to determine.*

*The policy as drafted would limit local standards for energy efficiency, as we are concerned that varying standards across local plans make it difficult for the construction sector to adapt and deploy energy efficiency technologies at scale. If this specific restriction were to be taken forward following consultation, we intend to use secondary legislation to commence section 43 of the Deregulation Act 2015 to amend the Planning & Energy Act 2008 to make clear that local plans should not set higher energy efficiency standards for residential development. The draft Framework policy would also replace the policy contained in the 2023 Written Ministerial Statement titled Planning – Local Energy Efficiency Standards Update.*

2.75 The Government has indicated that it will be implementing the Future Homes Standard (FHS) through Building Regulations, but the timing remains uncertain. Whilst no formal announcement has been made, it is prudent to assume that the FHS will be mandated in the short to medium term. This is considered in Chapter 8.

2.76 In November 2021, it was announced that, from 2022, all new homes would be required to include an electric vehicle charging point. This is assumed to apply.

#### *Biodiversity Net Gain*

2.77 The Environment Act received Royal Assent in November 2021 and mandates that new developments must deliver an overall increase in biodiversity. The PPG was updated in

2024<sup>14</sup> in this regard. The requirement is that developers ensure habitats for wildlife are enhanced relative to pre-development state. Developers must assess the type of habitat and its condition before submitting plans and then demonstrate how they are improving biodiversity.

2.78 Green improvements on-site are preferred (and expected), but in the circumstances where they are not possible, developers will need to pay a levy for habitat creation or improvement elsewhere. The mandatory BNG requirement was introduced for most developments in 2024.

*The definition of a minor development for the purposes of BNG is development that is not major development and includes:*

- *residential development where the number of dwellings is between 1 and 9 on a site of an area 1 hectare or less, or if the number of dwellings is unknown, the site area is less than 0.5 hectares.*
- *commercial development where floor space created is less than 1,000 square metres or total site area is less than 1 hectare.*
- *development that is not the winning and working of minerals or the use of land for mineral-working deposits.*
- *development that is not waste development.*

2.79 In May 2025 the Government commenced a further consultation<sup>15</sup> on the implementation of BNG. This would introduce a 'new medium development threshold for sites between 10 and 49 homes, up to 1.0 ha in size'. Alternatively, consideration is being given to exempting all minor developments. The outcome of the consultation is anticipated later this year. Bearing in mind that this is a consultation, the outcome of which is not yet known, it is assumed the BNG requirements remain as per the extant NPPF and PPG and legislation.

2.80 Policy N1: *Identifying environmental opportunities and safeguards* of the draft NPPF says:

*Development plans should only set local standards for biodiversity net gain which are in excess of the statutory net gain requirement where this is for specific site allocations, and is fully justified and deliverable. Any such requirements should not extend to categories of development which are exempt from statutory biodiversity net gain.*

2.81 The costs of achieving Biodiversity Net Gain (BNG) are considered in Chapter 8.

2.82 In this context, through the technical consultation, a local authority<sup>16</sup> sought clarity about how SANG and SAMM payments are treated. This is covered in Chapter 8 below.

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<sup>14</sup> [Biodiversity net gain - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/biodiversity-net-gain)

<sup>15</sup> [Improving the implementation of biodiversity net gain for minor, medium and brownfield development - GOV.UK](https://www.gov.uk/government/consultations/improving-the-implementation-of-biodiversity-net-gain-for-minor-medium-and-brownfield-development)

<sup>16</sup> Adam Harvey of East Hampshire District Council.

### *Fire Safety Standards*

- 2.83 The Government has updated Building Regulations<sup>17</sup>. The guidance makes second staircases mandatory in all new residential buildings over 18m (about 6 storeys) in England from September 2026 – although it is unlikely that such tall buildings would be appropriate in the SDNP area.

### *National Model Design Code*

- 2.84 The *National Model Design Code* was published as part of the PPG in 2021, when the NPPF was updated:

*133. To provide maximum clarity about design expectations at an early stage, all local planning authorities should prepare design guides or codes consistent with the principles set out in the National Design Guide and National Model Design Code, and which reflect local character and design preferences. Design guides and codes provide a local framework for creating beautiful and distinctive places with a consistent and high quality standard of design. Their geographic coverage, level of detail and degree of prescription should be tailored to the circumstances and scale of change in each place, and should allow a suitable degree of variety.*

*134. Design guides and codes can be prepared at an area-wide, neighbourhood or site-specific scale, and to carry weight in decision-making should be produced either as part of a plan or as supplementary planning documents. Landowners and developers may contribute to these exercises, but may also choose to prepare design codes in support of a planning application for sites they wish to develop. Whoever prepares them, all guides and codes should be based on effective community engagement and reflect local aspirations for the development of their area, taking into account the guidance contained in the National Design Guide and the National Model Design Code. These national documents should be used to guide decisions on applications in the absence of locally produced design guides or design codes.*

- 2.85 The National Design Code does not add to the cost of development. Rather it sets out good practice in a consistent format. It will provide a checklist of design principles to consider for new schemes, including street character, building type and requirements addressing wellbeing and environmental impact. Local authorities can use the code to form their own local design codes.

### *Levelling-up and Regeneration Act*

- 2.86 The *Levelling-up and Regeneration Act* become law in October 2023. Many of the measures in the Act will be implemented, in due course, through secondary legislation and / or regulations. The provisions within the Act will have a significant impact on the overall plan-making process, but they do not alter the place of viability in the current Local Plan process.

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<sup>17</sup> [Amendments to the Approved Documents - Approved Document B: Fire safety volumes 1 and 2 \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Amendments_to_the_Approved_Documents_-_Approved_Document_B:_Fire_safety_volumes_1_and_2_(publishing.service.gov.uk))

- 2.87 The *Levelling-up and Regeneration Act* includes reference to a new national Infrastructure Levy. The Government has announced that this will not be taken forward.

#### *Building Safety Levy*

- 2.88 The Building Safety Levy (BSL) was announced in 2021 to pay for the remediation of building safety defects as part of the response to the Grenfell Tower fire. The Government published its preferred approach and Guidance in July 2025<sup>18</sup>. The BSL is considered at the end of Chapter 8 below.

#### **Viability Guidance**

- 2.89 Neither the NPPF nor the PPG set out step-by-step technical guidance, although the updated PPG includes guidance in a number of specific areas. There are several sources of guidance and appeal decisions<sup>19</sup> that support the methodology HDH has developed. This study follows the *Viability Testing in Local Plans – Advice for planning practitioners* (LGA/HBF – Sir John Harman) June 2012<sup>20</sup> (known as the Harman Guidance<sup>21</sup>).
- 2.90 The planning appeal decisions, and the HCA good practice publication<sup>22</sup> suggest that the most appropriate test of viability for planning policy purposes is to consider the Residual Value of schemes compared with the Existing Use Value (EUV), plus a premium. This approach is now specified in the PPG.

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<sup>18</sup> [Building Safety Levy: Guidance - Guidance - GOV.UK](#)

<sup>19</sup> Barnet: APP/Q5300/ A/07/2043798/NWF, Bristol: APP/P0119/ A/08/2069226, Beckenham: APP/G5180/ A/08/2084559, Bishops Cleeve: APP/G1630/A/11/2146206 Burgess Farm: APP/U4230/A/11/2157433, CLAY FARM: APP/Q0505/A/09/2103599/NWF, Woodstock: APP/D3125/ A/09/2104658, Shinfield APP/X0360/ A/12/2179141, Oxenholme Road, APP/M0933/A/13/2193338, Former Territorial Army Centre, Parkhurst Road, Islington APP/V5570/W/16/3151698, Vannes: Court of Appeal 22 April 2010, [2010] EWHC 1092 (Admin) 2010 WL 1608437.

<sup>20</sup> Viability Testing in Local Plans has been endorsed by the Local Government Association and forms the basis of advice given by the, MHCLG funded, Planning Advisory Service (PAS).

<sup>21</sup> [viability-testing-local-p-42b.pdf](#)

<sup>22</sup> *Good Practice Guide*. Homes and Communities Agency (July 2009).



- 2.91 As set out at the start of this report, there are two principal pieces of relevant RICS guidance being the *Financial viability in planning: conduct and reporting RICS professional statement, England* (1<sup>st</sup> Edition, May 2019) and *Assessing viability in planning under the National Planning Policy Framework 2019 for England, GUIDANCE NOTE* (RICS, 1st edition, March 2021).
- 2.92 Neither of these specify a step-by-step approach, rather they make reference to the NPPF and PPG and provide interpretation on implementation. In line with the extant PPG, this EVA follows the EUV Plus (EUV+) methodology. The methodology is to compare the Residual Value, generated by the viability appraisals, with the EUV plus an appropriate uplift to incentivise a landowner to sell. The amount of the uplift over and above the EUV must be set at a level to provide a return to the landowner. To inform the judgement as to whether the uplift is set at the appropriate level, reference is made to the value of the land both with and without the benefit of planning consent. This approach is in line with that recommended in the Harman Guidance.
- 2.93 In 2019, the HBF produced *HBF Local Plan Viability Guide* (Version 1.2: Sept 2019). This guide draws on the Harman Guidance and the 2012 RICS Guidance, (which the 2012 RICS). This HBF guide stresses the importance of following the guidance in the PPG and of consultation, both of which this report has done. HDH has some concerns around this guidance as it does not reflect *'the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission'* as set out in paragraph 10-009-20190509 of the PPG. The HBF guide raises several 'common concerns'. Regard has been had to these under the appropriate headings through this report.



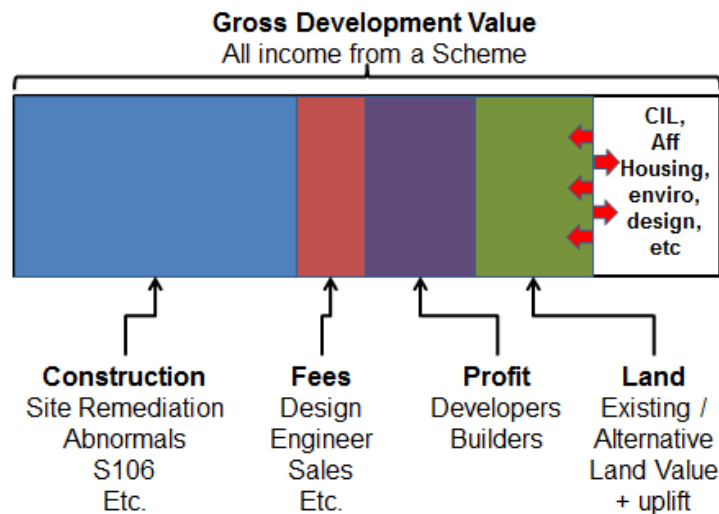
### 3. Methodology

#### Viability Testing – Outline Methodology

- 3.1 This report follows the Harman Guidance. A technical consultation was carried out in August 2025, to inform the report. In due course, the completed report will be published alongside the draft Local Plan as part of the more formal consultation process.
- 3.2 The availability and cost of land are matters at the core of viability for any property development. The format of the typical valuation is:

$$\begin{aligned} &\textbf{Gross Development Value} \\ &\text{(The combined value of the complete development)} \\ &\text{LESS} \\ &\textbf{Cost of creating the asset, including a profit margin} \\ &\text{(Construction + fees + finance charges)} \\ &= \\ &\textbf{RESIDUAL VALUE} \end{aligned}$$

- 3.3 The result of the calculation indicates a land value, the Residual Value. The Residual Value is the top limit of what a developer could offer for a site and still make a satisfactory return (i.e. profit).
- 3.4 In the following graphic, the bar illustrates all the income from a scheme. This is set by the market (rather than by the developer or local authority). Beyond the economies of scale that larger developers can often enjoy, the developer has relatively little control over the costs of development, and whilst there is scope to build to different standards the costs are largely out of the developer’s direct control – they are what they are.



- 3.5 The essential balance in viability testing is around the land value and whether or not land will come forward for development. The more policy requirements and developer contributions a planning authority asks for, the less the developer can afford to pay for the land. The purpose of this assessment is to quantify the costs of the Authority's policies and to assess the effect of these and then make a judgement as to whether or not land prices are squeezed to such an extent that the Plan is not deliverable.
- 3.6 The land value is a difficult topic since a landowner is unlikely to be entirely frank about the price that would be acceptable, always seeking a higher one. This is one of the areas where an informed assumption has to be made about the 'uplift' above the EUV which would make the landowner sell. In this context it is important to consider development viability, not just as set out in the NPPF and PPG, but also having regard to the overriding purposes and duties of a National Park Authority. These purposes and duties run through everything the SDNPA does, including the plan-making process.
- 3.7 This study is not trying to mirror any particular developer's business model – rather it is making a broad assessment of viability in the context of plan-making and the requirements of the NPPF and CIL Regulations. The approach taken in this report is different from the approach taken by developers when making an assessment to inform commercial decision making, particularly on the largest sites to be delivered over many years. At this stage of the planning process, it is necessary to work within the PPG and other relevant guidance. As set out in Chapter 2 above, it will be necessary for the promoters of the Strategic Sites to continue to engage, as the plan-making process continues.
- 3.8 It is important to note, at the start of an assessment of this type, that not all sites will be viable, even without any policy requirements or CIL. It is inevitable that Authority's requirements will render some sites unviable. The question for this report is not whether some development site or other would be rendered unviable, it is whether the delivery of the overall Plan is likely to be threatened

#### **Limitations of viability testing in the context of the NPPF**

- 3.9 High level viability testing does have limitations. The assessment of viability is a largely quantitative process based on financial appraisals – there are however types of development where viability is not at the forefront of the developer's mind, and they will proceed even if a 'loss' is shown in a conventional appraisal. An individual may want to fulfil a dream of building a house and may spend more than the finished home is actually worth, a community may extend a village hall even though the value of the facility in financial terms is not significantly enhanced, or the end user of an industrial or logistics building may build a new factory that will improve its operational efficiency even if, as a property development, the resulting building may not seem to be viable.
- 3.10 This is a challenge when considering policy proposals. It is necessary to bear in mind if the impact of a policy requirement on a development type that may appear only to be marginally viable will have any material impact on the delivery of development, or whether the

developments will proceed anyway. Some development comes forward for operational reasons rather than for property development purposes.

### **The meaning of Landowner Premium**

- 3.11 The phrase ‘*landowner premium*’ was new in the 2018 PPG. Under the 2012 NPPF, and the superseded PPG, the phrase *competitive return* was used. This is at the core of a viability assessment. The 2012 RICS Guidance includes the following definition:

**Competitive returns** - A term used in paragraph 173 of the NPPF and applied to ‘a willing land owner and willing developer to enable development to be deliverable’. A ‘Competitive Return’ in the context of land and/or premises equates to the Site Value as defined by this guidance, i.e. the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. A ‘Competitive Return’ in the context of a developer bringing forward development should be in accordance with a ‘market risk adjusted return’ to the developer, as defined in this guidance, in viably delivering a project.

- 3.12 Whilst this is useful it does not provide guidance as to the size of that return. The updated PPG says:

*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*

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

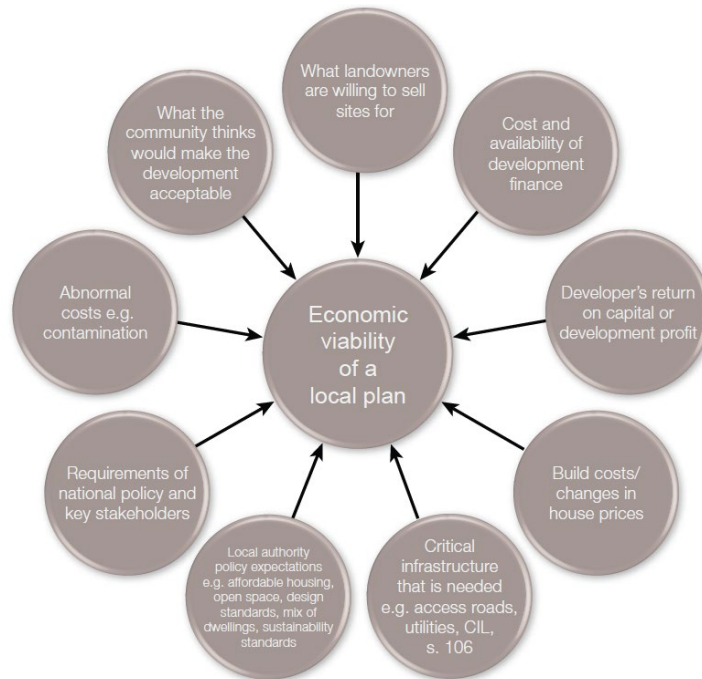
*This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments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

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

*PPG 10-015-20190509*

- 3.13 The term *landowner’s premium* has not been firmly defined through the appeal, Local Plan examination or legal processes – although various approaches have been accepted by planning inspectors. The level of return to the landowner is discussed and the approach taken in this study is set out in Chapter 6 below.

3.14 This study is about the economics of development; however, viability brings in a wider range than just financial factors. The following graphic is taken from the Harman Guidance and illustrates some of the non-financial as well as financial factors that contribute to the assessment process. Viability is an important factor in the plan-making process, but it is one of many factors.



### Existing Available Evidence

- 3.15 The NPPF, the PPG, the CIL Regulations and CIL Guidance are clear that the assessment of viability should, wherever possible, be based on existing available evidence rather than new evidence. The evidence that is available from the Authority has been reviewed.
- 3.16 Firstly, is that which has been prepared earlier in the plan-making process and to inform the setting of CIL, and that has been prepared by the Authority to inform the plan-making process. The *Local Plan and Affordable Housing Viability Assessment* (BNP Paribas, August 2017) is somewhat dated now, however is the appropriate starting point. Regard is also had to the viability assessments carried out for the 12 local planning authorities that make up the National Park area.
- 3.17 Secondly, that which SDNPA holds, in the form of development appraisals that have been submitted by developers in connection with specific developments – most often to support negotiations around the provision of affordable housing or s106 contributions. These have been reviewed and are summarised in **Appendix 2**.

3.18 Thirdly, SDNPA also holds evidence of what is being collected from developers under the s106 regime. This is collected, by the Authority, outside this study<sup>23</sup>.

### **Stakeholder Engagement**

3.19 The PPG requires stakeholder engagement. A technical consultation event was held in August 2025. Residential and non-residential developers (including housing associations), landowners and planning professionals are invited. **Appendix 3** includes the details of those invited and the attendees, and **Appendix 4** includes the presentation given. Following the event, copies of the presentation and an early iteration of this study were circulated to all those invited, and the attendees were asked to make any further representations by email. 8 written responses were received<sup>24 25 26 27 28 29 30 31</sup>, as well as 6 more informal emails including comments, in addition to the comments made at the event.

3.20 The comments of the consultees are reflected through this report and the assumptions adjusted where appropriate.

3.21 The main points from the 2025 technical consultation were:

- a. The general approach and methodology is appropriate<sup>32 33 34</sup>.
- b. Reference was made to the viability studies of councils within the SDNP area. These have been reviewed and are summarised in **Appendix 2** however some are rather dated.

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<sup>23</sup> Paragraphs 10-020-20180724 to 10-028-20180724 of the PPG introduce reporting requirements in this regard. In particular 10-027-20180724 says:

*How should monitoring and reporting inform plan reviews?*

*The information in the infrastructure funding statement should feed back into reviews of plans to ensure that policy requirements for developer contributions remain realistic and do not undermine deliverability of the plan.*

<sup>24</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>25</sup> Adam Harvey of East Hampshire District Council.

<sup>26</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>27</sup> Norman Kwan of Horsham District Council.

<sup>28</sup> PAD Studio Ltd

<sup>29</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>30</sup> Toby Ayling of Winchester City Council.

<sup>31</sup> The Planning Bureau Ltd for McCarthy Stone and Churchill.

<sup>32</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>33</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>34</sup> Norman Kwan of Horsham District Council.

c. A range of comments were made about the need (i.e. justification) for policies, and looked forward to conclusions. Whilst these are noted, this WPVA considers the impact of policies rather than whether or not the policies themselves are appropriate. The Authority will use this report to inform the planning policies and obligations in the new Local Plan.

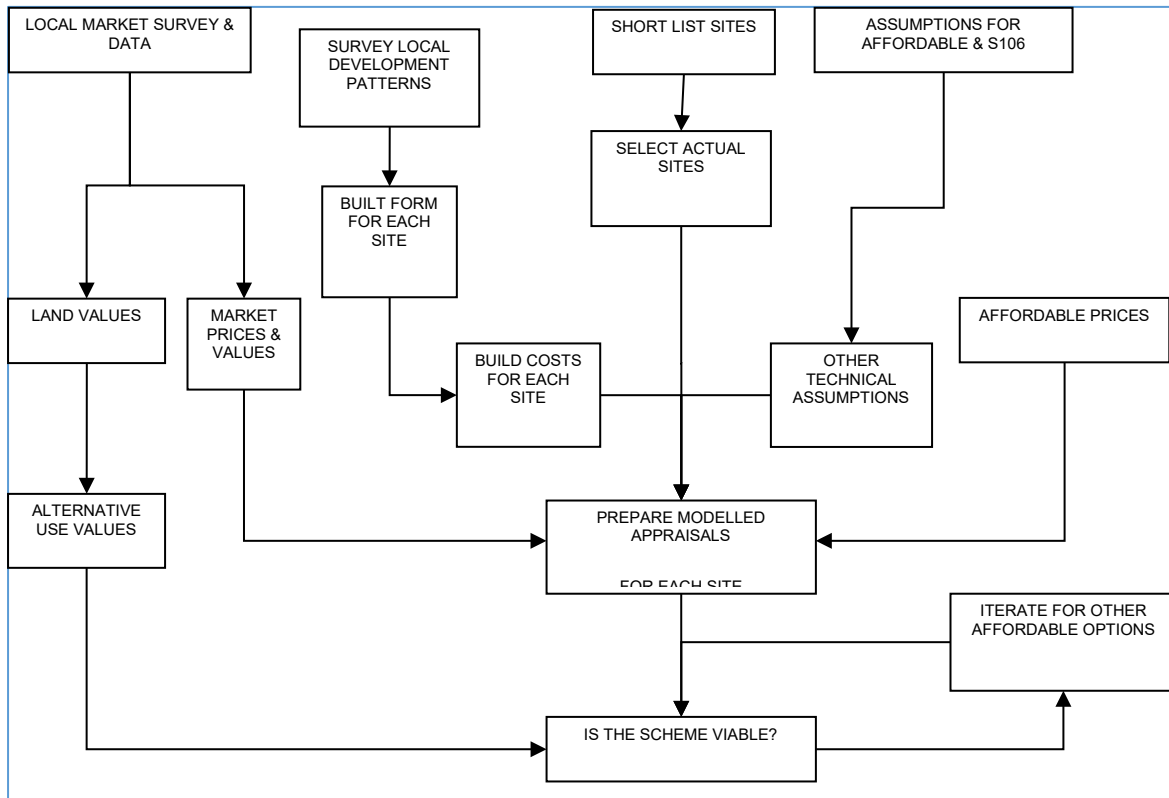
3.22 The consultation process is being carried out in accordance with the requirements of the PPG, the Harman Guidance and the RICS Guidance. There will be a further opportunity to comment on this report as the formal plan-making process continues.

### **Viability Process**

3.23 The assessment of viability as required under the NPPF and the CIL Regulations is a quantitative and qualitative process. The updated PPG requires that (at PPG 10-001-20190509) '*...policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106*'.

3.24 The basic viability methodology is summarised in the figure below. It involves preparing financial development appraisals for a representative range of 'typologies', and using these to assess whether development, generally, is viable. The sites were modelled based on discussions with Authority officers, the existing available evidence supplied by the Authority, and on HDH's experience of development. Details of the modelling are set out in Chapter 9. This process ensures that the appraisals are representative of typical development in the area over the plan-period.

**Figure 3.1 Viability Methodology**



Source: HDH 2026

3.25 In addition to modelling a range of representative sites, several Strategic Sites have been modelled. It is important to note that the modelling in this assessment is based on total unit numbers and site areas and takes a high-level approach. In due course, it may be necessary to revisit the viability and take into account the specifics of a scheme which are not currently available.

**Table 3.1 Initial Potential Residential Strategic Sites**

		Current Use	Area Ha	Units
Shoreham Cement Works	Upper Beeding (East)	PDL	8.000	400
North Street Quarter	Lewes (East)	PDL	5.769	750
Land W of Liphook / Land at Westlands Park	Liphook (West Central)	Agricultural	21.444	386
County Hall, St Anne's Crescent	Lewes (East)	PDL	4.100	240
East Sussex College	Lewes (East)	PDL	5.400	225
Land at Heath Farm	Petersfield (West)	Agricultural	16.667	300
S of Herbert Shiner School & S of Petworth	Petworth (West)	Agricultural	10.500	200

Source: SDNPA (September 2025)

- 3.26 As the study was being completed, further work by the Authority on the proposed site at Heath Farm, Petersfield demonstrated that this site was not suitable and it was therefore rejected through the Land Availability Assessment. Whilst it is tested in the early appraisals, it is not carried onto the final analysis.
- 3.27 The local housing markets were surveyed to obtain a picture of sales values. Land values were assessed to calibrate the appraisals and to assess EUVs. Alongside this, local development patterns were considered, to arrive at appropriate built form assumptions. These in turn informed the appropriate build cost figures. Several other technical assumptions were required before appraisals could be produced. The appraisal results were in the form of £ per ha 'residual' land values, showing the maximum value a developer could pay for the site and still make an appropriate return. The Residual Value was compared to the EUV for each site. Only if the Residual Value exceeded the EUV, by a satisfactory margin, could the scheme be judged to be viable. The amount of margin is a difficult subject and is discussed and the approach taken in this study is set out in the later parts of Chapter 6 below.
- 3.28 The appraisals are based on existing and emerging policy options as summarised in Chapter 8 below. The policies used in this assessment were subject to further changes, in part informed by this report. For appropriate sensitivity testing, a range of options are tested, including different levels of affordable housing provision and different levels of developer contribution. If the final Local Plan allocates different types of site, or develops significantly different policies to those tested in this study, as a result of its examination, it may be necessary to revisit viability and consider the impact of those further requirements.
- 3.29 A bespoke viability testing model designed and developed by HDH specifically for area wide viability testing as required by the NPPF (and CIL Regulations) is used. The purpose of the viability model and testing is not to exactly mirror any particular business model used by those companies, organisations or people involved in property development. The purpose is to capture the generality and to provide high level advice to assist the Authority in assessing the deliverability of the Local Plan.

## 4. Residential Market

- 4.1 This chapter sets out an assessment of the housing market, providing the basis for the assumptions on house prices. The study is concerned not just with the prices but the differences across the National Park. Market conditions will broadly reflect a combination of national economic circumstances, and local supply and demand factors, however, even within a town there will be particular localities, and ultimately site-specific factors, that generate different values and costs.

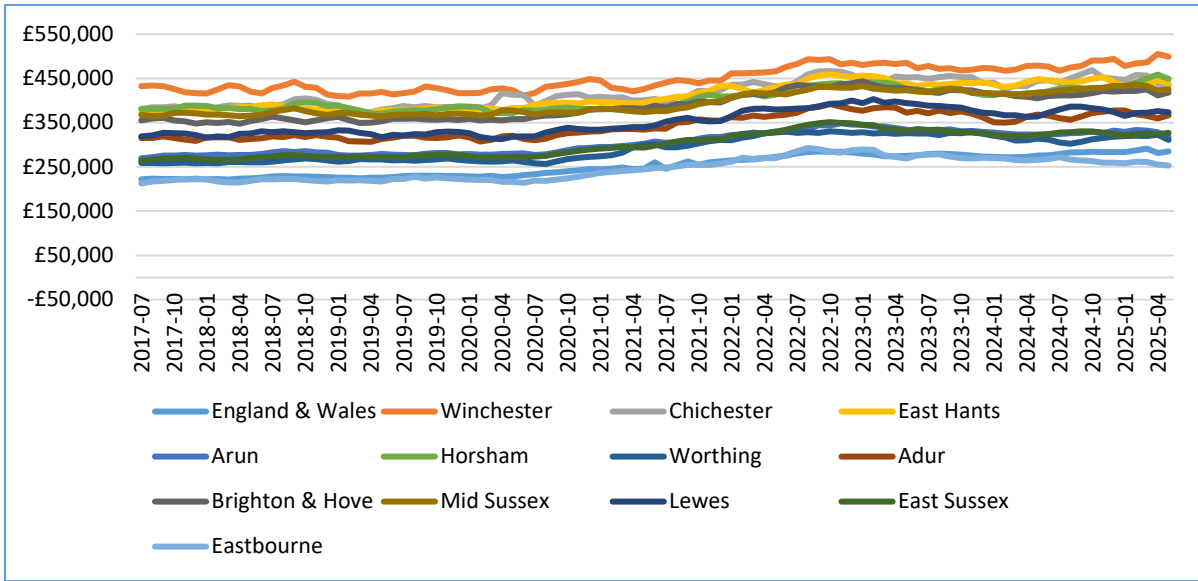
### **SDNPA's Residential Market**

- 4.2 The South Downs National Park stretches from Winchester in the west to Eastbourne in the east and includes parts of 12 local planning authorities. The South Downs are rolling chalk hills, with steep sided valleys. It includes many small villages and settlements, and several larger towns.
- 4.3 Whilst much of the area is sparsely populated, it sits between the major Southampton conurbation, with Portsmouth and the major seaside towns of Bognor Regis, Littlehampton, Worthing, Brighton and Hove and Eastbourne to the south, and the outer commuter areas of Basingstoke, Farnborough and Aldershot, Godalming, Horsham, Burgess Hill and Haywards Heath, Uckfield and Hailsham to the north.
- 4.4 Overall, the market is perceived to be strong, and most places are seen as desirable places to develop housing.

### *National Trends and the relationship with the wider area*

- 4.5 The housing market has moved on since the *Local Plan and Affordable Housing Viability Assessment* (BNP Paribas, August 2017) was completed. Average house prices are now about 20% higher than in 2017.

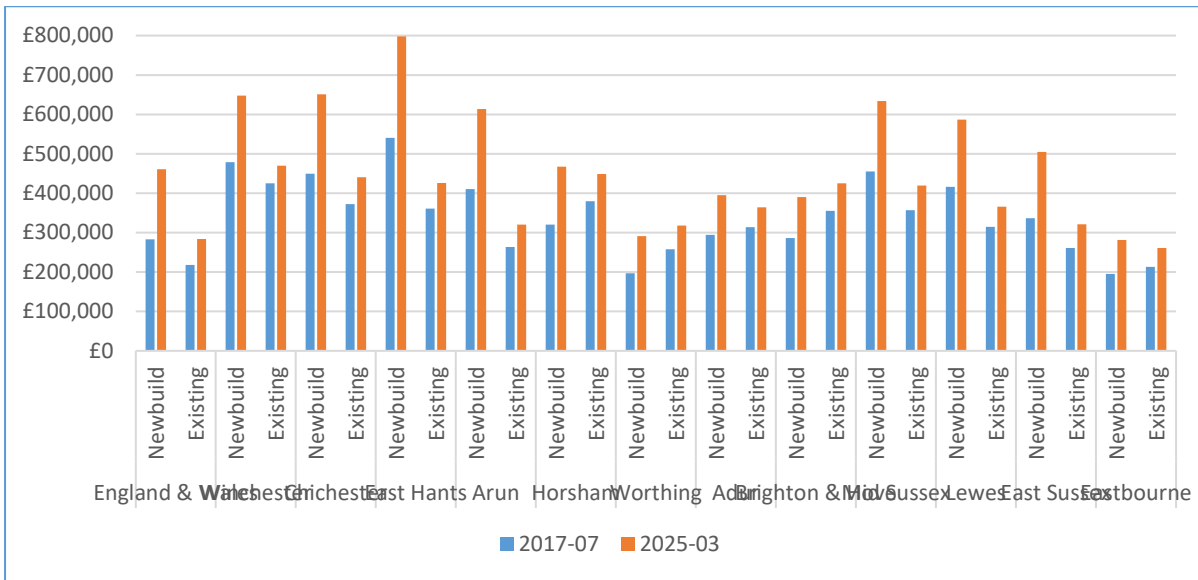
**Figure 4.1 Average House Prices (£) by LPA, Including Areas Outside the SDNP**



Source: Land Registry (July 2025). Contains public sector information licensed under the Open Government Licence v3.0.

4.6 The average house prices across the local authorities varies tremendously, although it is important to note that most of the housing in each local authority area lies outside the SDNP boundary.

**Figure 4.2 Average House Prices (£)**



Source: Land Registry (July 2025). Contains public sector information licensed under the Open Government Licence v3.0.

4.7 This study concerns new homes. The figure above shows that prices have increased since 2017. The Land Registry data shows that the prices of newbuild homes have increased more quickly than existing homes.



**Table 4.1 Change in House Prices. Existing and Newbuild by LPA**

		<b>2017-07</b>	<b>2025-03</b>	<b>Change</b>	
England & Wales	Newbuild	£283,221	£460,612	£177,391	63%
	Existing	£218,045	£284,030	£65,985	30%
Winchester	Newbuild	£478,907	£647,506	£168,599	35%
	Existing	£425,095	£470,212	£45,117	11%
Chichester	Newbuild	£449,688	£651,034	£201,346	45%
	Existing	£372,113	£440,372	£68,259	18%
East Hants	Newbuild	£540,536	£798,123	£257,587	48%
	Existing	£360,862	£425,872	£65,010	18%
Arun	Newbuild	£410,490	£613,951	£203,461	50%
	Existing	£263,570	£320,649	£57,079	22%
Horsham	Newbuild	£319,994	£467,197	£147,203	46%
	Existing	£379,405	£448,490	£69,085	18%
Worthing	Newbuild	£197,067	£290,897	£93,830	48%
	Existing	£257,962	£318,288	£60,326	23%
Adur	Newbuild	£294,512	£394,720	£100,208	34%
	Existing	£313,633	£364,403	£50,770	16%
Brighton & Hove	Newbuild	£286,392	£389,854	£103,462	36%
	Existing	£355,447	£425,008	£69,561	20%
Mid Sussex	Newbuild	£455,183	£633,536	£178,353	39%
	Existing	£357,192	£419,669	£62,477	17%
Lewes	Newbuild	£416,413	£586,445	£170,032	41%
	Existing	£314,365	£365,928	£51,563	16%
East Sussex	Newbuild	£336,936	£504,566	£167,630	50%
	Existing	£261,390	£320,884	£59,494	23%
Eastbourne	Newbuild	£195,273	£281,117	£85,844	44%
	Existing	£212,894	£261,019	£48,125	23%

Source: Land Registry (July 2025). Contains public sector information licensed under the Open Government Licence v3.0.

- 4.8 The Land Registry shows that the average price paid for newbuild homes is generally substantially more than existing homes, although there are several exceptions:

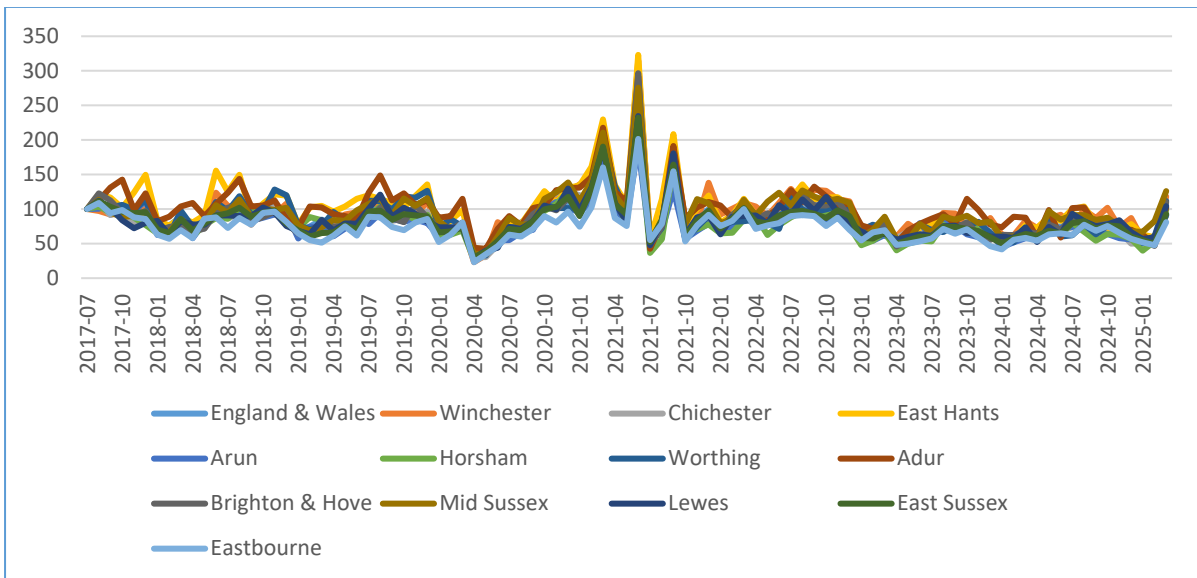
**Table 4.2 Newbuild v Existing House prices by LPA**

	Newbuild	Existing	Difference	
England & Wales	£460,612	£284,030	£176,582	62%
Winchester	£647,506	£470,212	£177,294	38%
Chichester	£651,034	£440,372	£210,662	48%
East Hants	£798,123	£425,872	£372,251	87%
Arun	£613,951	£320,649	£293,302	91%
Horsham	£467,197	£448,490	£18,707	4%
Worthing	£290,897	£318,288	−£27,391	−9%
Adur	£394,720	£364,403	£30,317	8%
Brighton & Hove	£389,854	£425,008	−£35,154	−8%
Mid Sussex	£633,536	£419,669	£213,867	51%
Lewes	£586,445	£365,928	£220,517	60%
East Sussex	£504,566	£320,884	£183,682	57%
Eastbourne	£281,117	£261,019	£20,098	8%

Source: Land Registry (July 2025). Contains public sector information licensed under the Open Government Licence v3.0.

4.9 The change in the rate of sales (i.e. sales per month) is similar to those in the whole country.

**Figure 4.3 Sales per Month – Indexed to July 2017**



Source: Land Registry (May 2025). Contains public sector information licensed under the Open Government Licence v3.0.

4.10 The rise in house prices over the last 12 or so years was, at least in part, been enabled by the historically low mortgage rates offered to home buyers. In addition, the housing market has been actively supported by the Government through products and initiatives such as Help-to-Buy and a Stamp Duty ‘holiday’ that was introduced to support prices during the COVID-19 pandemic. The housing market and wider economy has been through various uncertainties,

including that of the COVID-19 pandemic. A range of views as to the impact on house prices of the pandemic and Brexit were expressed which covered nearly the whole spectrum of possibilities, but despite the general consensus that there would be a fall in house prices, prices actually increased substantially. The economy continues to be faced with uncertainty around world trade and the ongoing war in Ukraine, unrest in the Middle East, with the impact on energy costs, increased taxation and inflationary pressures in the economy, which all add uncertainty.

- 4.11 There is a degree of uncertainty in the housing market as reported by the RICS. The RICS Economy and Property Market Update (February 2026)<sup>35</sup> sets out, in relation to Residential Property:

**Residential Property**

*Sentiment in the residential market does appear to be showing signs of improving after what was a somewhat challenging second half to 2025. The macro environment was certainly not helpful, exacerbated as it was by an extended run up to the late autumn Budget. But despite the announcement of a High-Value Council Tax Surcharge (for properties valued at £2m or more to take effect from April 2028), the worst fears of a more penal environment for residential property were not realised. This, coupled with the sense that interest rates may fall a little faster than previously anticipated, is contributing to the less negative feedback being received to the RICS Residential Survey. Significantly as Chart 7 highlights, both the*

*New Buyer Enquiries and Newly Agreed Sales metrics do appear to be stabilising. The latest assessment from Zoopla paints a similar picture suggesting that ‘confidence has begun to return’ albeit that its numbers show demand tracking 9% lower than what was a very strong start to 2025.*

*Another theme that is captured in both the RICS and Zoopla reports, as well as in the Land Registry dataset (Chart 8), is the localised nature of the housing market. RICS and Land Registry numbers are both presented at a regional level and significantly, they each show the picture in Northern Ireland to be strongest across the UK with the North of England and Scotland also seeing solid gains. At the other end of the spectrum stands London with negative readings in both series. Zoopla looks at the numbers more granularly and shows the highest house price growth over 2025 was recorded in Burnley with several other towns and cities across the North West registering price gains of over 4% including Rochdale, Blackburn, Liverpool and Wigan.*

*Looking forward, the expectations metrics from the latest RICS survey are showing a more encouraging trend (even in the capital). Chart 9 tracks the headline 12 months expectation series for both prices and sales. The results presented in net balance terms show the price indicator at its best level since the beginning of last year. Meanwhile, the sales series although only slightly up from the December reading is still its highest level since the back end of 2024.*

*As far as the lettings market is concerned, RICS data suggests that tenant demand has edged upwards over the past quarter albeit only very modestly. However, with the instruction series continuing to fall this is still translating into some level of rental growth. That said, the net balance reading for this series is pointing to a slower rate of increase than was the case through the earlier part of this decade. This is consistent with the Zoopla numbers which shows rent increases on new lets running at just over 2%, some way below wage growth (this contrasts with a high watermark of around 12% in 2022/early 2023). Whether the introduction of the*

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<sup>35</sup> [UK Economy & Property Market Update February 2026.indd](#)

*Renters Rights Act results in more landlords exiting the market remains to be seen but that, on balance, is likely to push rents in an upward direction.*

- 4.12 HM Treasury brings together some of the forecasts in its regular *Forecasts for the UK economy: a comparison of independent forecasts* report.

**Table 4.3 Consolidated House Price Forecasts**

<b>Table 2 - 2025: Growth in prices and monetary indicators (% change)</b>										
Forecasters and dates of forecasts			CPI (Q4 on Q4 year ago, %)	RPI (Q4 on Q4 year ago, %)	Average earnings (Q4 on Q4 year ago, %)	Sterling index (Jan 2005=100)	Official Bank rate (level in Q4, %)	Oil price (Brent, \$/bbl)	Nominal GDP	House price inflation (Q4 on Q4 year ago, %)
<b>City forecasters</b>										
Barclays Capital	Jan	*	3.3	4.0	-	-	3.75	68.0	-	-
Berenberg	Jan	*	3.4	-	4.3	86.0	3.75	-	-	4.5
Bloomberg Economics	Dec		3.5	-	-	-	3.75	-	-	-
Capital Economics	Jan	*	3.4	4.1	4.8	84.6	3.75	60.0	5.1	1.6
Deutsche Bank	Jan	*	3.4	4.1	-	-	3.75	-	-	-
HSBC	Jan	*	3.4	4.0	4.6	-	3.75	-	-	-
JP Morgan	Jan	*	3.4	-	-	-	3.75	-	5.3	-
KPMG	Jan	*	3.4	-	-	-	3.75	68.2	-	-
Natwest Markets	Jan	*	3.4	4.0	4.5	-	3.75	69.1	5.1	-
Nomura	Jan	*	3.4	4.1	4.1	-	3.75	-	-	-
Pantheon	Jan	*	3.4	4.1	4.9	-	3.75	-	-	2.8
UBS	Jan	*	3.4	4.0	4.4	-	3.75	-	4.9	-
<b>Non-City forecasters</b>										
British Chambers of Commerce	Dec		3.6	-	4.3	-	3.75	-	-	-
Beacon Economic Forecasting	Jan	*	3.2	3.7	4.7	84.1	3.97	68.2	5.4	1.8
CBI	Dec		3.6	3.9	3.9	-	3.75	69.2	5.2	-
CEBR	Jan	*	3.4	4.0	4.4	84.0	3.92	-	-	2.5
Experian Economics	Jan	*	3.3	3.9	4.1	-	3.92	68.9	-	2.2
Heteronomics	Jan	*	3.4	4.0	4.2	85.4	3.75	68.9	-	2.1
ICAEW	Jan	*	3.6	-	-	-	3.75	-	-	-
Liverpool Macro Research	Jan	*	3.5	4.6	4.9	84.7	4.00	-	-	-
NIESR	Nov		3.6	5.3	5.9	-	4.00	-	-	-0.6
Oxford Economics	Jan	*	3.5	4.1	4.4	84.1	3.75	69.1	5.1	1.6
OECD	Dec		3.8	-	-	-	4.0	-	5.3	-
IMF	Oct		3.4	-	-	-	-	-	-	-
<b>Average of forecasts received in the last 3 months (excludes OBR, IMF and OECD forecasts)</b>										
Independent			3.4	4.1	4.5	84.7	3.80	67.7	5.2	2.0
Received this month (marked *)			3.4	4.1	4.5	84.7	3.79	67.5	5.2	2.4
City			3.4	4.1	4.5	85.3	3.75	66.3	5.1	3.0
<b>Range of forecasts received in the last 3 months (excludes OBR, IMF and OECD forecasts)</b>										
Highest			3.6	5.3	5.9	86.0	4.00	69.2	5.4	4.5
Lowest			3.2	3.7	3.9	84.0	3.75	60.0	4.9	-0.6
Median			3.4	4.0	4.4	84.6	3.75	68.9	5.1	2.1
OBR	Nov		3.6	4.7	3.8	84.7	3.9	68.8	4.9	1.8

Source: Forecasts for the UK economy: a comparison of independent forecasts No 462 (HM Treasury, January 2026).

- 4.13 Property agents Savills are forecasting the following changes in house prices.

**Table 4.4 Savills Property Price Forecasts**

	2026	2027	2028	2029	2030	Total
Mainstream UK <sup>36</sup>	2.0%	4.0%	5.5%	4.0%	4.0%	<b>22.2%</b>
Prime Regional <sup>37</sup>	1.5%	3.0%	4.0%	4.5%	3.5%	<b>17.6%</b>
North West <sup>38</sup>	3.0%	5.5%	6.0%	6.0%	43.5%	<b>27.6%</b>
UK Rental Growth <sup>39</sup>	2.0%	2.0%	2.5%	2.5%	2.5%	<b>12.0%</b>

Source: Savills

4.14 In this context the Nationwide Building Society reported in January 2026:

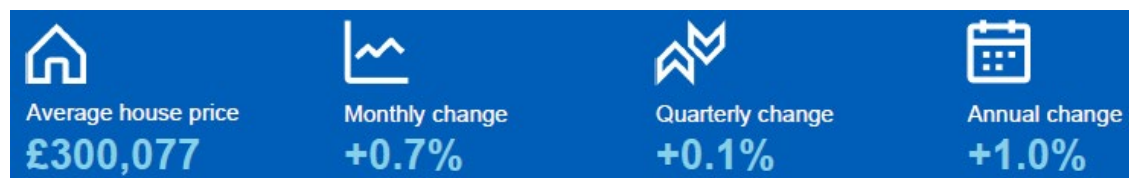
*House price growth edges higher in January*

- Slight rise in annual house price growth to 1.0%
- House prices were up 0.3% month on month
- Continued improvement in affordability helped drive first-time buyer activity in 2025

Headlines	Jan-26	Dec-25
Monthly Index*	544.9	543.4
Monthly Change*	0.3%	-0.4%
Annual Change	1.0%	0.6%
Average Price (not seasonally adjusted)	£270,873	£271,068

\* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

4.15 Halifax Building Society reported a similar situation in February 2026:



*Average UK house price rises at the start of 2026*

- House prices increased by +0.7% in January, following a -0.5% fall in December
- Average property price is now £300,077, rising above £300k for the first time

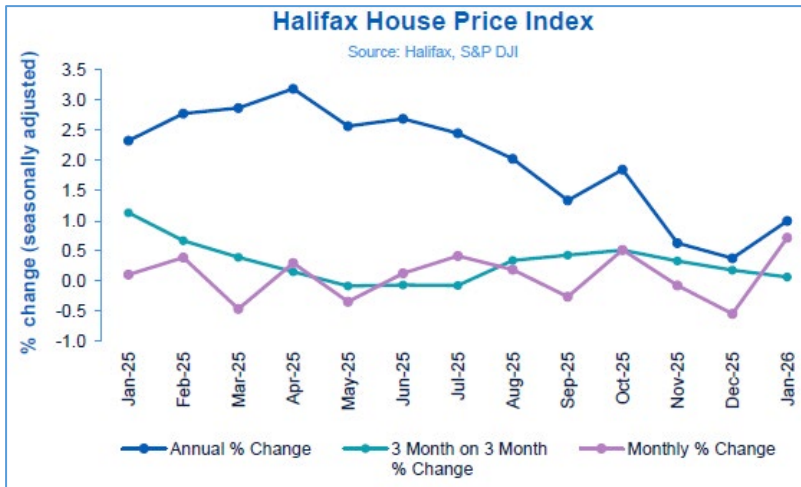
<sup>36</sup> [Savills UK | The mainstream market](#)

<sup>37</sup> [Savills UK | Residential Property Market Forecasts](#)

<sup>38</sup> [Savills UK | Regional growth in the late stage of the cycle](#)

<sup>39</sup> [Savills UK | Rental forecasts](#)

- Annual growth at +1.0%, up from +0.4% in December
- Regional differences in house price performance have become more pronounced



4.16 There is continued uncertainty in the market, however house prices continue to increase.

**The Local Market**

4.17 A survey of asking prices across the National Park was carried out in July 2025. Through using online tools such as rightmove.co.uk, median asking prices were estimated. The data is based on the main settlements.



Figure 4.4 Median Asking Prices, Newbuild and Existing (£)



Source: Rightmove.co.uk (July 2025)

*Price Paid Data*

4.18 As part of the research, data from Landmark was analysed. This brings together data from the following sources and allows the transactions recorded by the Land Registry to be analysed by floor area and number of bedrooms:



**Table 4.5 Landmark Data Sources**

<b>Attribute</b>	<b>Source</b>
Newbuild	HMLR Price Paid
Property Type	HMLR Price Paid
Sale Date	HMLR Price Paid
Sale Value	HMLR Price Paid
Floor Area Size(m)	Metropix
	EPC
Bedroom Count	Metropix
	LMA Listings (Property Heads)
Price per square meter (Sale Value / Floor Area)	HMLR Price Paid
	Metropix
	EPC

Source: Landmark

- 4.19 This data includes the records of 5,425 sales since the start of 2021. Of these, floor areas are available for 4,875 sales and the number of bedrooms is available for 2,950 sales. There is a significant delay in the Land Registry updating the dataset, with only 28 newbuild sales recorded in since the start of 2024.

**Table 4.6 Landmark Data – Sample Size**

<b>New Build</b>			
	Count of Sale Value	Count of £ per sqm	Count of £ per bedroom
2021	79	79	3
2022	42	42	1
2023	49	48	4
2024	28	28	
2025			
<b>Sub-Total</b>	<b>198</b>	<b>197</b>	<b>8</b>
<b>Non New Build</b>			
	Count of Sale Value	Count of £ per sqm	Count of £ per bedroom
2021	1,805	1,568	999
2022	1,199	1,065	615
2023	1,014	921	609
2024	999	929	573
2025	210	195	146
<b>Sub-Total</b>	<b>5,227</b>	<b>4,678</b>	<b>2,942</b>
<b>TOTAL</b>	<b>5,425</b>	<b>4,875</b>	<b>2,950</b>

Source: Landmark (July 2025)

4.20 The dataset appears to include a number of outliers that are out of alignment with wider SDNPA housing market. The following have been removed from the data:

- a. 5 bed and larger houses and flats with a recorded sale price of less than £300,000. The least expensive 5 bed home currently for sale has an asking price of £396,000.
- b. 4 bed houses and flats with a recorded sale price of less than £300,000. The least expensive 4 bed home, excluding Shared Ownership homes, and houses that require extensive modernisation, has an asking price of £309,000.
- c. 3 bed houses with a recorded sale price of less than £250,000. The least expensive 3 bed home, excluding those for sale by auction, Shared Ownership property, and those subject to an age restriction currently for sale, has an asking price of £260,000.
- d. 2 bed houses with a recorded sale price of less than £240,000. The least expensive 2 bed house, excluding park homes, Shared Ownership property, and those subject to an age restriction, has an asking price of £250,000.
- e. 1 bed houses with a recorded sale price of less than £200,000. The least expensive 1 bed house, excluding park homes, Shared Ownership property, and those subject to an age restriction, has an asking price of £210,000.

- f. 3 bed flats with a recorded sale price of less than £190,000. The least expensive 3 bed flat, excluding Shared Ownership, those subject to an age restriction / retirement homes, and auction properties, currently for sale has an asking price of £200,000.
  - g. 2 bed flats with a recorded sale price of less than £130,000. The least expensive 2 bed flat, excluding Shared Ownership, those subject to an age restriction / retirement homes, and auction properties, currently for sale has an asking price of £140,000.
  - h. 1 bed flats with a recorded sale price of less than £110,000. The least expensive 1 bed flat, excluding age restricted homes, currently for sale has an asking price of £115,000.
  - i. Detached houses with a value of less than £315,000. The least expensive detached house, excluding Shared Ownership, park homes and homes needing substantial renovation, currently for sale, has an asking price of £320,000.
  - j. Semi-detached houses with a value of less than £150,000. The least expensive semi-detached excluding Shared Ownership, and those in need of substantial modernisation, and auction properties, currently for sale has an asking price of £270,000.
  - k. Terraced houses with a value of less than £240,000. The least expensive terraced house, excluding Shared Ownership, and those in need of substantial modernisation, park homes and auction properties, currently for sale has an asking price of £250,000.
  - l. Flats with a value of less than £110,000. The least expensive flat, currently for sale has an asking price of £119,000.
- 4.21 It is assumed that many of the very inexpensive homes are either in a very poor condition or wrongly classified as market homes when they are actually affordable homes. Those homes with a value of more than £15,000 per sqm or less than £3,000 per sqm are also removed.
- 4.22 The full data tables are set out in **Appendix 5**. This data can be disaggregated by year and between newbuild and existing homes.



**Table 4.7 Average House Prices SDNP by Type and Year - Newbuild**

	Detached	Flat	Semi-detached	Terraced	Grand Total
<b>Average of Sale Value</b>					
2021	£649,938	£417,500	£516,974	£764,861	£566,322
2022	£701,455	£409,237	£523,500	£578,333	£534,412
2023	£845,875	£359,321	£578,245	£860,000	£676,683
2024	£716,424	£363,944	£534,404	£783,333	£558,290
2025					
All	£723,722	£394,079	£530,445	£757,176	£585,729
<b>Average of £ per sqm</b>					
2021	£4,667	£4,880	£4,681	£5,268	£4,798
2022	£4,863	£4,994	£4,819	£5,105	£4,938
2023	£6,048	£4,967	£6,128	£5,413	£5,624
2024	£5,646	£5,027	£5,520	£5,525	£5,398
2025					
All	£5,208	£4,952	£5,077	£5,309	£5,115
<b>Average of £ per bedroom</b>					
2021		£170,000	£141,250		£150,833
2022		£247,395			£247,395
2023	£201,833	£535,000		£291,667	£307,583
2024					
2025					
All	£201,833	£317,465	£141,250	£291,667	£241,279

Source: Landmark Data (July 2025)

**Table 4.8 Average House Prices SDNP by Type and Year – Non-Newbuild**

	Detached	Flat	Semi-detached	Terraced	Grand Total
<b>Average of Sale Value</b>					
2021	£942,453	£297,222	£503,273	£436,562	£652,626
2022	£1,018,005	£271,604	£555,000	£468,953	£680,906
2023	£1,060,762	£292,921	£575,539	£474,663	£711,543
2024	£995,432	£304,952	£553,119	£470,517	£675,924
2025	£852,786	£245,982	£522,415	£427,761	£588,425
All	£988,616	£288,450	£540,440	£456,868	£672,416
<b>Average of £ per sqm</b>					
2021	£5,559	£4,135	£4,769	£4,834	£5,058
2022	£5,952	£4,339	£5,149	£5,176	£5,357
2023	£6,631	£4,367	£5,196	£5,148	£5,652
2024	£5,966	£4,172	£5,169	£5,029	£5,322
2025	£5,450	£4,126	£5,155	£5,027	£5,093
All	£5,927	£4,244	£5,044	£5,014	£5,297
<b>Average of £ per bedroom</b>					
2021	£260,157	£160,865	£169,305	£167,950	£204,589
2022	£267,291	£166,948	£186,211	£178,889	£209,559
2023	£289,533	£179,263	£196,669	£172,496	£222,838
2024	£259,048	£151,989	£181,930	£175,815	£206,722
2025	£230,962	£153,491	£171,816	£165,104	£189,640
All	£265,849	£164,180	£181,447	£172,433	£209,079

Source: Landmark Data (July 2025)

4.23 The above data is presented by ward in **Appendix 5** below. This has been organised into 4 broad areas.

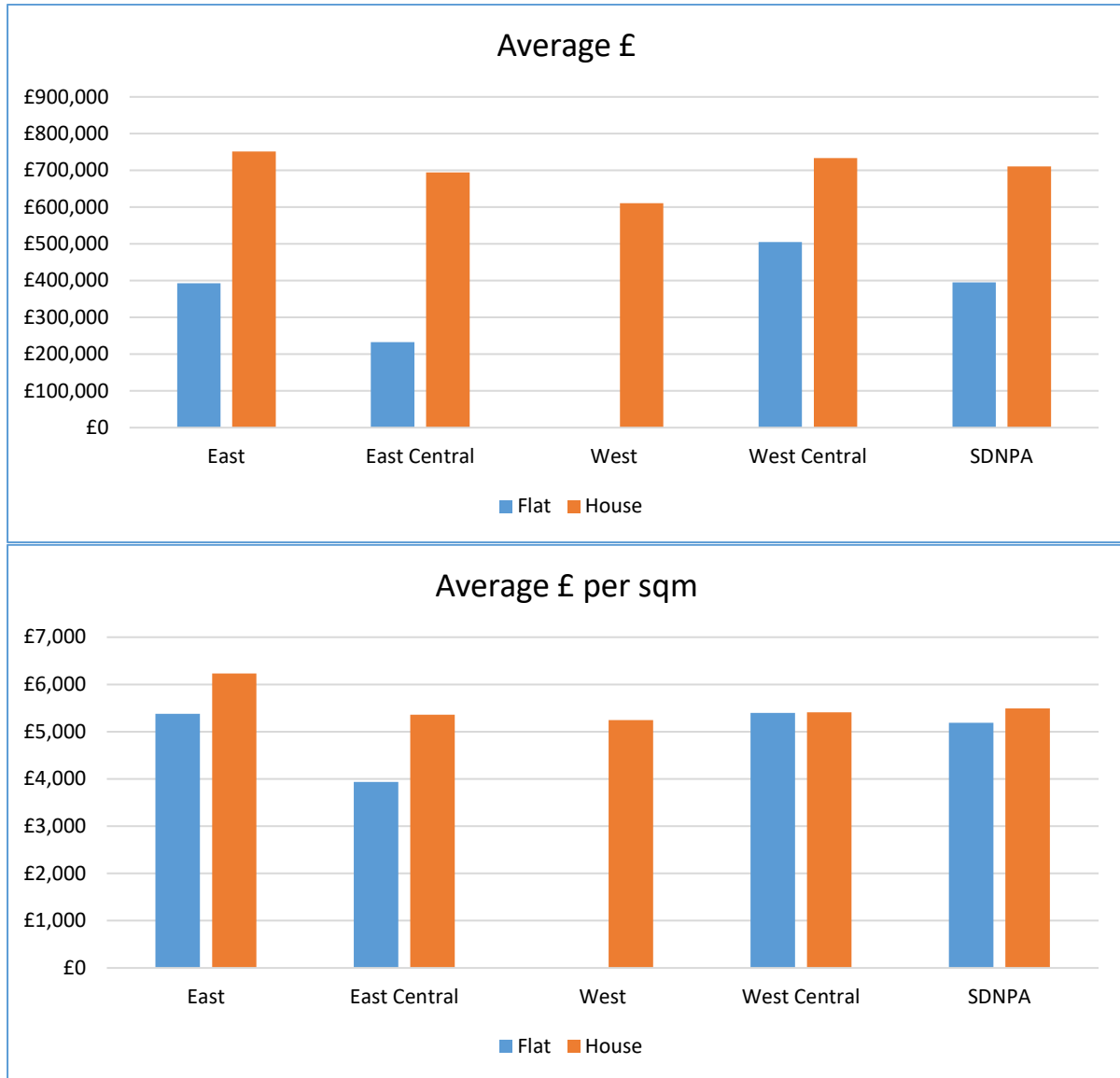
<b>West</b>	West of the A3, but also including Petersfield
<b>West Central</b>	East of the A3, but excluding Petersfield and west of the River Arun
<b>East Central</b>	Between the River Arun and the River Adur
<b>East</b>	East of the River Adur

Figure 4.5 Average Prices – Non Newbuild from January 2022 to 2025



Source: Landmark (July 2025)

Figure 4.6 Average Prices – Newbuild Properties from January 2021



Source: Landmark (July 2025)

- 4.24 This data shows that, on average, newbuild houses are about twice the price of newbuild flats, however when considered on a £ per sqm basis houses are about 6% more expensive than flats. The data also shows that newbuild flats are about 30% more expensive than existing flats, however newbuild houses are about 6% less expensive than existing houses. When considered on a £ per sqm basis, newbuild flats are about 13% more expensive than existing flats, and newbuild houses are similarly priced to existing houses.
- 4.25 The geographical differences in prices are illustrated in the maps included in **Appendix 6** showing the average price by for newbuild and non-newbuild properties. These maps do not reveal some of the nuances of higher and lower values within the National Park, but do show the general pattern of prices.

- 4.26 Through the technical consultation a local authority<sup>40</sup> questioned the use of ward level data. This opportunity is taken to stress that the data is collected across the whole of the SDNP and considered at a number of levels, including ward level, as well as postcode sector and by settlement.

*Newbuild Asking Prices*

- 4.27 In July 2025 there were just 10 new houses being advertised within the SDNP area. As this is a very small number, newbuild schemes close to the National Park boundary have been included.
- 4.28 The analysis of these shows that asking prices for newbuild homes vary very considerably, starting at £280,000 and going up to £1,800,000. The average was £650,000. These are summarised in the following table and set out in detail in **Appendix 7**.

---

<sup>40</sup> Lewes District Council and Eastbourne Borough Council

**Table 4.9 Summary of Newbuild Asking Prices – Within SDNP**

Count					
	Detached	Flats	Semi-detached	Terraced	All
<b>East</b>					
Lewes	0	0	0	3	3
	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>West</b>					
Petersfield	4	0	2	1	7
	4	0	2	1	7
<b>West Central</b>					
Easebourne	1	0	0	0	1
Lavant	1	0	3	1	5
Midhurst	3	8	6	20	37
	<b>5</b>	<b>8</b>	<b>9</b>	<b>21</b>	<b>43</b>
<b>SDNPA</b>	<b>9</b>	<b>8</b>	<b>11</b>	<b>25</b>	<b>53</b>
Average of £					
	Detached	Flats	Semi-detached	Terraced	All
<b>East</b>					
Lewes				£828,333	£828,333
				<b>£828,333</b>	<b>£828,333</b>
<b>West</b>					
Petersfield	£715,963		£579,950	£599,950	£660,529
	<b>£715,963</b>		<b>£579,950</b>	<b>£599,950</b>	<b>£660,529</b>
<b>West Central</b>					
Easebourne	£1,125,000				£1,125,000
Lavant	£550,000		£633,000	£585,000	£606,800
Midhurst	£735,000	£786,875	£632,492	£557,750	£633,782
	<b>£776,000</b>	<b>£786,875</b>	<b>£632,661</b>	<b>£559,048</b>	<b>£642,069</b>
<b>SDNPA</b>	<b>£749,317</b>	<b>£786,875</b>	<b>£623,077</b>	<b>£592,998</b>	<b>£655,050</b>
Average of £ per sqm					
	Detached	Flats	Semi-detached	Terraced	All
<b>East</b>					
Lewes				£5,345	£5,345
				<b>£5,345</b>	<b>£5,345</b>
<b>West</b>					
Petersfield	£5,594		£5,858	£5,172	£5,609
	<b>£5,594</b>		<b>£5,858</b>	<b>£5,172</b>	<b>£5,609</b>
<b>West Central</b>					
Easebourne	£6,696				£6,696
Lavant	£5,093		£4,643	£5,132	£4,877
Midhurst	£5,850	£6,620	£6,398	£6,151	£6,271
	<b>£5,868</b>	<b>£6,620</b>	<b>£5,960</b>	<b>£6,100</b>	<b>£6,146</b>
<b>SDNPA</b>	<b>£5,746</b>	<b>£6,620</b>	<b>£5,939</b>	<b>£5,967</b>	<b>£6,025</b>

Source: Market Survey (July 2025).

**Table 4.10 Summary of Newbuild Asking Prices – Beyond SDNP Boundaries**

Count					
	Detached	Flats	Semi-detached	Terraced	All
<b>North of East</b>					
Burgess Hill	6	0	3	0	9
	<b>6</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>9</b>
<b>North of West Central</b>					
Billingshurst	5	0	0	0	5
Haslemere	11	0	2	3	16
	<b>16</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>21</b>
<b>South of East</b>					
Brighton	6	0	6	3	15
Lewes	0	0	3	0	3
Newhaven	1	0	0	0	1
	<b>7</b>	<b>0</b>	<b>9</b>	<b>3</b>	<b>19</b>
<b>South of East Central</b>					
Angmering	26	0	7	7	40
Arundel	18	1	3	0	22
Littlehampton	12	0	3	0	15
	<b>56</b>	<b>1</b>	<b>13</b>	<b>7</b>	<b>77</b>
<b>South of West</b>					
Emsworth	14	0	6	0	20
	<b>14</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>20</b>
<b>South of West Central</b>					
Bognor Regis	15	0	12	0	27
Fontwell	4	0	0	0	4
Littlehampton	4	2	0	4	10
Worthing	1	0	0	0	1
	<b>24</b>	<b>2</b>	<b>12</b>	<b>4</b>	<b>42</b>
<b>SDNPA</b>	<b>123</b>	<b>3</b>	<b>45</b>	<b>17</b>	<b>188</b>
Average of £					
	Detached	Flats	Semi-detached	Terraced	All
<b>North of East</b>					
Burgess Hill	£945,833		£451,667		£781,111
	£945,833		£451,667		£781,111
<b>North of West Central</b>					
Billingshurst	£712,600				£712,600
Haslemere	£1,400,455		£787,475	£1,316,667	£1,308,122
	<b>£1,185,500</b>		<b>£787,475</b>	<b>£1,316,667</b>	<b>£1,166,331</b>
<b>South of East</b>					
Brighton	£1,187,500		£870,817	£963,167	£1,015,960
Lewes			£766,667		£766,667
Newhaven	£450,000				£450,000
	<b>£1,082,143</b>		<b>£836,100</b>	<b>£963,167</b>	<b>£946,811</b>

<b>South of East Central</b>					
Angmering	£523,727		£385,426	£391,424	£476,371
Arundel	£866,389	£497,500	£405,000		£786,705
Littlehampton	£516,167		£325,000		£477,933
	<b>£632,248</b>	<b>£497,500</b>	<b>£375,998</b>	<b>£391,424</b>	<b>£565,342</b>
<b>South of West</b>					
Emsworth	£549,643		£387,500		£501,000
	<b>£549,643</b>		<b>£387,500</b>		<b>£501,000</b>
<b>South of West Central</b>					
Bognor Regis	£486,196		£371,997		£435,441
Fontwell	£762,500				£762,500
Littlehampton	£539,245	£279,995		£327,498	£402,696
Worthing	£585,000				£585,000
	<b>£545,205</b>	<b>£279,995</b>	<b>£371,997</b>	<b>£327,498</b>	<b>£462,354</b>
<b>SDNPA</b>	<b>£718,730</b>	<b>£352,497</b>	<b>£491,818</b>	<b>£640,556</b>	<b>£651,503</b>
<b>Average of £ per sqm</b>					
	<b>Detached</b>	<b>Flats</b>	<b>Semi-detached</b>	<b>Terraced</b>	<b>All</b>
<b>North of East</b>					
Burgess Hill	£5,743		£5,605		£5,674
	<b>£5,743</b>		<b>£5,605</b>		<b>£5,674</b>
<b>North of West Central</b>					
Billingshurst	£5,394				£5,394
Haslemere	£6,999		£6,756	£6,490	£6,832
	<b>£6,197</b>		<b>£6,756</b>	<b>£6,490</b>	<b>£6,318</b>
<b>South of East</b>					
Brighton	£7,184		£5,960	£7,584	£6,876
Lewes			£5,556		£5,556
Newhaven	£2,848				£2,848
	<b>£6,461</b>		<b>£5,787</b>	<b>£7,584</b>	<b>£6,377</b>
<b>South of East Central</b>					
Angmering	£4,656		£4,529	£5,146	£4,721
Arundel	£5,498	£4,012	£4,339		£5,273
Littlehampton	£4,172		£4,114		£4,160
	<b>£4,826</b>	<b>£4,012</b>	<b>£4,389</b>	<b>£5,146</b>	<b>£4,770</b>
<b>South of West</b>					
Emsworth	£4,754		£4,796		£4,767
	<b>£4,754</b>		<b>£4,796</b>		<b>£4,767</b>
<b>South of West Central</b>					
Bognor Regis	£4,948		£4,447		£4,726
Fontwell	£5,610				£5,610
Littlehampton	£3,829			£4,644	£4,295
Worthing	£4,034				£4,034
	<b>£4,878</b>		<b>£4,447</b>	<b>£4,644</b>	<b>£4,721</b>
<b>SDNPA</b>	<b>£5,067</b>	<b>£4,012</b>	<b>£4,885</b>	<b>£5,646</b>	<b>£5,069</b>

Source: Market Survey (July 2025).

- 4.29 Through the technical consultation, a local authority<sup>41</sup> noted that the number of newbuild homes for sale was too small to be a useful sample. They went on to express concern over the reference to sales beyond the SDNPA area. Whilst both of these comments are noted, it is appropriate to draw on the widest possible range of evidence – although care must be taken not to give undue weight to small samples. They also raised a concern over the reference to asking prices. It is agreed asking prices are not sale prices (see below).
- 4.30 This research finds higher average prices are about 20% higher, when considered on a £ per sqm basis within SDNP, compared with schemes outside. Having said this, some of the schemes close to the boundary are in the lower value seaside towns to the south of the National Park. This accords with research carried out by others.
- a. In 2020 the Nationwide Building Society reported<sup>42</sup> a *'20% premium for a property situated within a National Park and a 6% premium for a property within 5km of a National Park'*. Within the SDNP a 25% premium was identified.
  - b. In 2020 Lloyds Bank reported<sup>43</sup> that *'properties in national parks command 58% more than homes in surrounding areas ... Homes in the New Forest and South Downs most expensive'*.
  - c. In 2024 the Guardian reported<sup>44</sup> that *'Buying a home in a national park comes at a 25% price premium, with the New Forest the most expensive of the 13 parks in England and Wales, according to Britain's biggest building society'*.
- 4.31 During the course of the research, sales offices and agents were contacted to enquire about the price achieved relative to the asking prices, and the incentives available to buyers. While there are a number of incentives that are available, there is very little flexibility around the actual price paid. The feedback is that most of the new homes are reserved by a buyer before they are completed. The incentives that are available divide into three broad groups.
- Part exchange deals where the value of buyers existing home is offset against the new home and the developer (or an independent firm acting with the developer) sells the house. This has the advantage of there being a pre-agreed price and no delay or chain as in conventional sales and purchases.
  - Upgrades to the specification. This typically relates to white goods, carpets, kitchen and bathroom fixtures and fitting or turf rather than grass seed.

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<sup>41</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>42</sup> [National Parks produce 20% price premium](#)

<sup>43</sup> [Planning-Appendix-1-Lloyds-press-notice-2020.pdf](#)

<sup>44</sup> [Houses in national parks in England and Wales sell for 25% more, study finds | House prices | The Guardian](#)

- Financial incentives. These tend not to be any more than a token adjustment to the price, rather they are assistance with legal fees or mortgage payments in the first year of the purchase. One developer has a deposit match scheme (up to about 5% of the price).

4.32 The earlier that a buyer commits to a purchase, the greater the incentive available. All of these incentives have a cost to the developer, although it is also clear that the level of incentives varies across time (i.e. market cycles).

### **Price Assumptions for Financial Appraisals**

4.33 The preceding analysis does not reveal simple clear patterns with sharp boundaries. It is necessary to relate this to the pattern of development expected to come forward in the future. Bringing together the evidence above (which is varied), the following approach was put to the 2025 consultation, having had regard to the asking prices from active developments, and informed by the general pattern of all house prices across the study area, the prices put to the technical consultation were as in the table below. It is important to note that this is a broad brush, high level study to test the inform the development of policies in SDNPA's emerging Local Plan, as required by the NPPF. The values between new developments and within new developments will vary considerably.

**Table 4.11 2025 Initial Residential Price Assumptions (£ per sqm)**

Housing	£5,600
Flats	£5,000

Source: HDH (August 2025)

- 4.34 Through the technical consultation, a local authority<sup>45</sup> noted uncertainty in the housing market and the need to take a cautious approach. This is agreed and is the approach taken.
- 4.35 It was suggested that a more nuanced approach is taken, based on sub-areas. The data has been further disaggregated by the main settlements:

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<sup>45</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

**Table 4.12 2025 Residential Price Assumptions (£ per sqm)**

		<b>Flats</b>	<b>Houses</b>
East		£5,375	£5,800
East Central		£4,700	£5,350
West Central	Midhurst	£6,000	£5,000
	Petworth	£4,700	£5,300
	Rural		£5,300
West		£4,700	£5,500

Source: HDH (August 2025)

- 4.36 It was questioned whether the highest values were in the areas closest to Winchester rather than in the east of the National Park. Whilst it is correct to note that there are some high value homes in the western parts of the National Park, when considered on a floor area basis, there is not robust evidence to use higher values in that area.

#### *Ground Rents*

- 4.37 Over the last 25 or so years many new homes have been sold subject to a ground rent. In this study, no allowance is made for residential ground rents<sup>46</sup>.

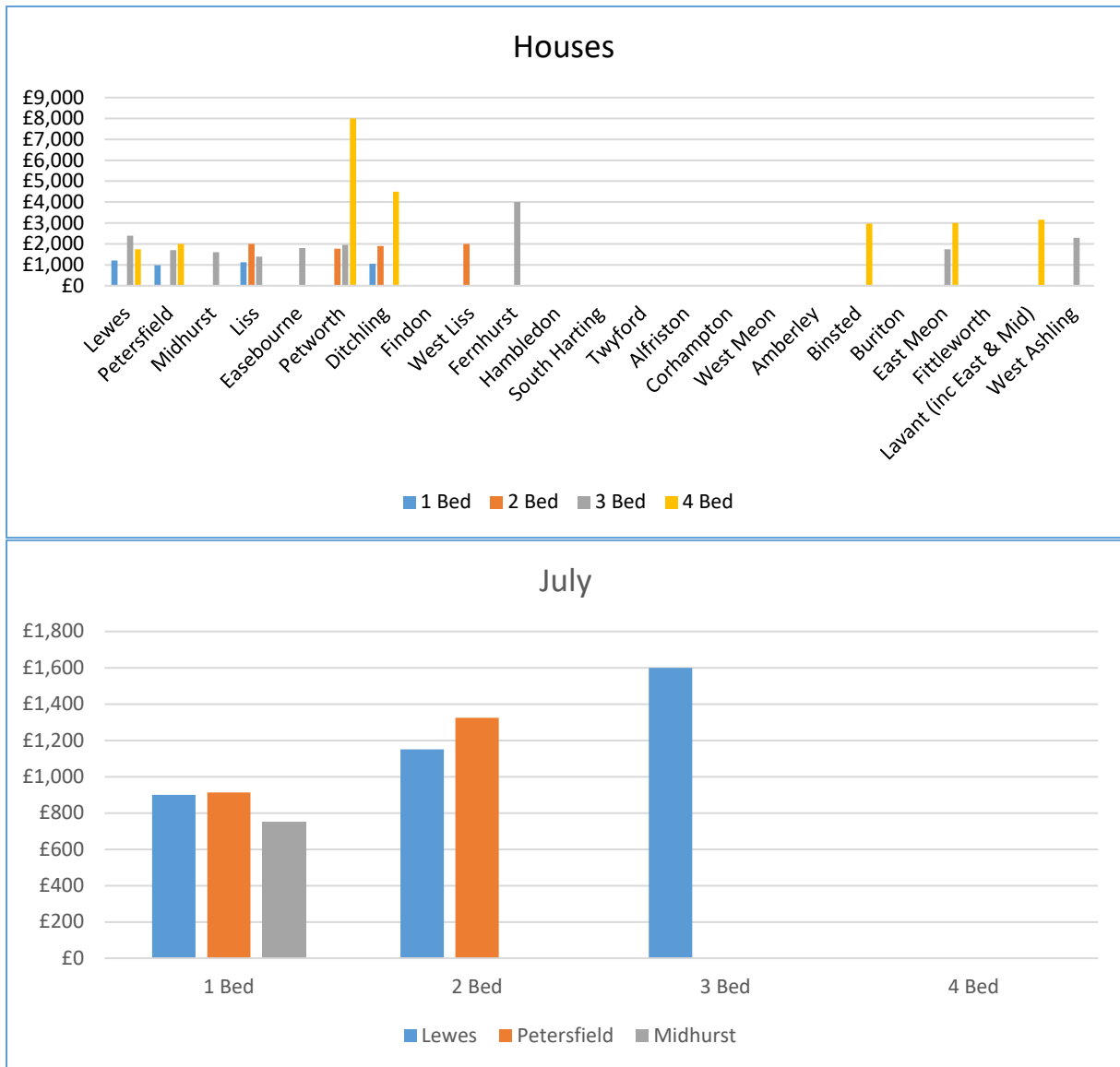
#### **Build to Rent**

- 4.38 The Authority has not seen Build to Rent schemes coming forward through the planning system (i.e. where the use of the development is restricted to the Private Rented Sector) however this is a growing development format. The value of housing that is restricted to being Private Rented Sector (PRS) housing is different to that of unrestricted market housing. The value of the units in the PRS (where their use is restricted to PRS), is in large part, the worth of the income that the let unit will produce. This will depend on the amount of the rent and the cost of managing the property (letting, voids, rent collection, repairs etc.).
- 4.39 In estimating the likely level of affordable rent, a survey of market rents across the area has been undertaken for houses and flats:

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<sup>46</sup> In October 2018 the Communities Secretary announced that majority of newbuild houses should be sold as freehold with new leases to be capped at £10. <https://www.gov.uk/government/news/communities-secretary-signals-end-to-unfair-leasehold-practices>

Figure 4.7 Median Asking Rents – Houses (£/month)



Source: Market Survey (July 2025)

4.40 Care must be taken when considering the above to recognise the outliers. The ONS publishes rental data<sup>47</sup>, this data set does not include data for East Sussex.

<sup>47</sup> [Private rent and house prices, UK - Office for National Statistics](https://www.ons.gov.uk/housing/rental/rental-market-reports/private-rent-and-house-prices-uk)



**Table 4.13 Average Monthly Rents. £ per month**

	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>
Winchester	£974	£1,265	£1,557	£2,184
East Hampshire	£888	£1,166	£1,466	£1,977
Chichester	£914	£1,181	£1,457	£2,068
Arun	£817	£1,100	£1,346	£1,928
Horsham	£977	£1,294	£1,625	£2,345
Worthing	£889	£1,183	£1,426	£1,944
Adur	£957	£1,246	£1,539	£2,007
Brighton and Hove	£1,197	£1,531	£1,810	£2,527
Mid Sussex	£972	£1,246	£1,564	£2,151
Lewes	£863	£1,138	£1,410	£2,050
Eastbourne	£812	£1,070	£1,293	£1,791
	<b>Detached</b>	<b>Semi-detached</b>	<b>Terraced</b>	<b>Flats</b>
Winchester	£1,953	£1,637	£1,495	£1,165
East Hampshire	£1,743	£1,409	£1,266	£982
Chichester	£1,716	£1,416	£1,312	£1,064
Arun	£1,624	£1,311	£1,225	£944
Horsham	£2,024	£1,565	£1,412	£1,111
Worthing	£1,722	£1,448	£1,355	£1,044
Adur	£1,744	£1,470	£1,432	£1,109
Brighton and Hove	£2,259	£2,048	£2,012	£1,394
Mid Sussex	£1,982	£1,550	£1,359	£1,105
Lewes	£1,713	£1,373	£1,282	£993
Eastbourne	£1,469	£1,283	£1,163	£1,012

Source: ONS (16<sup>th</sup> July 2025) [Price Index of Private Rents, UK: monthly price statistics - Office for National Statistics](#)

4.41 In calculating the value of PRS units it is necessary to consider the yields. Several sources of information have been reviewed.

- a. Savills in its *UK Build to Rent Market Update- Q1 2025* (Savills, April 2025) does not report a yield. The Savills' Q4 2022 Update suggests a Prime Regional Multifamily yield of 4%.
- b. Cushman & Wakefield in its *Q2 2023 Build to Rent Report* suggests a net yield of about 3.75% (the more recent Q2 2024 does not report a yield).
- c. Knight Frank in its Prime Yield Guide (May 2025) reported Build to Rent yields of a 4.5% yield for Regional Single Family Housing and a yield of 4.5% for Tier 2 Regional Cities.

d. CBRE is reporting multifamily prime yields of 4.15% to 4.35% its UK Property Market Snapshot Q1 2025.

4.42 Having considered a range of sources, and bearing in mind that the area is not a prime Build to Rent market, a net yield of 5% has been assumed. An allowance of 20% is made for management, repairs voids and the like.

**Table 4.14 Capitalisation of Private Rents**

	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>
Gross Rent (£/month)	£1,000	£1,500	£2,100	£3,000
Gross Rent (£/annum)	£12,000	£18,000	£25,200	£36,000
Net Rent (£/annum)	£9,600	£14,400	£20,160	£28,800
Value	£192,000	£288,000	£403,200	£576,000
sqm	50	70	84	97
£ per sqm	£3,840	£4,114	£4,800	£5,938

Source: HDH (July 2025)

4.43 This analysis suggests a value of £4,250 per sqm or so. Through the technical consultation, a local authority<sup>48</sup> concurred with the approach taken.

### **Affordable Housing**

4.44 The Authority currently seeks 50% affordable housing. As set out later in this report, a range of tenure mixes have been tested (informed by the wider evidence base).

4.45 It is assumed that such housing is constructed by the site developer and then sold to a Registered Provider (RP). This is a simplification of reality as there are many ways in which affordable housing is delivered, including the retention of the units by the scheme's overall developer.

4.46 At the time of this study there are 'issues' in the wider affordable homes market, with some RPs having withdrawn from seeking to expand their portfolios. This is due to a number of reasons including the need to address a backlog of repairs, particularly in the relation to damp, the need to address fire safety concerns, and the need to improve energy efficiency standards. This is an issue concerning the availability of buyers, rather than values, and one that applies, in particular, to smaller builders and smaller sites. This is considered under the *Developer's return* heading in Chapter 7.

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<sup>48</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

*Social Rent*

4.47 The value of a rented property is a factor of the rent – although the condition and demand for the units also have an impact. Social Rents are set through a national formula that smooths the differences between individual properties and ensures properties of a similar type pay a similar rent:

**Table 4.15 Social Rent (£/week), Net Rent**

General needs (social rent)				
Average weekly rent (£ per week) and unit counts by size– large PRPs				
	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Winchester	£111.90	£130.27	£150.60	£165.94
East Hampshire	£106.45	£126.64	£144.96	£158.43
Chichester	£103.42	£118.94	£134.95	£150.14
Arun	£100.44	£117.53	£136.19	£152.36
Horsham	£106.66	£124.96	£143.55	£160.02
Worthing	£99.53	£117.12	£130.19	£146.59
Adur	£104.94	£123.76	£136.71	£153.74
Brighton and Hove	£93.82	£109.05	£123.80	£138.34
Mid Sussex	£108.18	£128.67	£150.06	£167.20
Lewes	£88.74	£104.04	£127.06	£138.61
Eastbourne	£86.89	£106.40	£120.40	£142.08
Owned Stock. Large PRPs only- unweighted. Excludes Affordable Rent and intermediate rent, but includes other units with the exception under the Rent Policy Statement. Stock Outside England is excluded.				

Source: Table 9, RSH SDR 2024 – Data Tool<sup>49</sup>

4.48 The rents in the east are somewhat less than in the west. This study concerns only the value of newly built homes. The value of Social Rents is assessed (using the net rents) assuming 10% management costs, 4% voids and bad debts and 6% repairs. These are capitalised at 4.5%.

<sup>49</sup> [GEO PRP TOOL 2024 FINAL V1.1 Locked.xlsx](#)



**Table 4.16 Capitalisation of Social Rents**

	<b>1 Bedroom</b>	<b>2 Bedrooms</b>	<b>3 Bedrooms</b>	<b>4 Bedrooms</b>
Gross Rent (£/month)	£438	£515	£590	£659
Gross Rent (£/annum)	£5,252	£6,180	£7,084	£7,911
Net Rent	£4,201	£4,944	£5,667	£6,329
Value	£84,030	£98,885	£113,339	£126,574
sqm	50	70	84	97
£ per sqm	£1,681	£1,413	£1,349	£1,305

Source: HDH (June 2025)

- 4.49 A value of £1,480 per sqm across the study area is assumed. Through the technical consultation, a local authority<sup>50</sup> confirmed that this assumption (and other affordable housing assumptions) ‘seem realistic’.
- 4.50 Alternatively, it was suggested that it would be preferable for the value of affordable housing to be expressed as a proportion of market housing. In this iteration of this WPVA, Social Rent is taken to have a value of 30% of market housing.

*Affordable Rent*

- 4.51 Under Affordable Rent a rent of no more than 80% of the market rent for that unit can be charged. In the development of affordable housing for rent, the value of the units is, in large part, the worth of the income that the completed let unit will produce. This is the amount an investor (or another RP) would pay for the completed unit.
- 4.52 In estimating the likely level of Affordable Rent, a survey of market rents across the area has been undertaken and is set out under the Build to Rent heading above.
- 4.53 As part of the reforms to the social security system, housing benefit / Local Housing Allowance (LHA) is capped at the 3<sup>rd</sup> decile of open market rents for that property type, so in practice Affordable Rents are unlikely to be set above these levels. The cap is set by the Valuation Office Agency (VOA) by Broad Rental Market Area (BRMA). Where this is below the level of Affordable Rent at 80% of the median rent, it is assumed that the Affordable Rent is set at the Local Housing Allowance (LHA) Cap. The local authorities in the SDNPA area include numerous BRMAs.

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<sup>50</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

**Table 4.17 BRMA Areas by Local Authority Area**

<b>BRMA</b>	Winchester	East Hampshire	Chichester	Arun	Horsham	Worthing	Adur	Brighton and Hove	Mid Sussex	Lewes	Eastbourne
Basingstoke		X									
Blackwater Valley		X								X	
Brighton and Hove					X		X	X	X		
Chichester			X	X	X						
Crawley & Reigate					X				X	X	
Eastbourne										X	X
Guildford		X	X								
Portsmouth	X	X	X								
Southampton	X										
Winchester	X	X									
Worthing				X	X	X	X				

Source: VOA (July 2025)

**Table 4.18 BRMA LHA Caps (£ per week)**

<b>BRMA</b>	<b>Shared</b>	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>
Basingstoke	£93.51	£179.51	£218.63	£264.66	£322.19
Blackwater Valley	£110.00	£184.11	£230.14	£298.03	£391.23
Brighton and Hove	£135.00	£211.73	£276.16	£333.70	£460.27
Chichester	£103.56	£181.35	£218.63	£281.92	£368.22
Crawley & Reigate	£109.62	£197.92	£253.15	£314.14	£402.74
Eastbourne	£97.23	£165.70	£207.12	£249.24	£322.19
Guildford	£118.52	£218.63	£281.92	£340.60	£455.21
Portsmouth	£97.31	£159.95	£194.47	£230.14	£299.18
Southampton	£97.81	£161.10	£201.37	£247.40	£333.70
Winchester	£120.82	£189.86	£241.64	£293.42	£391.23
Worthing	£102.41	£174.90	£218.63	£271.56	£337.15

Source: VOA (July 2025)<sup>51</sup>

- 4.54 It is important to note that there is no requirement for the rent to be lower than the LHA cap. The cap relates to the combined rent and service charge due. These caps are generally more than the Affordable Rents being charged as reported in the most recent HCA data release (although this data covers both newbuild and existing homes).

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<sup>51</sup> [Search for Local Housing Allowance rates by postcode or local authority : DirectGov - LHA Rates](#)

**Table 4.19 Affordable Rent, General Needs (£ per Week) – Gross Rent**

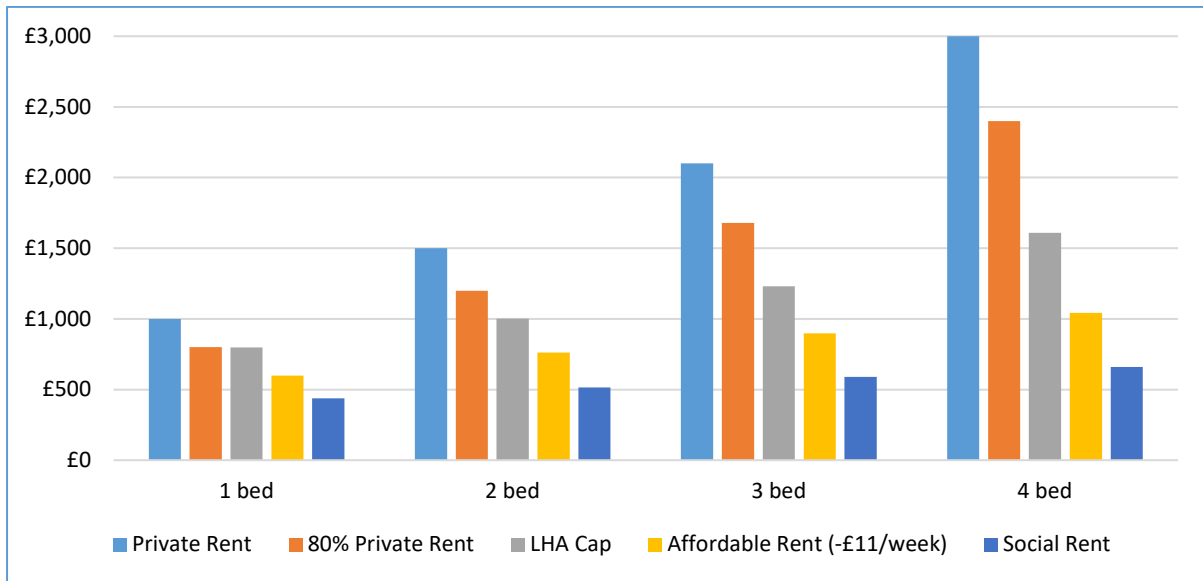
	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
Winchester	£148.94	£186.24	£228.54	£291.89
East Hampshire	£142.72	£183.17	£216.89	£271.57
Chichester	£146.90	£180.58	£219.24	£271.93
Arun	£139.62	£173.94	£204.79	£237.61
Horsham	£158.54	£196.60	£224.49	£258.66
Worthing	£136.08	£176.56	£213.51	£263.78
Adur	£153.50	£186.54	£196.28	£184.09
Brighton and Hove	£168.31	£209.73	£234.35	£256.07
Mid Sussex	£161.62	£208.23	£230.34	£284.65
Lewes	£165.08	£202.86	£252.40	£281.25
Eastbourne	£117.32	£151.53	£176.31	£163.60
Owned Stock, All PRPs owning Affordable Rent units – unweighted. Stock outside England is excluded.				

Source: Table 11, Source: Table 9, RSH SDR 2024 – Data Tool<sup>52</sup>

- 4.55 The Gross Rent does not include service charges (the data shown earlier for Social Rent lists service charges separately). As the LHA cap applies to the rent and service charge, an allowance of £11/week is made for this.
- 4.56 The average rents, across the tenures, are summarised as follows.

<sup>52</sup> [GEO PRP TOOL 2024 FINAL V1.1 Locked.xlsx](#)

**Figure 4.8 Rents by Tenure – £ per Month**



Source: Market Survey, HCA Statistical Return and VOA (July 2025)

4.57 The value of Affordable Rent is assessed assuming the rent is set at the LHA cap and assuming 10% management costs, 4% voids and bad debts and 6% repairs. These are capitalised at 4%. An allowance is also made for service charges. In calculating the value of Affordable Rents, an allowance is made for 10% management costs, 4% voids and bad debts and 6% repairs, and the income is capitalised at 4%. It is assumed that the Affordable Rent is no more than the LHA cap.

**Table 4.20 Capitalisation of Affordable Rents**

	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Gross Rent (£/month)	£550	£660	£800	£1,200
Gross Rent (£/annum)	£6,028	£7,348	£9,028	£13,828
Net Rent (£/annum)	£4,822	£5,878	£7,222	£11,062
Value	£107,164	£130,631	£160,498	£245,831
sqm	50	70	84	97
£ per sqm	£2,143	£1,866	£1,911	£2,534

Source: HDH (June 2025)

4.58 A value of £2,730 per sqm is derived, being about 50% of the value of open market housing. Through the technical consultation, a local authority<sup>53</sup> confirmed that this assumption (and that other affordable housing assumptions ‘seem realistic’.

<sup>53</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

- 4.59 A landowner<sup>54</sup> provided several examples from the entral southern area indicating that offers from housing associations have ranged from 45% to 54% of market value, and that housing associations that have made offers in the past have subsequently withdrawn from the market.
- 4.60 Alternatively, it was suggested that it would be preferable for the value of affordable housing to be expressed as a proportion of market housing. In this iteration of this WPVA Affordable Rent is taken to have a value of 50% of market housing.
- 4.61 The assumptions used in viability assessment of the councils that make up the SDNP have been reviewed. They align broadly with the assumption used.

#### *Affordable Home Ownership*

- 4.62 Affordable Home Ownership (AHO) includes Shared Ownership and shared equity products<sup>55</sup> (as well as First Homes). At the time of the technical consultation, a value of 70% of open market value for these units has been assumed. This has subsequently been reduced to 65%. These values were based on purchasers buying an initial 30% share of a property and a 2.75% per annum rent payable on the equity retained. The rental income is capitalised at 4.5% having made a 5% management allowance.
- 4.63 First Homes are assumed to have a value of 70% of market value and the £250,000 cap is assumed to apply.
- 4.64 Through the technical consultation, a local authority<sup>56</sup> confirmed that this assumption (and other affordable housing assumptions) 'seem realistic'.
- 4.65 The Lewes Neighbourhood Development Plan (LNDP) forms part of the development plan for Lewes town. It includes Policy PL1 A (part 3) which requires development to maximise the amount of Lewes Low Cost Housing (LLCH) to meet local housing need, unless proven to be undeliverable. LLCH is defined as:

*the maximum cost affordable on the average Lewes salary whether for sale or rent. The Government's definition of 80% of market value is not "affordable" on the average Lewes income of £23,000 or house-hold income of less than £30,000, and for that reason will not address the community's housing need.*

- 4.66 In Lewes, Intermediate housing for sale should be capped at a level which is 5 times the average Lewes household income. Based on the figures above this amounts to £150,000.

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<sup>54</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>55</sup> For the purpose of this assessment, it is assumed that the 'affordable home ownership' products, as referred to in paragraph 65 of the NPPF, fall into this definition,

<sup>56</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

This amounts to about 30% of market value and is within the normal range of initial portions sold under Shared Ownership.

4.67 Through the technical consultation, a site promoter<sup>57</sup> said:

*Paragraphs 4.58 and 4.59 of the draft Whole Plan Viability Assessment (WPVA) relies on this low baseline, which is a flawed assumption. The Office for National Statistics data indicates that average household income in Lewes is approximately £53,000. This higher figure aligns with current evidence and provides a more robust basis for testing affordability.*

*If viability testing is based on unrealistically low incomes, the effect is to artificially suppress affordable housing values and understate what can actually be delivered. By contrast, using the correct ONS figure will enable the viability model to demonstrate greater scope for the delivery of genuinely affordable homes, which is in the interests of Lewes and the wider National Park.*

*In summary, we recommend that the WPVA revises its assumptions to reflect an average household income of £53,000 for Lewes, rather than £30,000, to ensure a realistic and deliverable approach to affordable housing provision.*

4.68 Whilst this is noted, it is not for this WPVA to consider the appropriateness of policy requirements, rather it is to test the impact of such requirements. The policy tested is based on the adopted Neighbourhood Plan.

#### *Grant Funding*

4.69 It is assumed that grant funding is not available.

#### **Older People's Housing**

4.70 Housing for older people is generally a growing sector due to the demographic changes and the aging population. The sector brings forward two main types of product that are defined in paragraph 63-010-20190626 of the PPG:

**Retirement living or sheltered housing:** *This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager.*

**Extra care housing or housing-with-care:** *This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.*

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<sup>57</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

- 4.71 HDH has received general representations from the Retirement Housing Group (RHG) a trade group representing private sector developers and operators of retirement, care and Extracare homes. The RHG representations suggest that the price of a 1 bed Sheltered unit is about 75% of the price of existing 3 bed semi-detached houses and a 2 bed Sheltered property is about equal to the price of an existing 3 bed semi-detached house. In addition, it assumes Extracare housing is 25% more expensive than Sheltered housing.
- 4.72 A typical price of a 3 bed semi-detached home of £475,000 has been assumed. On this basis it is assumed Sheltered and Extracare housing has the following worth:

**Table 4.21 Worth of Sheltered and Extracare**

	Area (m <sup>2</sup> )	£	£ per sqm
<b>3 bed semi-detached</b>		<b>475,000</b>	
1 bed Sheltered	50	356,250	7,125
2 bed Sheltered	75	475,000	6,333
1 bed Extracare	65	445,313	6,851
2 bed Extracare	80	593,750	7,422

Source: HDH (July 2025)

- 4.73 There are very few newbuild retirement schemes being marketed in the National Park at the time of the research.
- a. The McCarthy Stone scheme at Twelve Acres Place in Chichester is advertising 11 flats for sale, ranging from £5,135 to £7,200 per sqm, with an average price of £6,070 per sqm.
  - b. The McCarthy Stone scheme at Walnut Tree Place in Goring-by-Sea is advertising 6 flats for sale, ranging from £5,140 to £7,016 per sqm, with an average price of £5,787 per sqm.
- 4.74 Based on the above, a value of £6,000 per sqm is assumed for both Sheltered housing and Extracare housing.
- 4.75 Through the technical consultation, a local authority<sup>58</sup> suggested that reference was made to specialist older persons schemes beyond the SDNPA boundary. There are several schemes along the south coast in the seaside towns, however these are very different areas to the National Park and are of limited comparable value.
- 4.76 The value of units as affordable housing has also been considered. It has not been possible to find any directly comparable schemes where housing associations have purchased social

<sup>58</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

units in a market-led Extracare development. Private sector developers have been consulted. They have indicated that, whilst they have never disposed of any units in this way, they would expect the value to be in line with other affordable housing – however they stressed that the buyer (be that the Authority or a housing association) would need to undertake to meet the full service and care charges.

## 5. Non-Residential Market

- 5.1 This chapter sets out an assessment of the markets for non-residential property, providing a basis for the assumptions of prices to be used in financial appraisals for the sites tested in the study.
- 5.2 There is no need to consider all types of development in all situations, or to test the types of schemes that are unlikely to come forward as planned development. In this study the office and industrial use and retail uses are tested.
- 5.3 Across the area, market conditions broadly reflect a combination of national economic circumstances and local supply and demand factors. However, even within the National Park area, there will be particular localities, and ultimately site-specific factors, that generate different values and costs.

### National Overview

- 5.4 The various non-residential markets in the SDNP area reflect national trends. The retail markets are challenging. The RICS Economy and Property Market Update (February 2026)<sup>59</sup> sets out, in relation to commercial property:

#### **Commercial Property**

*The back end of 2025 witnessed a firmer trend in activity in the commercial real estate market. Data from Real Capital Analytics shows that although full year volumes were little changed on 2024, the second half saw a 10% increase compared with same period of the preceding year; the*

*Q4 story is broadly similar also showing a 10% gain (Chart 4). Central London office transactions were particularly strong in the final three months of the year recording an increase of almost 40% compared with the same period a year earlier. The uplift is also reflected in the reported 22 transactions above £100 million in London offices (for the whole of 2025) as against just 11 in 2024.*

*RICS data capturing the overall level of investment enquiries at a national level (in net balance terms) continues to paint a more subdued picture but as Chart 5 highlights, the headline number masks the better trend in the capital and, in particular, the appetite from overseas buyers. This is captured clearly in the latest analysis of the real estate sector by Lambert Smith Hampton. It notes that 'overseas capital played a central role' in the Q4 number 'with inflows doubling quarter on quarter to £8.3bn'.*

*Despite the better tone to some activity numbers, pricing on real estate assets in general remains subdued. The January CBRE data shows the headline increase in capital values running at around 1% on a twelve month comparison. But within this, West End & Midtown Offices are posting a 6.5% gain with Central London in aggregate at just over 4%. Meanwhile,*

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<sup>59</sup> [UK Economy & Property Market Update February 2026.indd](#)

*the picture regarding rents has continued to display a more resilient tone. The composite CBRE rental value index shows a 3% gain set against the beginning of 2025.*

*Looking ahead, the feedback to the RICS Commercial Property Monitor still reflects a degree of caution at the national level. Close to 40% of respondents still view the market to be in a downturn with another quarter perceiving it to be at the bottom of the cycle. In contrast, in central London while a similar proportion do still view the market to be in a downturn phase, a higher share see in it an upturn phase (45% v 32%). The diverse feedback around the market likely reflects the ongoing divergence in asset performance. Chart 6 tracks the twelve months RICS expectations for different sectors of the real estate universe (we have taken an average of the net balance readings for the capital value and rental outlook). The results highlight the continuing strength of Data Centres with Aged Care Facilities also viewed as likely to perform solidly. Interestingly, the third highest ranking sector is prime Offices which reiterates the strong demand for best-in-class assets and contrasts with the projection for a further decline in the value of secondary Offices. The value placed on premium assets can be seen in data provided by Savills that shows 83% of office take-up in the West End is BREEAM-rated Excellent or Outstanding and that prime rents on average rose by around 6% on 2024 levels.*

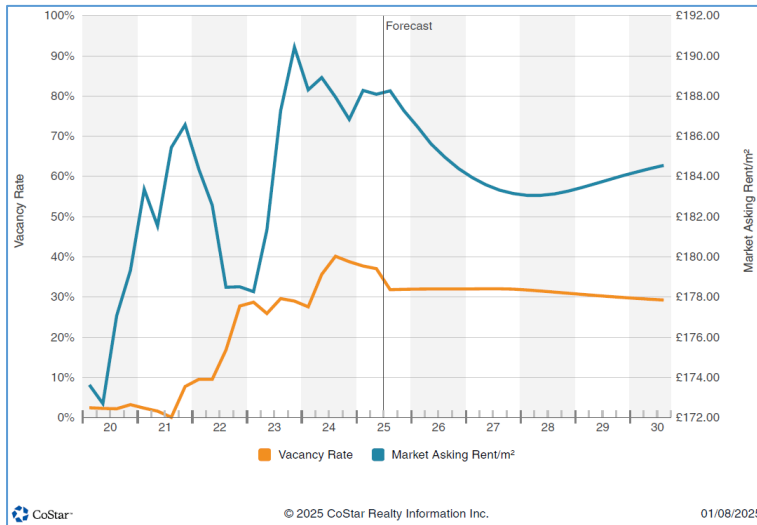
### **Non-Residential Market**

- 5.5 To a large extent the non-residential market is concentrated in Petersfield and Lewes, although there are numerous, small, older units and clusters of non-residential development across the whole area. The market serves local business, and whilst the M3, A3, A34 and A23 all provide good access to the National Park, it is not an area of significant large scale development, due to the constraints within the National Park.
- 5.6 This study is concerned with new property that is likely to be purpose built. There is little evidence of for newer premises more suited to modern business. Local factors (such as location on the high street) are important. Various sources of market information have been analysed, the principal sources being the local agents, research published by national agents, and through the Estates Gazette's Property Link website (a commercial equivalent to Rightmove.co.uk). In addition, information from CoStar (a property industry intelligence subscription service) has been used. Much of this commercial space is second-hand and not of the configuration, type and condition of new space that may come forward in the future, so is likely to command a lower rent than new property in a convenient well accessed location with car parking and that is well suited to the modern business environment.
- 5.7 **Appendix 8** includes market data from CoStar. Due to the nature of the area, and as a reflection of the markets, the sample sizes are small.

### **Offices**

- 5.8 The CoStar data suggests an increase in rents, and an increase in vacancies over the last 5 or so years. Having said this the sample size is small.

Figure 5.1 Vacancy & Market Asking Rent per sqm



Source: CoStar (August 2025)

- 5.9 Through the technical consultation a local authority<sup>60</sup> noted that the ‘pandemic forced office occupiers to rethink their workplace requirements, with a shift towards more agile and flexible arrangements’. This is noted and agreed, however there remains a demand for good quality offices.
- 5.10 The CoStar data suggests average rents in Lewes are about £200 per sqm per year and rents in Petersfield are about £230 per sqm per year. Overall, the range is from over £500 per sqm per year to less than £35 per sqm per year. This aligns with properties that are currently being advertised for rent, although in both cases it is important to note that this includes a broad range of units. Most of the supply is in the town centres, with outdated floor plans and limited parking. More modern space is likely to have rental value of up to £250 per sqm per year or so.
- 5.11 The current supply of newer units is limited, however there is some anecdotal evidence that asking rents may be more for higher specification new units – however this is largely due to the provision of parking spaces and floor plans. There is insufficient evidence to differentiate on this basis.
- 5.12 The data with regard to yields is very limited. CoStar does not report a yield. Several of the national agents report data in this regard:
  - a. Knight Frank, in *Prime Yield Guide* – March 2025<sup>61</sup> reports:

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<sup>60</sup> Norman Kwan of Horsham District Council.

<sup>61</sup> [Investment Yield Guide - March 2025 | Knight Frank Research](#)



Secondary Regional Cities	11%
South East Towns (10 years)	7.25%
Secondary, South East Towns	7.25%
South East Business Parks (10 years)	8%

- b. Savills, in *Market in Minutes* – February 2025<sup>62</sup> reports:  
Provincial Offices 7.00%
- c. Cushman & Wakefield in *The DNA of Real Estate, First Quarter -2025*<sup>63</sup> reports:  
Prime UK office yields of 6.36%.
- d. Cushman & Wakefield in *UK Regional Marketbeat Offices Q4 2024*<sup>64</sup> reports prime yields of 6.75%.

5.13 Bearing in mind that the SDNP is not a prime office location that is likely to attract investors, it was suggested at the time of the technical consultation that a yield of 7% be assumed for larger offices and 8% for smaller offices. A landowner<sup>65</sup> noted higher yields should be used. The yields have been adjusted to 8% and 10% respectively.

5.14 On this basis, new larger office development would have a value of £3,450 per sqm (having allowed for a rent free / void period of 6 months) and smaller units would have a value of £1,300 per sqm.

### **Industrial**

5.15 The CoStar data suggests an increase in rents, and an increase in vacancies over the last 5 or so years. As above, the sample size is small.

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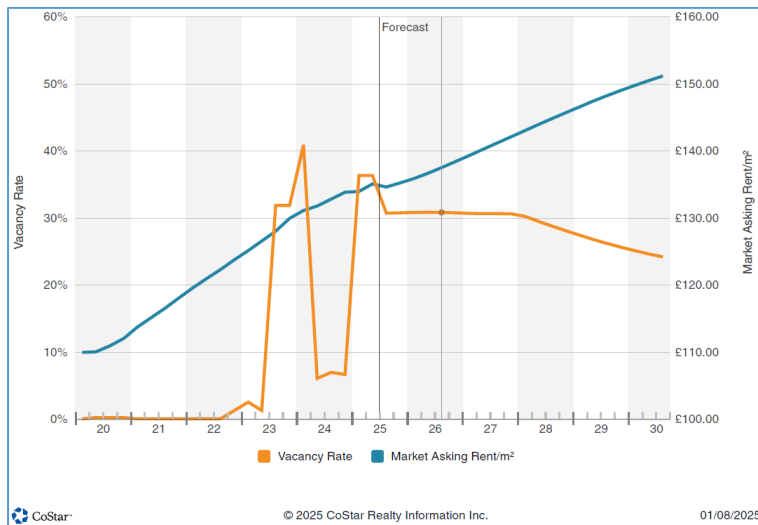
<sup>62</sup> [Savills UK | Market in Minutes: UK Commercial – January 2025](#)

<sup>63</sup> [dna-of-real-estate\\_q1-2025.pdf](#)

<sup>64</sup> [Marketbeat Template - Local Markets](#)

<sup>65</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

**Figure 5.2 Vacancy & Market Asking Rent per sqm**



Source: CoStar (August 2025)

- 5.16 The CoStar data suggests average CoStar is currently reporting average rents (for all types of industrial space) of about £130 per sqm per year. Within this a range from below £55 per sqm per year to about £250 per sqm per year. As with offices, a significant element of the stock are older buildings that are not suited to modern industry, further, some of the higher rents are buildings with significant elements of offices or trade counters.
- 5.17 More modern buildings have asking prices of around £125 per sqm per year, although there is a premium for small units (less than 150 sqm) with rents around £150 per sqm per year.
- 5.18 The CoStar data includes an average yield of just under 6%. Several of the national agents report data on yields in relation to this sector:
- a. Knight Frank, in Prime Yield Guide – March 2025 reports:
    - Prime Distribution / Warehousing 5.00%
    - Secondary Distribution (10 years, OMRs) 6.00%
    - Good Modern Rest of UK Estates 5.00% - 5.25%
    - Good Secondary Estates 6.50% - 7.00%
  - b. Savills, in Market in Minutes – February 2025 reports:
    - Ind/ Distribution (OMR) 5%
    - Industrial Multi-lets 5%
  - c. Cushman & Wakefield in The DNA of Real Estate First Quarter - 2025 reports:
    - UK logistics yields 5.22%.
- 5.19 For new industrial buildings, that are well located and with adequate parking, and good access to the transport network, a rent of £125 per sqm per year is assumed and a higher rent of £150 per sqm per year for smaller units. It was suggested at the time of the technical consultation

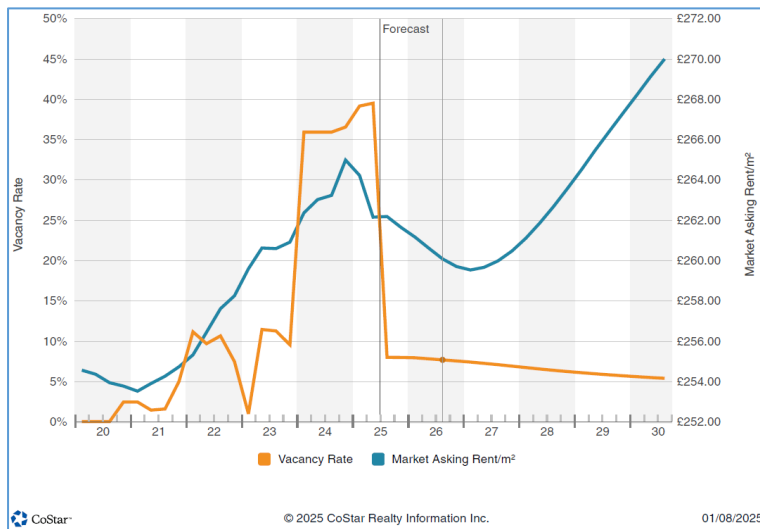
that a yield of 6% be assumed for larger units and 8% for smaller units. A landowner<sup>66</sup> noted higher yields should be used. The yields have been adjusted to 8% and 10% respectively.

5.20 On this basis, new industrial development would have a value of £1,965 per sqm with £1,740 per sqm for smaller units.

**Retail**

5.21 The CoStar data suggests an increase in rents and an increase in vacancies over the last 5 or so years.

**Figure 5.3 Vacancy & Market Asking Rent per sqm**



Source: CoStar (August 2025)

5.22 None of the high streets in the National Park are major shopping destinations in their own right, however, they do form the focus of much of the tourism and are characterised by local retailers, rather than national brands and chains.

5.23 Through the technical consultation a local authority<sup>67</sup> noted as follows:

*Retail: Circumstances within the retail sector have remained challenging in recent years, particularly for comparison operators. The difficulties faced as a result of the pandemic and periods of national lockdown have been followed by inflationary pressures, the cost-of-living crisis and consequent restrictions on disposable incomes. Values and assumptions should be reflective of current trends.*

5.24 This is agreed.

<sup>66</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>67</sup> Norman Kwan of Horsham District Council.

- 5.25 Even before the COVID-19 pandemic, the retail market was in a period of change and uncertainty. The rise in the online retailer sector has put pressure on the high street and shopping centres. Numerous national chains have been put into administration or have entered Company Voluntary Arrangements (CVA)<sup>68</sup>. Various restaurant and dining chains have announced closures or restructuring, and the banking sector has also closed branches on high streets nationwide.
- 5.26 The retail market is segmented, with the core high street areas doing better than the remaining areas, being of largely secondary retailing areas. Retailing in secondary locations is challenging – although the data does reveal some surprisingly high rents, and there are some neighbourhood shopping areas that are thriving.
- 5.27 Overall, average rents are around £300 per sqm per year. There is a broad range from about £100 per sqm per year to over £700 per sqm per year – although this should be considered exceptional. The higher rents in good locations, for example, central Lewes, are currently over £500 per sqm per year. On this basis and assuming a 6.5% yield, a value of £7,000 per sqm or so is derived.
- 5.28 As one moves away from the best locations into the secondary situations, rents are normally in the range of £250 per sqm per year to £300 per sqm per year, and yields are rather higher at around 9% to derive a value of £2,865 per sqm.
- 5.29 Consideration has been given to supermarkets and retail warehouses, although little such development is anticipated in the foreseeable future. In this case it is assumed a rent of £350 per sqm per year with a 6.25% yield, to give a value of £5,650 per sqm.

### **Appraisal Assumptions**

- 5.30 The following assumptions have been used:

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<sup>68</sup> A CVA is a legally binding agreement with a company's creditors. As part of the process companies (subject to the circumstances) may be able to renegotiate the terms of a lease.

**Table 5.1 Commercial Values £ per sqm – 2025**

	Rent £ per sqm	Yield	Rent free period	Value	Assumption
Offices	£250	8.00%	0.5	£3,453	£3,450
Office Small	£250	10.00%	0.5	£3,007	£3,000
Industrial - Large	£125	8.00%	1.0	£1,965	£1,965
Industrial - Small	£150	10.00%	1.0	£1,736	£1,740
Retail (Centre)	£500	6.50%	1.5	£6,999	£7,000
Retail (elsewhere)	£275	9.00%	1.5	£2,685	£2,685
Supermarket	£375	6.25%	1.0	£5,647	£5,650

Source: HDH (August 2025)

- 5.31 Through the technical consultation, a local authority<sup>69</sup> confirmed that this saying ‘... assumptions seem reasonable and are based on local market conditions ...’. Another local authority<sup>70</sup> noted that *‘the figures are broad based. Given the geographic size of the national park and localised conditions and circumstances and they are reflected accurately for retail, commercial and office values across the national park area’*.

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<sup>69</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>70</sup> Norman Kwan of Horsham District Council.

## 6. Land Values

- 6.1 Chapters 2 and 3 set out the approach and methodology used in this study to assess viability. An important element of the assessment is the value of the land. Under the method set out in the updated PPG and recommended in the Harman Guidance, the worth of the land before consideration of any increase in value, from a use that may be permitted through a planning consent, is the Existing Use Value (EUV). The EUV is used as the starting point for the assessment.
- 6.2 In this chapter, the values of different types of land are considered. The value of land relates closely to the use to which it can be put and will range considerably from site to site. As this is a high-level study, the three main uses, being agricultural, residential and industrial land, have been researched. The amount of uplift that may be required to ensure that land will come forward and be released for development has then been considered.
- 6.3 The PPG says (at 10-016-20180724) that the *'Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment data sources to inform the establishment the landowner premium should include market evidence and can include benchmark land values from other viability assessments...'*. It is therefore necessary to consider the EUV as a starting point.

### Existing Use Values

- 6.4 The EUV is the value of the land in its current use before planning consent is granted, for example, as agricultural land. AUV refers to any other potential use for the site. For example, a brownfield site may have an alternative use as industrial land.
- 6.5 The updated PPG includes a definition of land value as follows:

*How should land value be defined for the purpose of viability assessment?*

*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 comply with policy requirements. This approach is often called 'existing use value plus' (EUV+).*

*In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.*

PPG: 10-013-20190509

*What is meant by existing use value in viability assessment?*

*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.*

*PPG: 10-015-20190509*

- 6.6 It is important to fully appreciate that land value should reflect emerging policy requirements and planning obligations. When considering comparable sites, the value will need to be adjusted to reflect this requirement.
- 6.7 The value of the land for a particular typology (or, in due course a particular scheme) needs to be compared with the EUV, to determine if there is another use which would derive more revenue for the landowner. If the Residual Value does not exceed the EUV (or AUV), then the development is not viable. For the purpose of the present study, it is necessary to take a comparatively simplistic approach to determining the EUV. In practice, a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis, the outcome might still be contentious.
- 6.8 The 'model' approach is outlined below:
- a. For sites in agricultural use, then agricultural land represents the EUV. It is assumed that greenfield sites of 0.5ha or more fall into this category.
  - b. For paddock and garden land on the edge of or in a smaller settlement a 'paddock' value is adopted. This is assumed for greenfield sites of less than 0.5ha.
  - c. Where the development is on previously developed / brownfield land, a value based on industrial values is assumed.

#### *Residential Land*

- 6.9 In August 2020, DCLG published *Land value estimates for policy appraisal 2019*<sup>71</sup> which gives the following figures for the local authorities that include parts of the National Park:

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<sup>71</sup> [Land value estimates for policy appraisal 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/458222/land_value_estimates_for_policy_appraisal_2019.pdf)

**Table 6.1 Land value estimates for policy appraisal – Residential Land. £ per ha**

	Residential Land. £ per ha		Residential Land. £ per ha
Winchester	£6,070,000	Adur	£4,100,000
East Hampshire	£5,150,000	Brighton and Hove	£7,160,000
Chichester	£4,800,000	Mid Sussex	£5,150,000
Arun	£3,350,000	Lewes	£4,450,000
Horsham	£5,330,000	Eastbourne	£3,750,000
Worthing	£4,500,000		

Source: Land value estimates for policy appraisal 2019

6.10 It is important to note these figures assume nil affordable housing<sup>72</sup>. As stressed in the paper, this is a hypothetical situation and *‘the figures on this basis, therefore, may be significantly higher than could be reasonably obtained in the actual market’*.

6.11 There are few larger development sites being publicly marketed in the area:

<sup>72</sup> The VOA assumed as follows:

- Any liability for the Community Infrastructure Levy (CIL), even where it was planning policy as at 1 April 2019, has been excluded.
- It has been assumed that full planning consent is already in place; that no grants are available and that no major allowances need to be made for other s106/s278 costs.
- The figures provided are appropriate to a single, hypothetical site and should not be taken as appropriate for all sites in the locality.
- In a small number of cases schemes do not produce a positive land value in the Model. A ‘floor value’ of £370,000 (outside London) has been adopted to represent a figure at less than which it is unlikely (although possible in some cases) that 1 hectare of land would be released for residential development.
- This has been taken on a national basis and clearly there will be instances where the figure in a particular locality will differ based on supply and demand, values in the area, potential alternative uses etc. and other factors in that area.
- Each site is 1 hectare in area, of regular shape, with services provided up to the boundary, without contamination or abnormal development costs, not in an underground mining area, with road frontage, without risk of flooding, with planning permission granted and that no grant funding is available.
- The site will have a net developable area equal to 80% of the gross area (excluding London).
- For those local authorities outside London, the hypothetical scheme is for a development of 35, two storey, 2/3/4 bed dwellings with a total floor area of 3,150 square metres.
- For those local authorities in London, the hypothetical scheme varies by local authority area and reflects the type/scale of development expected in that locality. The attached schedules provide details of gross/net floor areas together with number of units and habitable rooms.

These densities are taken as reasonable in the context of this exercise and with a view to a consistent national assumption. However, individual schemes in many localities are likely to differ from this and different densities will impact on values achievable.

**Table 6.2 Building Sites for Sale – August 2025**

	Area ha	Units	Asking Price		£ per unit	
			£	£ per ha		
Eastgate Street						Consent for 35 residential units and retail use.
Lewes	0.20	35				
Torberry						
West Harting	8.54	1	£1,500,000	£175,644	£1,500,000	Consent for large single house.
Court Road	0.15	9	£1,250,000	£8,333,333	£138,889	Consent for 9 units.
Froxfield	1.29	1	£1,250,000	£968,992	£1,250,000	Consent for large single house.
Garfield Road	0.67		£125,000	£187,126		Industrial land for commercial development or potentially change of use to residential STPP.
Hurst Road						
Hassocks	0.16	1	£1,000,000	£6,172,840	£1,000,000	Consented single plot
Hare Farm	8.54	1	£975,000	£114,169	£975,000	Grazing land with planning for 3 bedroom dwelling.
Slindon Common						
Fontwell	0.20	1	£750,000	£3,712,871	£750,000	Consent to replace mobile home with bungalow
Ashurst lane						
Plumpton	0.48	1	£450,000	£937,500	£450,000	Plot with consent for bungalow.
Willow Drive						
Soberton		1	£450,000		£450,000	Self build plot.
Willow Drive						
Soberton		1	£450,000		£450,000	Self build plot.
Mill lane						
Soberton Heath	4.81	1	£425,000	£88,413	£425,000	Consent for stables.
High Street						
Lewes	0.03	1	£400,000	£15,384,615	£400,000	Consent for 3 bed detached.
Off Whiteway						
Alfriston	0.49	1	£300,000	£607,287	£300,000	Unconsented plot.

Source: Market Survey (August 2025)

- 6.12 It is important to note that the above prices are asking prices – so reflect the landowner’s aspiration. In setting the BLV the important point is the minimum amount a landowner will accept.
- 6.13 Recent transactions based on planning consents over the last few years and price paid information from the Land Registry have been researched and are set out in **Appendix 9**. The

amount of affordable housing in the scheme is shown, being the key indicator of policy compliance (as required by the PPG).

6.14 These values are on a whole site (gross area) basis and range considerably. The average is about £1,900,000 per ha (£94,000 per unit), however, if those schemes that did not provide about 50% affordable housing and the outliers are disregarded, the average is about £1,500,000 per ha (£92,000 per unit).

6.15 In considering the above it is important to note that the PPG 10-014-20190509 says:

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

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

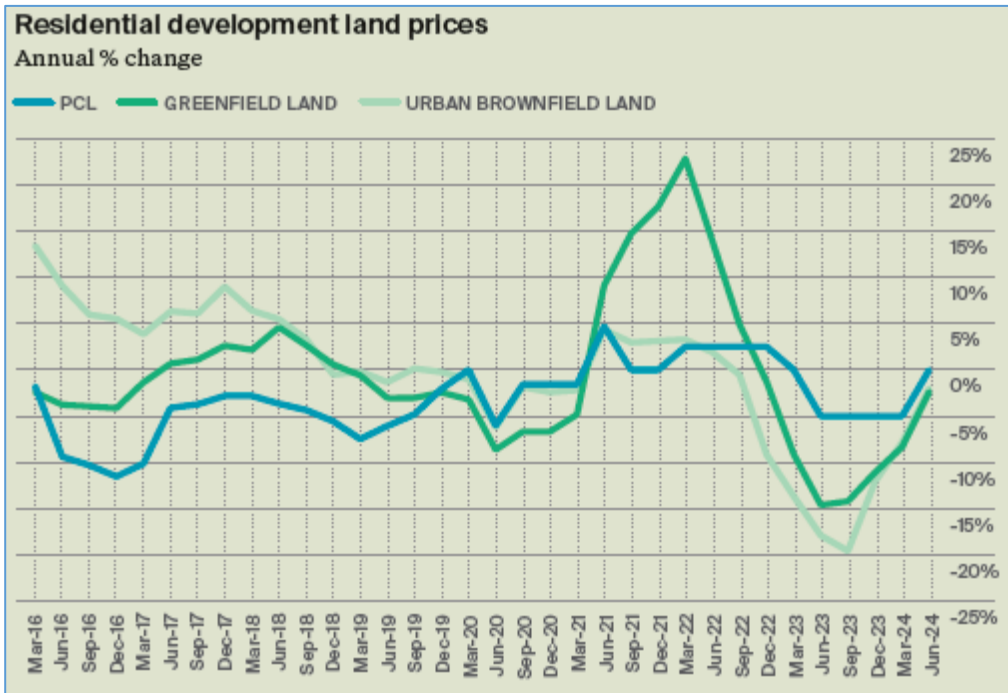
*In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.*

6.16 The price paid is the maximum the landowner could achieve. The landowner is unlikely to suggest a buyer may be paying an unrealistic amount. The BLV is not the price paid (or the average of prices paid).

6.17 Almost all the above sites are smaller sites, with just one of the sites being over 1 ha. In relation to larger sites, and in particular larger greenfield sites, these have their own characteristics and are often subject to significant infrastructure costs and open space requirements which result in lower values. For non-residential uses, a similar approach to that taken with residential land has been taken, except in cases where there is no change of use. Where industrial land is being developed for industrial purposes, a BLV of the value of industrial land has been assumed.

6.18 It is timely to review how the value of development land has changed over the last few years. There are several sources of relevant information. *Development Land Index* (Knight Frank Q2 2024 – being the most recently published) suggests that land prices may have fallen over the last few years.

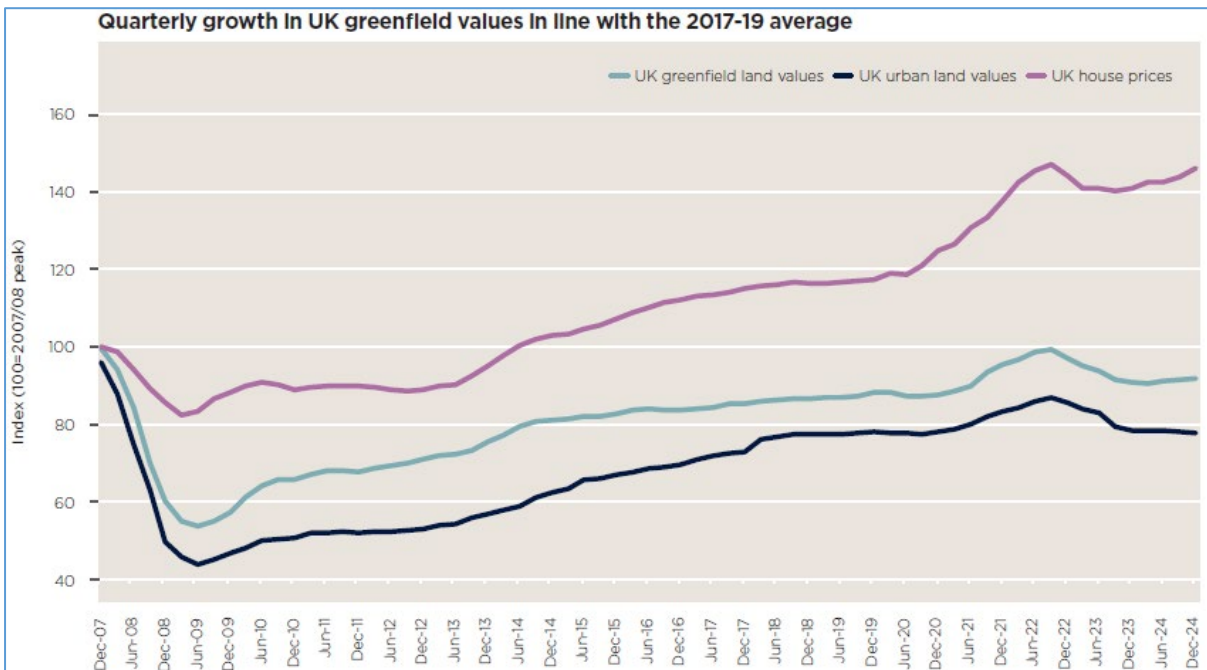
**Knight Frank Development Land Index**



Source: *Development Land Index* (Knight Frank Q2 2024)

6.19 A similar picture is given by Savills in its *Market in Minutes, Residential Development Land* (Savills Q4 2024).

**Savills Indexed Residential Development Land Index (Index to 100 at 2007/2008 peak)**



Source: *Market in Minutes, Residential Development Land* (Savills Q4 2024)

6.20 The above data suggests that the value of development land is broadly unchanged recently.



*Previously Developed Land*

6.21 *Land value estimates for policy appraisal* provides a value figure for industrial land:

**Table 6.3 Industrial Land Values (£/ha)**

Winchester	£1,500,000
East Hampshire	£1,450,000
Chichester	£1,550,000
Arun	£1,450,000
Horsham	£1,550,000
Worthing	£1,450,000
Adur	£1,450,000
Brighton and Hove	£1,750,000
Mid Sussex	£1,550,000
Lewes	£1,200,000
Eastbourne	£1,200,000

Source: Land value estimates for policy appraisal (MHCLG, August 2020)

6.22 As included in **Appendix 10**, CoStar (a property market data service) includes details of industrial land. The average value is about £1,230,000 per ha.

6.23 Through the technical consultation, a landowner<sup>73</sup> said:

*Brownfield Comparable Schedule does not provide sufficient comparables to assess EUV of already developed sites. Buckmore farm in Petersfield was also sold for significantly more and should be referenced in the report. There have been specific appeals in the area where the Inspectorate has reviewed the evidence and found far higher Benchmark Land Values for industrial land.*

6.24 It is difficult to comment without further information being provided.

6.25 In this study, a value of £1,500,000 per ha is assumed.

**Agricultural and Paddocks**

6.26 *Land value estimates for policy appraisal* (MHCLG, August 2020) provides a value figure for agricultural land in the area of £25,000 per ha. This has been explored further and wider information on land prices has been researched:

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<sup>73</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

- a. Savills' *The Farmland Market*<sup>74</sup> (January 2025) reports a value of £9,900 per acre (£24,460 per ha) for prime arable land and an overall average value of about £8,500 per acre (£21,000 per ha).
- b. Strutt and Parker's *English Estates & Farmland Market Review Winter 2024/ 2025*<sup>75</sup> suggests a value of £11,100 per acre (£27,428 per ha) for arable land and £9,000 per acre (£22,239 per ha) for pasture.
- c. Knight Frank's *Farmland Index Q4 2024*<sup>76</sup> suggests average values of £9,351 per acre (£23,106 per ha).
- d. Carter Jonas' *Farmland Market Update Q1 2025*<sup>77</sup> reports, for the South West the following:

	Low £/acre	Prime £/acre	Average £/acre
Arable	£9,500	£14,000	£11,500
Pasture	£7,000	£12,000	£9,500
Lifestyle	£12,500	£25,000	£16,000

6.27 There are several areas of farmland, woodland and conservation sites for sale in the vicinity:

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<sup>74</sup> [cs2412-1347-rural-spotlight--gb-farmland.pdf](#)

<sup>75</sup> [English Estates & Farmland Market Review | Winter 2024/25](#)

<sup>76</sup> [english-farmland-index-q3-2024-11581.pdf](#)

<sup>77</sup> [Farmland Market Update Q2 2025 | Carter Jonas](#)

**Table 6.4 Farm Land For Sale**

		Area ha	Asking price		Notes
			£	£ per ha	
Woodland Trove	Twyford	202.06	£5,700,000	£28,209	Mixed farm with limited buildings.
Ramsdean	Petersfield	42.27	£1,100,000	£26,023	Mainly pasture, with house and buildings.
Mill Lane	Steep	2.93	£350,000	£119,291	Mix of woodland and pasture.
Court House Water meadows	West Meon	8.66	£325,000	£37,529	Pasture, including fishing rights.
Popes Lane	Upham	5.43	£325,000	£59,853	Conservation pasture.
Mill Lane	Steep	3.94	£300,000	£76,142	Equestrian Land.
Wyke Lane	East Worldham	1.10	£295,000	£268,182	Paddock.
West Meon Road	East Meon	2.79	£185,000	£66,261	Paddock with shelter.
Bones Lane	Buriton	1.04	£175,000	£168,269	3 paddocks.
Kings Lane	Coldwaltham	1.12	£135,000	£120,536	Pasture.
Kings Lane	Coldwaltham	1.12	£125,000	£111,607	Pasture.
Off A272	Sheet	0.41	£110,000	£268,293	Pasture.
Hazelmere Road	Liphook	0.62	£100,000	£161,290	Woodland and pasture.
Winchester Road	Petersfield	0.20	£65,000	£321,782	Agricultural Land

Source: Market Survey (August 2025)

- 6.28 An agricultural land value of £25,000 per ha is assumed.
- 6.29 Sites on the edge of a town or village may be used for an agricultural or grazing use but have a value over and above that of agricultural land due to their amenity use. They are attractive to neighbouring households for pony paddocks or simply to own to provide some protection and privacy. Initially a value of £100,000 per ha was used for sites on the edge of the built-up areas.
- 6.30 A landowner<sup>78</sup> noted that the assumptions are less than those in the table above. It is important to note that above are asking prices, and some of the larger parcels of land include

<sup>78</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

buildings that add to the value. Having reviewed the data, the paddock value is increased to £150,000 per ha and is now applied to sites up to 2ha.

### Existing Use Value Assumptions

6.31 In this WPVA update, the Existing Use Value (EUV) assumptions are updated as follows:

**Table 6.5 Existing Use Value Land Prices £/ha**

Previously Developed Land	£1,500,000
Agricultural	£25,000
Paddock	£150,000

Source: HDH (August 2025)

6.32 Through the technical consultation a site promoter<sup>79</sup> commented as follows:

*The site at East Sussex College, Mountfield Road is an established educational facility, with buildings that are partially vacant. Despite buildings within this site being vacant, it would not be appropriate to assume a nil value should these elements come forward for delivery. The lawful educational use provides the correct baseline for EUV.*

*We also consider it prudent to test alternative use values, where appropriate, to ensure the assessment reflects genuine market behaviour for institutional or community sites.*

*In summary, the EUV must not be assumed to start from zero: it should reflect the lawful use, with scope to consider reasonable alternative use values where justified.*

6.33 It is agreed that it would not be appropriate to assume an EUV of zero. Such an approach would not align with the NPPF and is not proposed. Having said this, it is necessary to take a relatively high-level approach in a study of this type. The PDL value is applied in this case.

### Benchmark Land Values

6.34 The setting of the Benchmark Land Values (BLV) is one of the more challenging parts of a plan-wide viability assessment. The updated PPG makes specific reference to BLV, so it is necessary to address this. As set out in Chapter 2 above, the updated PPG says:

*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*

*Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of*

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<sup>79</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

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

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

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

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

*PPG 10-014-20190509*

6.35 Normal abnormal costs associated with development in an area (normal abnormals) should be reflected in the viability assessment and for this reason an adjustment has been made on brownfield sites.

6.36 With regard to the landowner's premium the PPG says:

*How should the premium to the landowner be defined for viability assessment?*

*The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.*

*Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. 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).*

*PPG 10-016-20190509*

6.37 In the pre-consultation iteration of this Viability Assessment, the following Benchmark Land Value assumptions were used:

- a. Brownfield Sites: EUV Plus 20%.
- b. Greenfield Sites: Generally EUV Plus £300,000/ha.  
Strategic Sites EUV x 10

- 6.38 Through the technical consultation, a local authority<sup>80</sup> concurred with the approach taken.
- 6.39 Alternatively, a local authority<sup>81</sup> noted ‘*in the emerging Viability Assessment but we are especially conscious that brownfield sites such as the Shoreham Cement Works have high abnormal costs regarding implementation and delivery and should be assessed comprehensively*’. In a plan-wide viability assessment such as this, it is necessary to take a high level approach, however allowance is made for abnormal costs informed by the earlier site specific viability work.
- 6.40 A landowner<sup>82</sup> said in this regard:
- Due to the increase in Stamp Duty and other costs associated with moving, a premium of 20% of EUV is now insufficient as an incentive to sell for development. Consideration should be given to increase this to 25% to 30% which is still within the parameters of the NPPF/PPG.*
- 6.41 A local authority<sup>83</sup> sought clarity on how the above assumptions were arrived at and commented:
- The use of ‘Existing Use Value Plus’. The use of ‘Plus’ is unfamiliar but it is noted that it comes from the PPG. At 6.32 the Benchmark Land Value for Brownfield Land is at the top end of the suggested price range (EUV + 20%). Also, it is unclear why the values for Greenfield land are plus £300,000 per ha and x10 for Strategic sites. This may reflect the number of housing markets covered by the South Downs National Park.*
- 6.42 The lower premium is applied in the case of the greenfield Strategic Sites as such sites normally have higher infrastructure and mitigation requirements than smaller sites. The PPG is clear that such costs should be reflected in the BLV.
- 6.43 A specialist consultant<sup>84</sup> said, in relation to older peoples housing ‘*when assessing minimum BLVs, this typology should be located within higher value brownfield locations given the requirement to be close to a range of amenities*’.
- 6.44 Bearing in mind that there was not a consensus on this point, sensitivity testing of this assumption has been carried out.

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<sup>80</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>81</sup> Norman Kwan of Horsham District Council.

<sup>82</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>83</sup> Toby Ayling of Winchester City Council.

<sup>84</sup> The Planning Bureau Ltd for McCarthy Stone and Churchill.

## 7. Development Costs

7.1 This chapter considers the costs and other assumptions required to produce financial appraisals for the development typologies.

### Build Costs

#### *Construction costs: baseline costs*

7.2 The cost assumptions are derived from the Building Cost Information Service (BCIS)<sup>85</sup> data. The BCIS provides costs for a broad range of types of building, indexed locally. The national base cost figure for ‘Estate Housing – Generally’ is £1,500 per sqm at the time of this report. The costs by local authority are as follows:

**Table 7.1 Base BCIS Cost, Estate Housing – Generally, £ per sqm**

	Index	£ per sqm
<b>BCIS Base</b>	<b>100</b>	<b>£1,500</b>
Winchester	108	£1,620
East Hampshire	111	£1,665
Chichester	102	£1,530
Arun	106	£1,590
Horsham	110	£1,650
Worthing	111	£1,665
Adur	112	£1,680
Brighton and Hove	109	£1,635
Mid Sussex	107	£1,605
Lewes	105	£1,575
Eastbourne	107	£1,605

Source: BCIS (August 2025)

7.3 The costs range from £1,530 per sqm to £1,680 per sqm, with the average being £1,620 per sqm. In this assessment, a cautious approach is taken, and the BCIS costs are indexed to 112, being the top end of the range (see **Appendix 11**). This approach is taken to reflect the SDNPA Design Guide as discussed further in Chapter 8 below. The use of the BCIS data is suggested in the PPG (paragraph 10-012-20180724) however, it is necessary to appreciate

<sup>85</sup> BCIS is the Building Cost Information Service of the Royal Institution of Chartered Surveyors.

that the volume housebuilders are likely to be able to achieve significant saving due to their economies of scale.

- 7.4 The appropriate build cost is applied to each house type, with the cost of Estate Housing Detached being applied to detached housing, the costs of Flats being applied to flats and so on. Appropriate costs for non-residential uses are also applied. At the time of the technical consultation, it was suggested that the lower quartile cost be used for schemes of 200 units and more, where economies of scale can be achieved, and the median cost is used for smaller schemes. The SDNPA *ADOPTED DESIGN GUIDE Supplementary Planning Document* (July 2022) sets out the design requirements across a broad range of requirements. The document sets out guidance, rather than specific requirements. Specifically, these do add to the cost of development, beyond the policy requirements set out elsewhere, however do seek the use of vernacular materials and the like. In this iteration the additional costs are reflected in the use of the upper quartile BCIS costs, on smaller greenfield sites, and median on greenfield larger sites. The median costs are used on flatted development sites. The upper quartile costs were used in the *SDNPA Local Plan and Affordable Housing Viability Assessment* (BNP Paribas, August 2017).
- 7.5 Through the technical consultation, a local authority<sup>86</sup> concurred with the approach taken. Alternatively, a site promoter<sup>87</sup> commented the *'suggested build costs are significantly understated. Current costs for delivery in Lewes are in the region of £3,000 per sqm, as evidenced by the Lewes bus station redevelopment. By contrast, the BCIS averages relied upon in the WPVA are far too low and do not capture the true cost of delivering schemes within the National Park, where design quality, landscape-led development, sustainability standards, and site constraints consistently drive costs above national benchmarks'*.
- 7.6 The BCIS cost is taken as starting point. This is the approach set out in the PPG. The BCIS cost is then adjusted as set out through this report. The full cost of delivery, on medium sized greenfield sites, developed as housing (rather than flats), before allowance is made for developers return / profit and interest a somewhat over £3,000 per sqm.
- 7.7 A landowner<sup>88</sup> noted that it *'is normal not to use a "general" table but use specific house type types e.g. Semi detached, detached or terraced'*. This agreed and is the approach taken. They went on to say:

*Whilst the draft Consultation acknowledges that BCIS should be indexed to the top end of the range, it is opaque to the previous Viability Assessment that clearly stated that BCIS was to be based on Upper Quartiles in order to take into account the SDNPA Design Guide. This should*

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<sup>86</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>87</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>88</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

*be clarified and set out as per the last viability assessment. This position has been agreed by SNDPA on a number of recent appeals including those referred to below.*

- 7.8 Similarly, a specialist consultant<sup>89</sup> said that, in relation to older peoples housing, that ‘*typology should apply the supported housing BCIS rates*’. The appropriate rates are used for each type of development.
- 7.9 As set out in Chapter 2 above, various national changes have been made and are being made, to construction standards (Future Homes Standard, Accessible and Adaptable Standards, etc). The costs of these are not fully reflected in the BCIS costs so are considered in Chapter 8 below.

*Other normal development costs*

- 7.10 In addition to the BCIS £ per sqm build cost figures described above, allowance needs to be made for a range of site costs (roads, drainage and services within the site, parking, footpaths, landscaping and other external costs). Many of these items will depend on individual site circumstances and can only properly be estimated following a detailed assessment of each site. This is not practical within this broad-brush study and the approach taken is in line with the PPG and the Harman Guidance.
- 7.11 Nevertheless, it is possible to generalise. Drawing on experience and the comments of stakeholders, it is possible to determine an allowance related to total build costs. This is normally lower for higher density than for lower density schemes since there is a smaller area of external works, and services can be used more efficiently. Large greenfield sites would also be more likely to require substantial expenditure on bringing mains services to the site.
- 7.12 A scale of allowances has been developed for the residential sites, ranging from 10% of build costs for the smaller sites and flatted schemes, to 15% for the larger greenfield schemes. It is important to note that this is the base assumption and that allowances for required off-site works and the like are in addition to these costs.
- 7.13 A landowner<sup>90</sup> suggested that this assumption was too low, and referred to examples where between 13% and 30% were used. Whilst this is noted, the assumption used is considered appropriate for the majority of the emerging allocations.

*Abnormal development costs and brownfield sites*

- 7.14 With regard to abnormal costs, paragraph 10-012-20180724 of the PPG says:

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<sup>89</sup> The Planning Bureau Ltd for McCarthy Stone and Churchill.

<sup>90</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

*abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value*

7.15 This needs to be read with paragraph 10-014-20180724 of the PPG that says that:

*Benchmark land value should: ... reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees and ...*

7.16 The consequence of this, when considering viability in the planning system, is that abnormal costs should be added to the cost side of the viability assessment but also reflected in (i.e. deducted from) the BLV. This has the result of balancing the abnormal costs on both elements of the appraisal.

7.17 A landowner<sup>91</sup> provided examples, primarily from brownfield sites, where abnormal costs ranged from 5% to 12%.

7.18 This approach is consistent with the treatment of abnormal costs that was considered at Gedling Council's Examination in Public. There is an argument, as set out in Gedling, that it may not be appropriate for abnormal costs to be built into appraisals in a high-level assessment of this type. Councils should not plan for the worst-case option – rather for the norm. For example, if two similar sites were offered to the market and one was previously in industrial use with significant contamination, and one was 'clean' then the landowner of the contaminated site would have to take a lower land receipt for the same form of development due to the condition of the land. The Inspector said:

*... demolition, abnormal costs and off site works are excluded from the VA, as the threshold land values assume sites are ready to develop, with no significant off site secondary infrastructure required. While there may be some sites where there are significant abnormal construction costs, these are unlikely to be typical and this would, in any case, be reflected in a lower threshold land value for a specific site. In addition such costs could, at least to some degree, be covered by the sum allowed for contingencies.*

7.19 In some cases, where the site involves redevelopment of previously developed land, there is the potential for abnormal costs to be incurred. Abnormal development costs will be site specific and might include demolition of substantial existing structures; flood prevention measures at waterside locations; remediation of any land contamination; remodelling of land levels; and so on. An additional allowance is made for abnormal costs associated with brownfield sites of 5% of the BCIS costs.

7.20 In summary, abnormal costs will be reflected in land value. Those sites that are less expensive to develop will command a premium price over and above those that have exceptional or abnormal costs. It is not the purpose of an assessment of this type to standardise land prices across an area.

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<sup>91</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

7.21 Shoreham Cement works is modelled as a Strategic Site. The site has a long planning history and was subject to detailed viability testing in 2022, which included about £30m for site remediation. The residential element is modelled (based on 400 flats) assuming 50% of the approximate remediation cost (£15m) are attributed to these residential elements.

#### *Fees*

7.22 A normal allowance for professional fees in a study of this type on residential development is 8%. The draft Local Plan includes several reporting requirements that are over and above the norm. These include the requirement (in SDC3) that:

*Development proposals must be supported by a statement that sets out how the development proposal impacts, both positively and negatively, on ecosystem services and achieves regenerative design and environmental net gain.*

7.23 And (in SDC4):

*Development proposals will be required to demonstrate how they will result in a healthy and sustainable place that improves health and wellbeing outcomes for existing communities and future users of the development.*

7.24 A Habitats Regulation Assessment is required in relation to development close to protected habitats sites such as the Wealden Heaths Phase II SPA, Woolmer Forest SAC and Shortheath Common SAC (seeSDN2-7).

7.25 There are some reporting costs associated with the climate change policy (SDN9):

*All new build residential developments of 20 homes or more or 2,500 sq m of commercial development must undertake a Post Occupancy Evaluation to a brief agreed with the Authority.*

7.26 To reflect these requirements, the fee assumption has been increased to 10%. A landowner<sup>92</sup> concurred with this approach. An 10% assumption is also applied to non-residential development.

#### *Contingencies*

7.27 For previously undeveloped and otherwise straightforward sites, a contingency of 2.5% has been allowed for, with a higher figure of 5% on more risky types of development, previously developed land. So, the 5% figure was used on the brownfield sites, and the 2.5% figure was used on the remainder.

7.28 A landowner<sup>93</sup> commented that *'2.5% is only sufficient for very large 200 unit greenfield schemes. 3.5% should be the minimum for a standard sized site of up to 50 units and must*

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<sup>92</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>93</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

*be applied to all costs not just base build. On more risky brownfield sites, it should be increased to 10%. This is in line with the HCA model which allows for up to 10% for refurbishment/brownfield projects’.*

- 7.29 In this iteration of this report the brownfield allowance is applied to the Strategic Sites as well as brownfield sites.

*S106 Contributions and the costs of infrastructure*

- 7.30 For many years, SDNPA has sought payments from developers to mitigate the impact of the development through improvements to the local infrastructure. The main mechanism for this is Community Infrastructure Levy (CIL), however, where appropriate, the s106 regime is also utilised. As set out in **Appendix 9**, over the last five or so years in SDNPA the average payment, collected through the s106 regime (and in addition to CIL) has been £1,080 per unit – however it is important to note that most schemes have not contributed at all. Of the schemes that have contributed, the average payment is about £14,500 and the median is about £11,000 per unit.

- 7.31 The approach to developer contributions is set out in Chapter 8 below.

**Financial and Other Appraisal Assumptions**

*VAT*

- 7.32 It has been assumed throughout, that either VAT does not arise, or that it can be recovered in full<sup>94</sup>.

*Interest rates*

- 7.33 A 7% p.a. interest rate is assumed for total debit balances; no allowance is made for equity provided by the developer. This does not reflect the current working of the market nor the actual business models used by developers. In most cases the smaller (non-plc) developers are required to provide between 30% and 40% of the funds themselves, from their own resources, so as to reduce the risk to which the lender is exposed. The larger plc developers tend to be funded through longer term rolling arrangements across multiple sites.

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<sup>94</sup> VAT is a complex area. Sales of new residential buildings are usually zero-rated supplies for VAT purposes (subject to various conditions). VAT incurred as part of the development can normally be recovered. Where an appropriate ‘election’ is made, VAT can also be recovered in relation to commercial development – although VAT must then be charged on the income from the development.

7.34 A site promoter<sup>95</sup> suggested that a 9% allowance should be made but did not provide any supporting evidence.

7.35 A landowner<sup>96</sup> noted:

*7% is insufficient and does not reflect recent Appeal Decisions in the SDNPA area where there is agreement between parties of between 7.75% and 8.5%. Set up and Valuation fees should be allowed in addition to these costs. Higher Interest rate charges have been agreed by the SDNPA at appeal including those referred to in our submissions.*

7.36 Developers that have a strong balance sheet, and a good track record, can undoubtedly borrow less expensively than this, but this reflects banks' view of risk for housing developers in the present situation. In the residential appraisals, a simple cashflow is used to calculate interest. The annual reports of larger housebuilders have been reviewed:

- a. Barratt Developments PLC Annual Report and Accounts 2024 reports that the *'weighted average interest rates (excluding fees) paid in the year were'* 2.8% for both the company and the group in both 2023 and 2024.
- b. Taylor Wimpey PLC Annual Report and Accounts 2024 does not report an average rate, however, does report *'€100.0 million 5.08% Senior Loan Notes 2030'*.
- c. Persimmon PLC Annual Report 2024 reports a Revolving Credit Facility at SONIA<sup>97</sup> +1.25%-2.3%.
- d. Vistry Group PLC Annual Report and Accounts 2024 sets out the following:
  - Revolving Credit Facility at SONIA +1.6%-2.5%.
  - Development Facility at ECRR +1.2%- 2.2%
  - Money Market Facility at SONIA plus margin
  - Overdraft facility at BoE Base +1.5%
- e. Bellway PLC Annual Report and Accounts 2024 do not quote an average rate of interest. The report says *'During 2021, the Group entered a contractual arrangement to issue fixed rate sterling USPP notes for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements. This USPP debt has a weighted average fixed coupon of 2.7%, is fully drawn down at year end ...'*. It goes on to say that the *'average interest rate earned on the cash and cash equivalents balance as at 31 July 2024, excluding joint ventures, was 4.61% (2023 – 4.16%)'*.
- f. Berkeley Group PLC 2024 Annual Report reports:

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<sup>95</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>96</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>97</sup> Sterling Overnight Index Average

*The Group's borrowing capacity of £1,200 million was unchanged during the year and comprises:*

- *£400 million unsecured 10-year Green Bonds which mature in August 2031 at a fixed coupon of 2.5% per annum; and*
- *£800 million bank facility, including a £260 million Green Term loan and a £540 million undrawn revolving credit facility ("RCF").*

7.37 No change has been made in this regard.

#### *Developer's return*

7.38 An allowance needs to be made for developer's return and to reflect the risk of development. Paragraph 10-018-20190509 of the updated PPG says:

*How should a return to developers be defined for the purpose of viability assessment?*

*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.*

*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.*

7.39 The purpose of including a developer's return figure is not to mirror a particular business model, but to reflect the risk a developer is taking in buying a piece of land, and then expending the costs of construction before selling the property. The use of developer's return in the context of area wide viability testing of the type required by the NPPF and CIL Regulation 14, is to reflect that level of risk.

7.40 Broadly there are four different approaches that could be taken:

- a. To set a different rate of return on each site to reflect the risk associated with the development of that site. This would result in a lower rate on the smaller and simpler sites – such as the greenfield sites, and a higher rate on the brownfield sites.
- b. To set a rate for the different types of unit produced – say 20% for market housing and 6% for affordable housing, as suggested by the HCA.
- c. To set the rate relative to costs – and thus reflect the risks of development.
- d. To set the rate relative to the gross development value.

7.41 In deciding which option to adopt, it is important to note that the intention is not to re-create any particular developer's business model. Different developers will always adopt different models and have different approaches to risk.

- 7.42 The argument is sometimes made that financial institutions require a 20% return on development value and if that is not shown they will not provide development funding. In the pre-Credit Crunch era there were some lenders who did take a relatively simplistic view to risk analysis but that is no longer the case. Most financial institutions now base their decisions behind providing development finance on sophisticated financial modelling that it is not possible to replicate in a study of this type. They require a developer to demonstrate a sufficient margin, to protect the lender in the case of changes in prices or development costs. They will also consider a wide range of other factors, including the amount of equity the developer is contributing (both on a loan-to-value and loan-to-cost basis), the nature of development and the development risks that may arise due to demolition works or similar, the warranties offered by the professional team, whether or not the directors will provide personal guarantees, and the number of pre-sold units.
- 7.43 This is a high-level study where it is necessary and proportionate to take a relatively simplistic approach, so, rather than apply a differential return (i.e. site by site or split), it is appropriate to make some broad assumptions and as set out above the updated PPG says *'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 ... A lower figure may be more appropriate in consideration of delivery of affordable housing'*.
- 7.44 In this iteration of this assessment a 17.5% assumption is applied to market housing and to affordable housing. A 10% return is assumed for Build to Rent, and 15% for the non-residential development types.

#### *Voids*

- 7.45 On a scheme comprising mainly individual houses, one would normally assume only a nominal void period as the housing would not be progressed if there was no demand. In the case of apartments in blocks this flexibility is reduced. Whilst these may provide scope for early marketing, the ability to tailor construction pace to market demand is more limited.
- 7.46 For the purpose of the present study, a three-month void period is assumed for residential developments.

#### *Phasing and timetable*

- 7.47 The phasing and delivery rates are consistent with the Authority's wider evidence base. A pre-construction period of six months is assumed for all of the sites. Each dwelling is assumed to be built over a nine-month period. The phasing programme for an individual site will reflect market take-up and would, in practice, be carefully estimated taking into account the site characteristics and, in particular, the size and the expected level of market demand. The rate of delivery will be an important factor when considering the allocation of sites so as to manage the delivery of housing and infrastructure. Two aspects are relevant, firstly the number of outlets that a development site may have, and secondly the number of units that an outlet may deliver.

- 7.48 On the whole, it is assumed a maximum, per outlet, delivery rate of 60 units per year. On a site with 50% affordable housing this equates to 30 market units per year. On the smaller sites, much slower rates are assumed to reflect the nature of the developer that is likely to be bringing smaller sites forward. The higher density flatted schemes are assumed to come forward more quickly. These assumptions are conservative and do, properly, reflect current practice. This is the appropriate assumption to make to be in line with the PPG and the Harman Guidance.
- 7.49 For the older people's housing schemes, a slower rate of sales has been assumed, with an allowance being made for block management over the sales period (£4,500/unit), in line with a comment made through the consultation.

### **Site Acquisition and Disposal Costs**

#### *Acquisition costs*

- 7.50 An allowance is assumed of 1% for acquisition agents' and 0.5% legal fees. Stamp duty is calculated at the prevailing rates.

#### *Disposal costs*

- 7.51 For market and for affordable housing, sales and promotion and legal fees are assumed to amount to 3.5% of receipts. For disposals of affordable housing, these figures can be reduced significantly depending on the category, so in fact the marketing and disposal of the affordable element is probably less expensive than this.

## 8. Local Plan Policy Requirements

- 8.1 The specific purpose of this WPVA is to consider the cumulative impact of the policies in the emerging Local Plan. The initial iteration of this assessment was based on the *South Downs Local Plan Review, First Public Consultation (Regulation 18) January 2025* updated as per national policy and the Authority's wider refreshed evidence. Some of the policies have subsequently been updated as set out below. The new Local Plan will replace the adopted Local Plan in its entirety.
- 8.2 The policy areas are set out below – although it is important to note that, some of these were options, that are not now being progressed into the new Local Plan, in part informed by this WPVA. Many of the policies are either general enabling policies or policies that restrict development to particular areas or situations. These do not directly impact on viability.
- 8.3 Through the technical consultation, a local authority<sup>98</sup> concurred with the approach taken.

### CORE POLICIES

#### *POLICY SDC1: FURTHERING NATIONAL PARK PURPOSES*

- 8.4 This is a high-level policy that, in itself, does not impact directly on viability.

#### *POLICY SDC3: REGENERATIVE DEVELOPMENT AND ECOSYSTEM SERVICES*

- 8.5 On the whole the policy, in itself, does not impact directly on viability, the requirements being set out later in the draft Local Plan. The exception is in relation to part (j) that '*support a circular economy through local and regional supply chains and produce*'.
- 8.6 On one hand, a policy of this nature may not add to the cost of development, however, in research undertaken by Melton Council in 2024, the cost of a policy of this type was estimated to add 2% to the cost of development. It is important to note this policy seeks to 'support' a circular economy, rather than set out specific mandatory requirements. This 2% cost is assumed to apply in the initial appraisal, but because of the general nature of the wording, no cost is applied in the final analysis.
- 8.7 The final part of this policy requires:

*Development proposals must be supported by a statement that sets out how the development proposal impacts, both positively and negatively, on ecosystem services and achieves regenerative design and environmental net gain.*

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<sup>98</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

- 8.8 The allowance to cover fees, as set out in Chapter 7 above, has been adjusted to reflect this and other reporting requirements in the draft Local Plan.

*POLICY SDC4: MAJOR DEVELOPMENT*

- 8.9 This is a high-level policy that, in itself, does not impact directly on viability, however the final part of this policy requires:

*Development proposals will be required to demonstrate how they will result in a healthy and sustainable place that improves health and wellbeing outcomes for existing communities and future users of the development.*

- 8.10 The allowance to cover fees, as set out in Chapter 7 above, has been adjusted to reflect this and other reporting requirements in the draft Local Plan.

*POLICY SD25: DEVELOPMENT STRATEGY*

- 8.11 This is a high-level policy that, in itself, does not impact directly on viability.

**LANDSCAPE & HERITAGE**

*POLICY SDL1: LANDSCAPE CHARACTER*

- 8.12 This is a design policy that sets out high-level requirements, however, these do not add to the costs of development, beyond those costs covered elsewhere.

*POLICY SDL2: DESIGN*

- 8.13 The first part of this policy that sets out some high-level requirements, however these do not add to the costs of development, beyond those costs covered elsewhere.

- 8.14 The second part of the policy requires compliance with National Described Space Standards (NDSS). In this regard the *Nationally Described Space Standard – technical requirements* says:

*This standard deals with internal space within new dwellings and is suitable for application across all tenures. It sets out requirements for the Gross Internal (floor) Area of new dwellings at a defined level of occupancy as well as floor areas and dimensions for key parts of the home, notably bedrooms, storage and floor to ceiling height.*

- 8.15 The following unit sizes are set out<sup>99</sup>:

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<sup>99</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/524531/160519\\_Nationally\\_Described\\_Space\\_Standard\\_\\_\\_\\_Final\\_Web\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard____Final_Web_version.pdf)

**Table 8.1 National Space Standards. Minimum gross internal floor areas and storage (m<sup>2</sup>)**

number of bedrooms	number of bed spaces	1 storey dwellings	2 storey dwellings	3 storey dwellings	built-in storage
1b	1p	39 (37)*			1
	2p	50	58		1.5
2b	3p	61	70		2
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4
	8p	125	132	138	

Source: Table 1, Technical housing standards – nationally described space standard (March 2015)

8.16 In this study the dwellings are assumed to be in line with the NDSS or larger.

*POLICY SDL3: SAFEGUARDING VIEWS, POLICY SDL4: RELATIVE TRANQUILLITY, POLICY SDL5: DARK NIGHT SKIES, POLICY SDL6: HISTORIC ENVIRONMENT AND CULTURAL HERITAGE, POLICY SDL7: LISTED BUILDINGS, POLICY SDL8: CONSERVATION AREAS, POLICY SDL9: ARCHAEOLOGY*

8.17 These are design policies which set out high level requirements and principals, however these do not add to the costs of development, beyond those costs covered elsewhere.

**NATURE RECOVERY**

*STRATEGIC POLICY N2: DESIGNATED SITES HIERARCHY*

8.18 This policy is about protecting designated sites, and does not directly impact on viability, as the proposed allocations have been selecting to direct development away from sensitive sites.

**STRATEGIC POLICY SDN1: NATURE RECOVERY**

- 8.19 The first part of this policy is about conserving Biodiversity. The Environment Act 2021 requires 10% Biodiversity Net Gain. SDNPA is considering increasing this – but has not yet settled on a specific requirement.
- 8.20 The national requirement is that developers ensure habitats for wildlife are enhanced and left in a measurably better state than they were pre-development. They must assess the type of habitat and its condition before submitting plans, and then demonstrate how they are improving biodiversity. Green improvements on-site are preferred (and expected), but in the rare circumstances where they are not possible, developers will need to pay a levy for habitat creation or improvement elsewhere.
- 8.21 The cost of providing 10% BNG on-site is modest and is achieved through the use of more mixed planting plans, that use more locally appropriate native plants. To a large extent, the costs are unchanged, but more thought and care needs to be given to landscaping.
- 8.22 The Government’s impact assessment<sup>100</sup> suggests an average cost of scenarios including where all the provision is on-site and where all is off-site.

**Table 8.2 Cost of Biodiversity Net Gain –South East (2017 based costs)**

	Scenario A 100% on-site	Scenario C 100% off-site
Cost per ha of residential development	£3,456 per ha	£63,841 per ha
Cost per ha of non-residential development	£3,150 per ha	£47,885 per ha
Cost per greenfield housing unit	£162/unit	£3,305/unit
Cost per brownfield housing unit	£56/unit	£660/unit
Residential greenfield delivery costs as proportion of build costs	0.1%	2.4%
Residential brownfield delivery costs as proportion of build costs	<0.1%	0.5%
% of industrial land values	0.4%	6.8%
% of commercial land values (office edge of city centre)	0.2%	2.3%
% of commercial land values (office out-of-town - business park)	0.2%	2.61%

Source: Tables 14 to 23 : Biodiversity net gain and local nature recovery strategies – Impact Assessment

<sup>100</sup> Table 14 and 15 Biodiversity net gain and local nature recovery strategies: impact Assessment. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/839610/net-gain-ia.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839610/net-gain-ia.pdf)



- 8.23 It is assumed provision will be on-site on greenfield sites and off-site on brownfield sites. The percentage uplift costs from the above table are used as the costs per ha/unit are a little historic. Through the technical consultation, a local authority<sup>101</sup> confirmed this approach (using the percentage uplift).
- 8.24 There are few other published studies in this regard, however Kent County Council published *Viability Assessment of Biodiversity Net Gain in Kent* (SQW, June 2022)<sup>102</sup>. This used a different methodology to that in the Government’s impact assessment set out above, however suggests the following costs, in addition to achieving 10% BNG:

**Table 8.3 KCC comparison of BNG costs £ per dwelling**

Typology	15% onsite per dwelling	20% onsite per dwelling	15% offsite per dwelling	20% offsite per dwelling
5,000 unit greenfield - houses	+£55.79	+£92.29	+£631.85	+£778.69
500 unit greenfield - houses	+£85.56 Additional land	+£216.31 Additional land	+£1,062.85	+£1,167.95
100 unit greenfield - houses	+£943.00 Additional land	+£1,071.57 Additional land	+£394.70	+£458.54
25 unit greenfield - houses	+£5,549.96 Additional land	+£5,913.31 Additional land	+£874.76	+£1,077.59
500 unit brownfield - houses	+£12.00	+£27.00	+£100.37	+£124.22
100 unit brownfield – houses flats	+£4.50	+£9.00	+£10.17	+£13.59
25 unit brownfield - flats	+£0.00	+£42.00	+£506.30	+£508.58

Source: Table 1: Viability Assessment of Biodiversity Net Gain in Kent (SQW, June 2022)

- 8.25 The above suggests that, on the whole, the cost of on-site provision of additional BNG, over and above the national requirement of 10%, is modest. The report also considered non-residential development:

*We tested three commercial scenarios as part of our modelling. Using the baseline inputs we found industrial development to be viable in some cases and marginally unviable in others. For smaller industrial typology depending on the build cost development becomes viable when rents are between £11 - £13 psf (at the baseline yield) or if yields are between 5.25 –*

<sup>101</sup> Adam Harvey of East Hampshire District Council.

<sup>102</sup> [Viability-Assessment-of-Biodiversity-Net-Gain-in-Kent-June-2022.pdf \(kentnature.org.uk\)](https://kentnature.org.uk/Viability-Assessment-of-Biodiversity-Net-Gain-in-Kent-June-2022.pdf)

6.5% (at the baseline rent). For the larger industrial typology depending on the build cost development becomes viable when rents are between £7.50 - £9.50 psf (at the baseline yield) or if yields are between 4.75 – 6.00% (at the baseline rent).

Office development is unviable in our baseline scenario. Sensitivity testing shows that there would have to be substantial decreases to build costs and increases to capital values (most importantly yield compression) to render development viable.

8.26 The more recent *Viability Assessment of Biodiversity Net Gain in Essex Final Report Essex County Council and Essex Local Nature Partnership* (SQW, Temple, August 2024) sets out the following costs:

**Table 8.4 Essex Delivery costs for 10% and 20% net gain**

Typology	Site size (Ha)	Total Costs 10% BNG			Total Costs 20% BNG onsite (where possible)			Total Costs 20% BNG offsite		
		Site	Per ha	Per Unit	Site	Per ha	Per Unit	Site	Per ha	Per Unit
5000 Unit Greenfield	285.71	£2,470,000	£8,645	£494	£2,856,500	£9,998	£571	£3,627,403	£12,696	£725
500 Unit Greenfield	20.41	£478,873	£23,463	£958	£614,376	£30,102	£1,229	£614,378	£30,102	£1,229
100 Unit Greenfield	2.94	£74,150	£25,221	£742	£90,050	£30,629	£901	£90,050	£30,629	£901
25 Unit Greenfield	1.39	£44,835	£32,255	£1,793	£52,535	£37,795	£2,101	£52,535	£37,795	£2,101
500 Unit Brownfield	13.89	£38,256	£2,754	£77	£51,756	£3,726	£104	£66,640	£4,798	£133
100 Unit Brownfield	1.91	£675	£353	£7	£1,575	£825	£16	£1,225	£641	£12
25 Unit Brownfield	0.26	£11,545	£44,404	£462	£24,145	£92,865	£966	£11,595	£44,596	£464
Large Industrial	2.85	£18,810	£6,600		£19,800	£6,947		£32,310	£11,337	
Small Industrial	0.125	£248	£1,984		£248	£1,984		£448	£3,584	
Offices	0.25	£150	£600		£1,095	£4,380		£250	£1,000	

Source: Table 6-2: Delivery costs for 10% and 20% net gain. *Viability Assessment of Biodiversity Net Gain in Essex Final Report Essex County Council and Essex Local Nature Partnership* (SQW, Temple, August 2024). Where BNG targets cannot be delivered onsite within the baseline site parameters (highlighted with an asterisk in the table), the costs were estimated through purchase of required additional biodiversity units at £25,000 per unit.

8.27 The report concludes:

*The key headline findings for BNG policy in Essex are as follows:*

- *A shift from 10% to 20% BNG will not materially affect viability in the majority of instances when delivered onsite or offsite.*
- *The biggest cost in most cases is to get to the mandatory, minimum 10% BNG. The cost increase to 20% BNG is, in most cases, much less and is generally small or negligible. Based on our scenario testing we estimate that:*
  - *the additional cost of achieving 20% BNG ranges from £2 -£27 per residential unit on brownfield sites<sup>1</sup> and from £77 to £308 per residential unit on greenfield sites.*
  - *this additional cost would impact residual land values by <0.1% for brownfield development land and <1.4% for greenfield development land.*
- *Because BNG costs are low when compared to other policy and development costs, in very few cases are they likely to be what renders development unviable for BNG policy of up to 20%.*

8.28 In this WPVA 20% BNG provision forms the base assumption. The cost of providing 20% BNG is taken to be 150% of the cost of 10% BNG. An additional option is tested of 33% BNG is tested. In the absence of SDNPA costing in this regard, a cost of 250% of providing 10% BNG is assumed.

8.29 Through the technical consultation a site promoter<sup>103</sup> said:

*The costs of achieving 10% BNG on brownfield sites can be much higher than assumed in Table 8.2. For example, on a brownfield scheme in Worthing, the site was analysed to have mosaic habitat, requiring 19 credits to be offset off-site. Given the limited availability of this type of habitat credit, the cost was approximately £2 million. This demonstrates that given the limited availability off off-site habitats for those found on brownfield sites, costs can be significant and therefore applying a blanket approach as suggested in Table 8.2 is not reasonable, and substantially more evidence is required to establish these averages.*

8.30 It is important to note that the Authority is not allocating the most sensitive sites as to do so would be contrary to the SDNPA's wider objectives as a National Park. As set out below, SDNPA through the ReNature Credits is working to facilitate the provision of credits, the current indication is that the costs would be significantly less than those suggested.

8.31 It is understood from SDNPA that the requirement for 20% BNG would not adversely impact on most of the proposed allocations' capacity and has been taken into account when estimating site capacity. The majority of the sites under consideration are in uses that have a relatively low BNG baseline, such as arable production or are improved grassland.

8.32 Statutory biodiversity credits are a last resort and not the default way of meeting the BNG requirements, and they are priced to be unattractive. The BNG rules are relatively straightforward, when it comes to statutory biodiversity credits, the principle is that if a developer were to buy statutory biodiversity credits<sup>104</sup>, a 'spatial risk multiplier' (SRM) will apply, which doubles the amount of statutory credits required. The SRM applies to statutory credits to ensure they do not compete with the development of the off-site market and remain a last resort. A developer must buy 2 statutory credits for every 1 biodiversity unit needed to be compensated. On the whole, the potential allocations in the draft Plan are either in arable use or are improved grassland, or brownfield sites which have relatively low existing BNG. None of the allocations are areas of woodland, lengths of river, or any of the other high distinctiveness habits that would be lost (although some will include brooks, woodland and hedges that are to be conserved).

8.33 The wider market for the provision of off-site credits is developing. In some areas, local wildlife trusts are working to register as a 'Responsible Body'<sup>105</sup> and thus are able to provide off-site credits, a number of commercial providers are also establishing schemes. There is an active market for habitat banks and BNG credits in the SDNP, in part facilitated by SDNPA through the ReNature Credits<sup>106</sup> scheme working with local landowners. The costs of credits vary depending on their location and the nature of the credit, with grassland-based solutions being

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<sup>103</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>104</sup> [Statutory biodiversity credit prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>105</sup> [Conservation covenants: criteria for being a responsible body - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>106</sup> [ReNature Credits - South Downs National Park Authority](https://www.gov.uk)

at the bottom on the range and orchards or woodlands being nearer the top of the range. Typically, credits are between £25,000 and £35,000 each.

- 8.34 Through the iterative plan-making process, this policy has been updated seek 20% BNG across all sites, other than the greenfield Strategic Sites where 33% is sought. This is subject to sensitivity testing.

*POLICY SDN3: SUSSEX BATS*

- 8.35 This policy concerns the Mens SAC, Ebernoe Common SAC and Singleton & Cocking Tunnels SAC which concern the protection of bats and bat roosts. Neither the policy, nor the mitigation strategies, require developer contributions, however appropriate surveys are required in the central area of the National Park (approximately the area between Haslemere, Pulborough, Arundel and Chichester).
- 8.36 The allowance to cover fees, as set out in Chapter 7 above, is adequate to cover this requirement.

*STRATEGIC POLICY SDN4: ARUN VALLEY SPECIAL PROTECTION AREA (SPA): FUNCTIONALLY LINKED HABITAT*

- 8.37 This policy requires:

*Development proposals on greenfield sites within 5km of the Arun Valley SPA, as shown on the Policies Map, will must undertake an appraisal as to whether the land is suitable for wintering Bewick Swan. If it is suitable then appropriate surveys will must be undertaken to determine whether the fields are of importance to the swan population. If so, development proposals must provide compensation in the form of appropriate alternative habitat, to be agreed with the Local Planning Authority and Natural England and delivered would be required before development could proceed.*

- 8.38 The allowance to cover fees, as set out in Chapter 7 above, is adequate to cover this requirement.
- 8.39 With regard to mitigation, this would be considered an abnormal cost and treated as such. At the time of this WPVA there are no standard £ per unit costs to be applied, although there may be in due course. It is assumed that any such payments are within the wider s106 allowances made.
- 8.40 Initially it was anticipated that a policy would require that new homes are designed to meet a requirement of 85 Litres Per Person Per Day (LPPPD). However, in October 2025 Natural England withdrew its Position Statement that required water neutrality in this area, so this is no longer a requirement. The costs of this are discussed under Policy SDN9: SUSTAINABLE CONSTRUCTION below, which seeks 90 LPPPD, which is the assumption being carried forward.

**STRATEGIC POLICY SDN5: WEALDEN HEATHS PHASE II SPA – URBANISATION AND RECREATIONAL PRESSURE**

- 8.41 This policy concerns Wealden Heaths Phase II SPA, Woolmer Forest SAC and Shortheath Common SAC. A Habitats Regulation Assessment is required. The additional reporting requirements are considered under fees in Chapter 7 above.
- 8.42 Proposals resulting in a net increase in residential units within the 400m - 5km zone will be required to provide a contribution of approximately £1,000 per dwelling towards a Strategic Access Management and Monitoring (SAMM) Strategy. Proposals are for a net increase in residential units of 50 or more, the provision of Suitable Alternative Natural Green Space (SANG), or a financial contribution to a strategic SANG. The latter has been taken into account in the allocation policies for the two developments of this scale in the Local Plan. SDA31 for Land West of Liphook includes the provision of a SANG and SDA28 Land at Farnham and Station Road, Liss is adjacent to an existing SANG which is likely to have capacity.
- 8.43 Through the technical consultation<sup>107</sup> a local authority commented:

*The statement that “No specific developer contributions are sought in this regard” is untrue and mitigation would not be an abnormal cost for any development in the affected area (400m to 5km buffer). The SDNPA is working with both EHDC and Waverley Borough Council (WBC) regarding Strategic Access Management and Monitoring (SAMM) to cover both Wealden Heaths Phase I and II SPAs and Shortheath Common SAC and Woolmer Forest SAC. It is likely that all new development in the affected area will have a specific developer contribution associated with it and should be treated in the same way as Policy NEW6. For larger scale development (50 dwellings or over) it is also likely that bespoke mitigation will be required in the form of Suitable Alternative Natural Greenspace (SANG).*

- 8.44 At the time of this WPVA there are no standard £ per unit costs to be applied, although there may be in due course.

**STRATEGIC POLICY SDN6: SOLENT COAST RECREATIONAL PRESSURE and STRATEGIC POLICY SDN7: NUTRIENT NEUTRALITY**

- 8.45 The requirements of these policies cover some areas in the southwest of the National Park. They are met through several initiatives. These policies are implemented through the Updated Interim Nutrient Neutral Mitigation Strategy for New Dwellings for the period 2021- 2023/24 and the Solent Recreation Mitigation Strategy.
- a. **Solent Recreation Mitigation Strategy** (December 2017). This is concerned with mitigating the impact of development on the three Special Protection Areas – particularly in relation to wading birds. This introduced the following charges (as indexed), as of the 1<sup>st</sup> of April 2025 these stand at:

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<sup>107</sup> Adam Harvey of East Hampshire District Council.

- £482 for 1 bedroom dwelling
- £696 for 2 bedroom dwelling
- £907 for 3 bedroom dwelling
- £1,067 for 4 bedroom dwelling
- £1,251 for 5 bedrooms or more

- b. **Interim Nutrient Neutral Mitigation Strategy for New Dwellings for the 2019 - 2023/24 period** (November 2019). This is concerned with minimising nitrogen draining from the Solent catchment and causing eutrophication. There are several aspects of this including reducing water usage. The base assumption is that runoff and wastewater will be dealt with on-site, however contribution can be made for 'Mitigation Credit'. Where Mitigation Credit applies, the following rates are applicable (at an assumed 110 litres per person per day (LPPPD)):

The following costs are used in this assessment. This is a simplification, as these can only be calculated on a site-by-site basis, however this is considered to be an appropriate and cautious approach:

- Dwellings – £2,500 per unit (based 1 unit per dwelling at £2,500/unit)
- Student Housing – £1,000 per bedspace
- Care Homes – £1,000 per bedspace
- Hotels – £500 room.

8.46 The *Solent Recreation Mitigation Strategy* (December 2027) covers the following area:

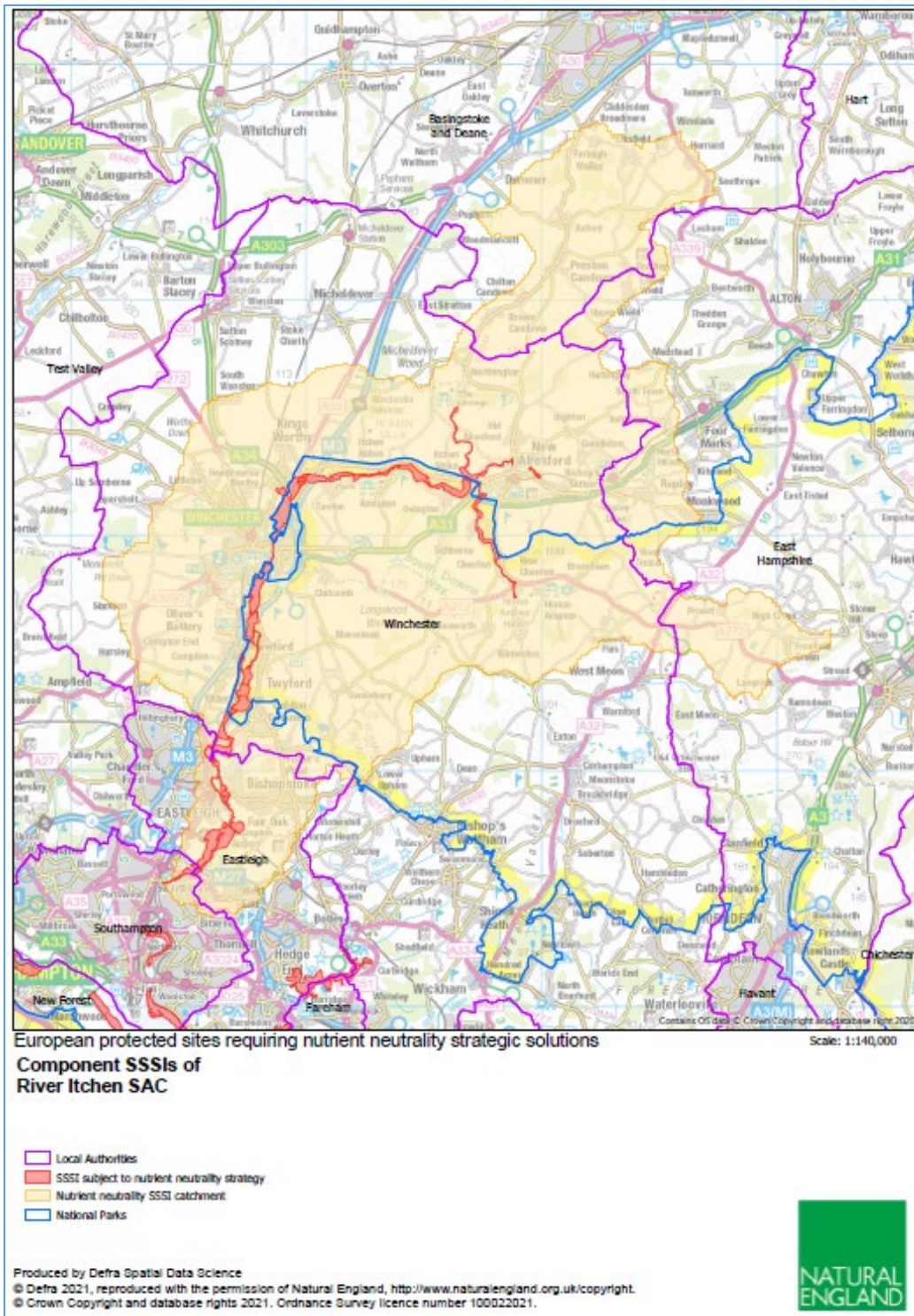
Figure 8.1 The 5.6 kilometre zone around the Solent Special Protection Areas



Source: Solent Recreation Mitigation Strategy

- 8.47 These costs are assumed to be within the wider developer contribution assumptions (in addition to CIL) – see below.
- 8.48 The west of the National Park is within the River Itchen catchment and therefore subject to mitigation measures in relation to nitrates and phosphates.

Figure 8.2 The River Itchen Catchment Areas



Source: Solent Recreation Mitigation Strategy

8.49 Under the *Nutrient budget calculator guidance document v1 – March 2022*, developer contributions vary depending on the details of the scheme. It is understood that the cost is typically between £10,000 and £15,000 per unit.

- 8.50 Across the SDNP there are a range of mitigation schemes, the costs of which vary depending on the make up a particular scheme and the nature of the site. A range of developer contribution assumptions also are tested.

*POLICY SD11: TREES, WOODLANDS, AND HEDGEROWS*

- 8.51 This policy is primarily concerned with protecting and conserving trees and hedges. In itself it does not impact directly on viability.

**CLIMATE ACTION**

*POLICY SDN8: SUSTAINABLE CONSTRUCTION*

- 8.52 There are several aspects to this policy.

*Zero Operational Carbon*

- 8.53 The draft policy seeks that all '*new build development proposals will be required to achieve net zero operational carbon*'. It then goes on to specify various design standards. This is an area where national policy has and is moving forward.

- 8.54 A national consultation took place in spring 2024 on how greater national standards may be implemented. Revisions to *Conservation of Fuel and Power, Approved Document L* of the Building Regulations have been made, as a 'stepping stone' on the pathway to Zero Carbon homes that sets the target of an interim 31% reduction in CO<sub>2</sub> emissions over 2013 standards for dwellings. These now apply.

- 8.55 The cost of additional standards, will depend on the specific changes made, and are considered in Chapter 3 of the 2019 Government Consultation<sup>108</sup>. This suggests that the costs, having been indexed, would add about 3% to the base cost of construction, however these have now been in place for a while, but are not yet fully reflected in the BCIS costs (the BCIS costs are based on past schemes). In this assessment the base cost of construction has been lifted by 2% to reflect these higher costs of construction.

- 8.56 The revisions to Approved Document L are a step towards the introduction of the Future Homes Standard (FHS). In 2023 the Government published, a further consultation on the details of the implementation of the FHS. As set out in Chapter 2 above it is anticipated that the FHS will be mandated in the short to medium term. Whilst no formal timetable for

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<sup>108</sup> The Future Homes Standard 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings (MHCLG, October 2019).

introduction has been set out, it is prudent to assume that the FHS will be mandated in the short to medium term.

8.57 The *Consultation-Stage Impact Assessment* (of the 2023 consultation) sets out the following costs:

6.6 A summary of the impacts considered under this Impact assessment (IA) is provided below in Table 3, relative to the counterfactual – the counterfactual is the 2021 notional building specification, which has a gas boiler, lower efficiency solar panels and wastewater heat recovery, or a heat pump (see *Routes to Compliance* (para 5.23 - 5.25) section). This is with the exception of mid-high rise, which is an ASHP and gas boiler hybrid communal heat network. Broadly, Option 1 is a home with a heat pump and more efficient solar panels. Option 2 meets our public commitments through the use of heat pumps only. All figures are Net Present Values (NPV) over 10 years of policy and a subsequent 60-year life of the buildings. Negative NPVs are given in parenthesis and represent costs. The figures represent the aggregate impact across the building mix...

6.10. ... In 2022 prices, on a per-home basis (3-bed semi-detached), Option 1 leads to a ~£6,200 (4%) increase in upfront capital costs, whereas Option 2 only leads to a ~£1,000 (1%) increase....

*Additional Capital Costs*

6.16. The increase in capital costs from the proposed 2025 standards, compared with the continuation of existing 2021 standards (gas boiler and solar pv home), are shown in Table 5. Further breakdown of the costs of the different elements is provided in Appendix C.

Table 5: Additional Capital Costs\* relative to 2021 Gas Boiler and Solar PV Counterfactual (£)

	Option 1	Option 2
Detached house	£6,390	£-200**
Semi-detached house	£6,170	£950
Mid-Terraced house	£5,960	£740
Low Rise Flats (<11m)	£4,460	£2,760
Mid Rise Flats (>11m) (same for both option)	£190	£190
Weighted Average (based on assumed build mix)	£4,360	£640
*Gross Undiscounted Costs in 2022 prices, excluding gas asset value cost in counterfactual. If included this would lead to the costs presented in table 5 falling. ** a minus equals a cost saving.		

6.17. Over the longer-term, Currie & Brown estimate that the costs associated with both heat pumps and solar PV will fall, as supply chains mature and become more integrated, and learning rates take effect. By the end of the policy appraisal period (10 years), it is assumed that the cost of a heat pump will be around 70% of the initial cost, whilst for Solar PV they will be around 60% of the initial cost.

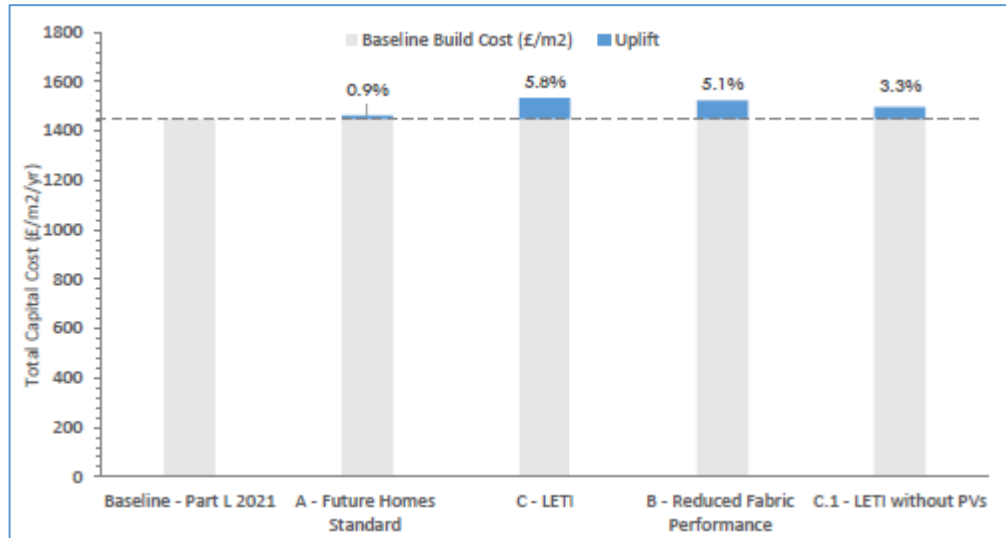
8.58 Separately, the *Future Homes Hub, Ready for Zero, Evidence to inform the 2025 Future Homes Standard – Task Group Report* (February 2023) was published before the Government consultation. This tested a wider sets of options than those considered at a national level. The following costs were estimated:

**Table 8.5 Additional Costs for Options Towards Zero Carbon**

		Arcadis Cost uplift compared with Ref 2021	Arcadis Cost uplift compared with Ref 2025	Energy bills variance from Ref 2021 (£700/yr)*
CS1	to be consistent with the expectation that the FHS home should reduce carbon emissions by a minimum of 75% from 2013	2%	-3%	Circa 190/yr more
CS2	to align closely with the current Part L 2021 but electrify the heating	7%	2%	Circa £260/yr less
CS2a	As for CS2 but with batteries on PV and infra-red heating	10%	5%	Circa £50/yr less (Significant underestimate)**
CS3	to be mainstream recognised low energy techniques and technologies for a very low energy specification, whilst allowing design flexibility	15%	9%	Circa £360/yr less
CS4	to minimise space and water heating, drawing on UK and European low energy building best practice	19%	13%	Circa £450/yr less
CS5	to improve the fabric efficiency to the level that a comfortable temperature is maintained without a heating system	17%	11%	Circa £410/yr less

Source: Future Homes Hub, Ready for Zero, Evidence to inform the 2025 Future Homes Standard – Task Group Report (February 2023)

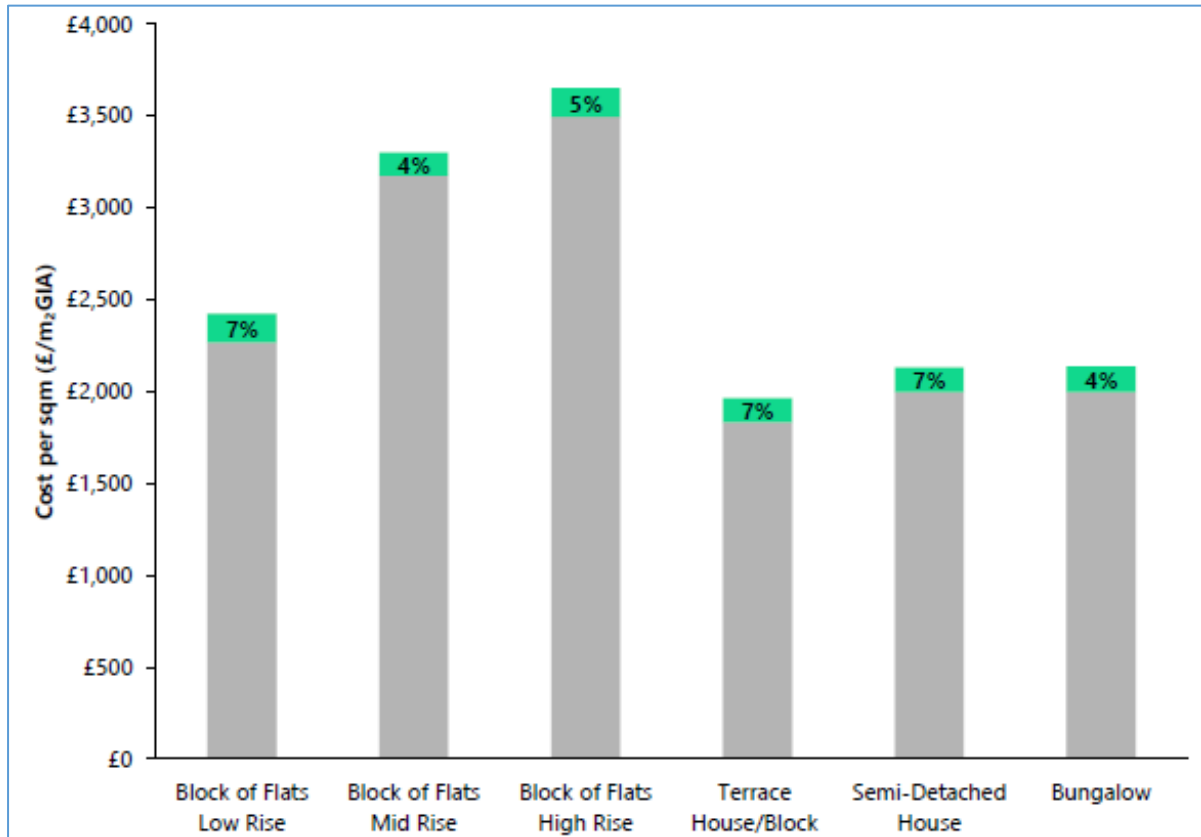
- 8.59 These costs are somewhat greater than those in the more recent Government consultation, however they are not directly comparable.
- 8.60 At the time of this WPVA, SDNPA has not undertaken specific work to establish the costs of moving beyond Building Regulations, although this work has been commissioned. Meanwhile numerous other councils have done so and this has been used to inform this WPVA.
- 8.61 Winchester City Council's *Net Zero Carbon Targets, Evidence Base for the Winchester Council, Rev D* (Elementa, Currie & Brown and Etude, September 2022) looked at several options and concluded:



- i. *FHS vs Baseline: Although cost uplift is minor (0.3%), running cost is almost double the baseline*
- ii. *LETI vs Baseline: 4.8% cost uplift over baseline, however, achieves 24% running cost reduction.*
- iii. *LETI vs Reduced fabric performance: Minor percentage difference (0.7%) in the cost uplift between Scenarios C and B which can be explained by the balance between fabric and MEP systems. However, the running cost is 6.2% less for Scenario C (LETI).*
- iv. *LETI vs LETI without PVs: Small percentage difference (1.9%) in the cost uplift between Scenarios C and C.1 from the implementation of PVs. However, the running cost is 41% less for Scenario C (LETI).*

8.62 Also, Introba Consulting Ltd (with Currie & Brown and Etude) produced *Essex Net Zero Policy – Technical Evidence Base* (July 2023, updated September 2025) for Essex County Council. This includes a Zero Carbon option. The report includes a section headed *Cost evidence base to inform viability testing*. This suggests the following additional costs:

**Figure 8.3 Cost Uplifts of Net Zero policy energy use intensity and space heating demand limits, the total capital cost uplift over Part L 2021 Building Regulations**



Graph 11.1: Domestic typologies capital cost per square meter and cost uplift % of Net Zero policy over Building Regulations Part L 2021 Notional Building.

8.63 The above costs are the costs over the 2021 Part L, and not the costs over the current BCIS costs. As set out above, it would now be appropriate to assume the additional costs of the increase in standards set out in 2021 Part L add 2% to the current BCIS costs.

8.64 Similarly, Three Dragons published the *Surrey Net Zero – Economic Viability Assessment, Assessment of policy delivery* – (May 2024). This sets out the costs of a range of scenarios:

**Scenario 1** The Future Homes Standard Option 1. Costings are based on the specifications in the government consultation (December 2023) for Option 1.

**Scenario 2** The Future Homes Standard Option 2. Costings are based on the specifications in the government consultation (December 2023) for Option 2.

**Scenario 3** 100% improvement on the building regulations Target Emissions Rate. Costings are based on the Future Homes Standard specification Option 2 for fabric and services with added solar PV (photovoltaics) to achieve a 100% reduction in carbon emissions as calculated by the building regulations methodology SAP 10.

**Scenario 4** Net Zero (Low energy). Space heating demand less than 30 kWh/m²/yr.

**Scenario 5** Net Zero (Ultra-low energy). Space heating demand less than 15-20 kWh/m²/yr.

8.65 As above, the following costs are the costs over the 2021 Part L, and not the costs over the current BCIS cost.

**Table 8.6 SCC Costs of Net Zero Scenarios**

	Scenario 0:	Scenario 1:	Scenario 2:	Scenario 3a:	Scenario 4:	Scenario 5:
	Part L 2021	Future Homes Standard - Option 1	Future Homes Standard - Option 2	100% better than FHS (Option 2) - DER to 0 in SAP 10	Net Zero (Low energy)	Net Zero (Ultra Low energy)
Detached house	2.80%	5.08%	-0.22%	4.69%	4.61%	9.31%
Semi-detached	2.80%	5.97%	-0.18%	6.73%	6.03%	10.59%
Terrace house	2.80%	6.35%	-1.02%	5.56%	5.30%	9.25%
Low Rise	2.80%	4.24%	1.51%	4.86%	6.87%	8.56%
Mid Rise	2.80%	3.52%	1.50%	2.91%	4.76%	5.94%
High Rise	2.80%	3.00%	1.87%	2.30%	3.59%	4.85%

Source: Surrey Net Zero – Economic Viability Assessment, Assessment of policy delivery – (Three Dragons, May 2024)

8.66 For the purpose of this WPVA, the current changing policy situation is summarised as follows.

8.67 The additional costs vary depending on their source. The costs, over and above the current BCIS costs, are summarised as follows:

- a. The 2021 changes to Part L of Building Regulations (31% CO<sub>2</sub> saving) add 2% to the BCIS base costs.
- b. The Future Home Standard Option 1 is expected to add 6% (i.e. 2%+4%) for houses, and to add 5% (i.e. 2%+3%) for flats, to the current BCIS base costs.
- c. The cost of Zero Operational Carbon would add 8% for houses and 6% for flats to the costs of construction. This is taken to be the base assumption.

8.68 The costs of providing an electric vehicle charging point are included in b and c, but not in a.

8.69 In the final iteration of this assessment two scenarios are tested, informed by the updated costs. All the BCIS based build costs are increased by 2% to reflect the current Part L requirements. The following additional costs are applied in addition:

- a. The Future Home Standard adds 4% for houses, and 3% for flats.
- b. The cost of zero operational carbon adds 7% for houses and 4% for flats.

8.70 As set out above, the Secretary of State for Energy Security and Net Zero, confirmed that solar panels would be mandated on all new homes through the implementation of the Future Homes Standard. This aligns with the base assumption under (c) above. Through the

technical consultation, a local authority<sup>109</sup> noted that the policy is '*highly aspirational*'. Whilst this is noted, it is important to note that the purpose of this WPVA is to consider the impact of policy options, rather than consider the need for policies.

- 8.71 A site promoter<sup>110</sup> said the cost assumptions were 'understated' but did not elaborate beyond this. The above assumptions draw on a range data sources. A landowner<sup>111</sup> provided links to several BCIS articles relating to the cost of Part L. It is agreed that Part L is not fully reflected in the BCIS costs. The articles include a range of comments and numbers but suggest that the additional cost in meeting the revised Part L requirements is between 1.8% and 7%.
- 8.72 An architect<sup>112</sup> made a range of technical comments concerning how this area of policy could be developed. As alluded to above, the purpose of this WPVA is to consider the impact of policy options, rather than to develop policies. No comment was made on costs.
- 8.73 The performance of non-residential development has normally been assessed using the BREEAM system<sup>113</sup>, however, in parallel to the consultation on the Future Homes Standard, a similar process is being undertaken in relation the Future Buildings Standard. Within the supporting documentation the following additional costs are set out.

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<sup>109</sup> Adam Harvey of East Hampshire District Council.

<sup>110</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>111</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

<sup>112</sup> PAD Studio

<sup>113</sup> Building Research Establishment Environmental Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990 as a method of assessing, rating, and certifying the sustainability of buildings.

**Table 8.7 Estimates of Additional Capital Costs**

Building type	Increase in capital costs			
	Option 1		Option 2	
	(£/m <sup>2</sup> GIFA, 2022 prices)		(£/m <sup>2</sup> GIFA, 2022 prices)	
Deep-plan, air-conditioned office	74	2.1%	67	1.9%
Shallow-plan, naturally ventilated office	96	3.9%	84	3.4%
Hospital	63	1.4%	58	1.3%
Hotel	111	3.7%	99	3.3%
Secondary school	93	3.1%	72	2.4%
Retail Warehouse	113	6.3%	53	3.0%
Distribution Warehouse	109	6.0%	49	2.7%
Average (based on build mix)	99	4.1%	61	2.5%

Sources: Table 7, The Future Buildings Standard 2023 consultation on the energy efficiency requirements of the Building Regulations affecting New Non-Domestic Buildings. Consultation-Stage Impact Assessment Currie & Brown provided cost estimates; Adroit Economics provided new build estimates.

- 8.74 The additional cost of building to BREEAM Very Good standard is negligible as outlined in research<sup>114</sup> by BRE. The additional costs of BREEAM Excellent standard ranges from just under 1% and 5.5%, depending on the nature of the scheme, with offices being a little under 2%.
- 8.75 The policy in the draft Local Plan seeks BREEAM Excellent. It is assumed that new non-residential development will be to BREEAM Excellent, and this increases the construction costs by 2% or so.
- 8.76 The additional costs, over and above the current BCIS costs, are summarised as follows:
- a. The Future Building Standard Option 2 is expected to add 3.5% to the cost of offices and 3% to the cost of industrial and distribution uses.
  - b. The Future Building Standard Option 1 is expected to add 4% to the cost of offices and 6% to the cost of industrial and distribution uses.
  - c. The cost of Zero Carbon would add 6% to the cost of offices and 8% to the cost of industrial and distribution uses.

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<sup>114</sup> *Delivering sustainable buildings: Savings and payback.* Yetunde Abdul, BRE and Richard Quartermaine, Sweett Group. Published by IHS BRE Press, 7 August 2014.

- 8.77 In the absence of alternative costs, shops are treated as for offices, and large format retail are treated as for the other large format uses.
- 8.78 It is timely to note that building to higher standards that result in lower running costs does result in higher values <sup>115</sup> <sup>116</sup>, although no premium is assumed in this study (for either residential or non-residential development).
- 8.79 There are some reporting costs associated with this policy:

*All new build residential developments of 20 homes or more or 2,500 sq m of commercial development must undertake a Post Occupancy Evaluation to a brief agreed with the Authority.*

- 8.80 The additional reporting requirements is considered under fees in Chapter 7 above.

### Carbon Offsetting

- 8.81 It is anticipated that future development will be to zero carbon operational standards (see above). In exceptional circumstances, where this cannot be achieved on-site for technical reasons, the Authority will accept 'offsetting' where a payment is made to an approved fund. It is anticipated that the payments would be £23,900 per house and £7,600 per flat. It is understood that these amounts are the amounts where no uplift over the Part L Building Regulations is made, so the amount sought would be calculated site by site, based on the actual energy efficiency standards being achieved.
- 8.82 It is unlikely that offsetting costs will apply as the SDNPA considers the policy standards set out to be achievable in all but the most exceptional circumstances.

### Embodied Carbon

- 8.83 The second part of the policy states that development '*proposals must consider reducing high embodied carbon materials, and maximising the use of low embodied carbon materials, and the re-use of reclaimed materials*' before going on to set out a series of additional requirements. This aspect of the policy is worded 'consider' rather than 'must'. Reference is made to studies carried out elsewhere.
- 8.84 The *Essex Embodied Carbon Policy Study* (Currie & Brown, Etude, Hawkins|Brown, Introba and Levitt Bernstein June 2024) suggests that '*embodied carbon scenarios represent an additional cost uplift of between 2% and 3% on the net zero carbon operational specification*.'

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<sup>115</sup> See *EPCs & Mortgages, Demonstrating the link between fuel affordability and mortgage lending* as prepared for Constructing Excellence in Wales and Grwp Carbon Isel / Digarbon Cymru (funded by the Welsh Government) and completed by BRE and *An investigation of the effect of EPC ratings on house prices* for Department of Energy & Climate Change (June 2013.)

<sup>116</sup> [Savills UK | The cost and premium for new eco-homes](#)

*Some construction types and/or materials are considered cost neutral'. The WCC Embodied Carbon Assessment<sup>117</sup> assumed overall nominal cost in this regard.*

- 8.85 Initially an increased build cost of 2.5% was tested.
- 8.86 SDNPA has updated its policy in this regard, and will seek to ensure upfront carbon targets of less than 500 kg of CO<sub>2</sub> per sqm of gross internal area. In this regard the *Essex Embodied Carbon Policy Study* (Currie & Brown, Etude, Hawkins|Brown, Introba and Levitt Bernstein June 2024) says:

*The percentage impact on overall build costs of each of modelled scenario compared to the 'typical' net zero operational carbon specifications has been shown. Meeting an upfront embodied carbon target of 500 kgCO<sub>2</sub>e/m<sup>2</sup> GIA, is not expected to add any cost to meeting operational net zero.*

- 8.87 In this iteration of this report, no additional cost is attributed to this policy but this will be reviewed when the results of the SDNPA commissioned study of the costs of SDN9 are available.

#### Water Standards

- 8.88 Initially it was anticipated that a policy would require that new homes in the Sussex North Water Resource Zone would be designed to meet a requirement of 85 Litres Per Person Per Day (LPPPD). However, in October 2025, Natural England withdrew its Position Statement that required water neutrality in this area, so this is no longer a requirement. Instead, a requirement of 90 LPPPD for the whole National Park is assumed, as set out in SDN9 (although the 85 LPPPD standard is tested).
- 8.89 90 LPPPD is a higher requirement than the Building Regulation standard of 110 LPPPD. The costs of 110 LPPPD are modest, likely to be less than £10/dwelling<sup>118, 119</sup>.
- 8.90 Informed by *Water Ready – A report to inform HM Government's roadmap for water efficient new homes* (Future Homes Hub, April 2024)<sup>120</sup>, the following options are tested:

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<sup>117</sup> Referenced in the *WCC Local Plan Viability Report, Appendix 1 – Assumptions Summary (DSP21766)* (Dixon Searle Partnership, July 2024)

<sup>118</sup> Paragraph 285 Housing Standards Review, Final Implementation Impact Assessment, March 2015. Department for Communities and Local Government.

<sup>119</sup> Defra launched a consultation on proposed changes to Building Regulations Part G2 in September 2025. The proposals aim to tighten standards by reducing the permitted water usage from 125 litres per person per day to 105 litres and lowering the [Optional Technical Standard](#). This suggests that the cost, for a 3 bed house / apartment of achieving higher standards, relative to 125LPPPD (April 2024 costs) was £133 or 105 LPPPD,

<sup>120</sup> [Water Ready A report to inform HM Government-s roadmap for water efficient new homes.pdf \(cdn-website.com\)](#)

- a. 100 LPPPD £350 per dwelling.
- b. 90 LPPPD £2,000 per dwelling.

8.91 There are few published costs for going below 90 LPPPD. The Sussex North Water Neutrality Study: Part C – Mitigation Strategy Final Report (December 2022 JAB Consulting) says:

*92. An engagement exercise (outlined in Appendix D.3) was carried out with developers to obtain indicative costs of building to a target of 85l/p/d from a baseline of 110l/p/d. Limited responses were received, however the information that was received outlined two different approaches to achieving 85l/p/d.*

*93. A fittings-based approach would cost between £349 and £431 per dwelling. Where appliances are not part of the standard fit-out this cost range would increase to £1,049 to £1,531.*

*94. An approach using greywater recycling would result in a cost of between £4,000 and £4,340 per dwelling.*

*95. For the purposes of viability testing, the upper figures of the range for the fittings-based approach should be used (£431 per dwelling if appliances are included, and £1,531 if they are not).*

*96. Achieving 85 l/p/d is possible with a fittings-based approach. However, feedback from housebuilders has identified a risk that the consumer experience may lead to those fittings being replaced early with less water efficient goods, and the benefit being lost. More certainty in achieving 85l/p/d could be gained by requiring GwR on all housing. However, this would increase the cost significantly*

8.92 Similarly, in Cambridgeshire, Anglian Water is working to *Water reuse in new housing, Understanding the business case* (Chartered Institution of Water and Environmental Management). This concluded, in relation to 80 LPPPD:

*This report identifies that the cost per-unit of implementing water reuse in new developments may be in the region of £2,000 for community-scale stormwater reuse in developments of over 100 units. At the smallest scale development considered in this study, the average per-unit cost of community-scale stormwater reuse is £3,400 compared to an average on-plot cost of £3,900.*

8.93 There is an overlap between the costs set out in by *Water Ready – A report to inform HM Government’s roadmap for water efficient new homes* (Future Homes Hub, April 2024). The cost of 80 LPPPD would be taken to be £3,000 per dwelling on sites of over 100 units and £4,750 per dwelling on smaller sites.

8.94 The Authority’s preferred option of 90 LPPPD is taken to be £2,000 per unit. Initially the base scenario is taken to be 110 LPPPD, and the tighter standards are also tested.

8.95 In relation to non-residential development, a requirement of a score of 3 credits within the water (WAT01 Water Consumption) issue category for the BREEAM Standard is sought. It is anticipated that this would be met through modest interventions that are included in the costs for the Future Building Standard.

### EV Charging

8.96 In November 2021, it was announced that, from 2022, all new homes would be required to include an electric vehicle charging point. This is assumed to apply and is within the costs set out above.

*POLICY SD51: RENEWABLE ENERGY*

- 8.97 This is an enabling / development management policy that does not impact directly on viability.

**WATER AND POLLUTION**

*POLICY SD17: PROTECTION OF THE WATER ENVIRONMENT*

- 8.98 This is design and development management policy that does not impact directly on viability.

*POLICY SD49: FLOOD RISK MANAGEMENT and POLICY SD50: SUSTAINABLE DRAINAGE SYSTEMS*

- 8.99 This concerns flood risk and water management. The overriding high-level principles are that the development will not be subject to flooding and will not exacerbate flooding elsewhere. In large part the policy will direct development away from the areas of greatest risk.

*Sustainable Urban Drainage Systems (SUDS)*

- 8.100 For this study Sustainable Urban Drainage Systems (SUDS) are a policy requirement as and when needed. SUDS aim to limit the waste of water, reduce water pollution and flood risk relative to conventional drainage systems. In this study, it is anticipated that new development will be required to incorporate SUDS. SUDS and the like can add to the costs of a scheme – although in larger projects these can be incorporated into public open space. It is assumed that the costs of SUDS are included within the additional costs on brownfield sites, however on the larger greenfield sites it is assumed that SUDS will be incorporated into the green spaces (subject to local ground conditions), and will be delivered through soft landscaping within the wider site costs.

*POLICY SD18: THE OPEN COAST, POLICY SD54: POLLUTION AND AIR QUALITY and POLICY SD55: CONTAMINATED LAND*

- 8.101 These are design and development policies that do not impact, directly, on viability.

**HOMES**

*POLICY SD26: SUPPLY OF HOMES*

- 8.102 This is an enabling policy that does not impact, directly, on viability.

*POLICY SD27: MIX OF HOMES*

- 8.103 The following housing mix is set out:

**Table 8.8 SDNPA Housing Mix**

	Market Housing	Affordable Housing for Rent	Affordable Home Ownership
1 Bedroom	At least 5%	70%	55%
2 Bedroom	At least 40%		
3 bedroom	At least 40%	25%	35%
4 bedroom	Up to 15%	5%	10%

Source: SDNPA

- 8.104 The modelling is informed by this mix, although regard has also been had to the nature of the site and wider market expectations.
- 8.105 The draft Plan includes a new requirement that, on residential developments of 50 or more dwellings, developers must provide 10% fully serviced plots and market them to eligible self-builders for 12 months. If no interest is demonstrated after this period, the plots may revert to general market or affordable housing. This is tested.
- 8.106 A specialist consultant<sup>121</sup> highlighted the need for housing for older people, stressing the importance in meeting the needs of older people. SDH4 covers Specialist and Older Persons Accommodation. This is noted, however the purpose of this WPVA is to assess the impact of policies rather than consider whether an aspect of policy is required.

**POLICY SDH3: ACCESSIBLE HOMES**

- 8.107 The updated policy seeks that 10% of units on sites of 20 and larger should be ‘wheelchair adaptable’ standards Part M4(3)a of Building Regulations. The balance of the housing must meet accessible and adaptable standards Part M4(2) of Building Regulations.
- 8.108 As set out in Chapter 2 above, this is an area of changing national policy. In 2022, the Government announced the outcome of the 2020 consultation on raising accessibility standards of new homes<sup>122</sup> saying:

*73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.*

<sup>121</sup> The Planning Bureau Ltd for McCarthy Stone and Churchill.

<sup>122</sup> [Raising accessibility standards for new homes: summary of consultation responses and government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes)

- 8.109 Under policy HO5: Meeting the needs of different groups of the draft NPPF, the Government is proposing ‘*that at least 40% of new housing delivered over the course of the plan is delivered to M4(2) or M4(3) standards*’.
- 8.110 In addition to the above, the Authority was considering including a requirement that, on sites of 50 and larger, 5% of homes are wheelchair accessible. This has been tested on the basis of M4(3)a Wheelchair Adaptable, and M4(3)b Wheelchair Accessible (see below).
- 8.111 The Government will consult further on the technical changes to the Building Regulations to mandate the higher M4(2) accessibility standard. No timescale has been announced, however this assumed to apply.
- 8.112 The additional costs of the further standards (as set out in the draft Approved Document M amendments included at Appendix B4<sup>123</sup>) are set out below. The key features of the 3 level standard (as summarised in the DCLG publication *Housing Standards Review – Final Implementation Impact Assessment* (DCLG, March 2015)<sup>124</sup>, reflect accessibility as follows:
- Category 1 – Dwellings which provide reasonable accessibility.
  - Category 2 – Dwellings which provide enhanced accessibility and adaptability (Part M4(2)).
  - Category 3 – Dwellings which are accessible and adaptable for occupants who use a wheelchair (Part M4(3)).
- 8.113 The cost of a wheelchair accessible dwelling, based on the Wheelchair Housing Design Guide for a 3 bed house, is taken to be £25,136 per dwelling<sup>125</sup>. The cost of a wheelchair adaptable dwelling, based on the Wheelchair Housing Design Guide for a 3 bed house, is taken to be £10,111 per dwelling<sup>126</sup>. The cost of Category 2 is taken to be £521<sup>127</sup> (this compares with the £1,097 cost for the Lifetime Homes Standard). These costs have been indexed to £37,700/dwelling, £15,170/dwelling and £780/dwelling respectively.

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<sup>123</sup> <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

<sup>124</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/418414/150327\\_-\\_HSR\\_IA\\_Final\\_Web\\_Version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418414/150327_-_HSR_IA_Final_Web_Version.pdf)

<sup>125</sup> Paragraph 152 Housing Standards Review – Final Implementation Impact Assessment (DCLG, March 2015).

<sup>126</sup> Paragraph 153 Housing Standards Review – Final Implementation Impact Assessment (DCLG, March 2015).

<sup>127</sup> Paragraph 157 Housing Standards Review – Final Implementation Impact Assessment (DCLG, March 2015).

8.114 Through the technical consultation a local authority<sup>128</sup> confirmed the approach taken. Alternatively, a site promoter<sup>129</sup> said:

*.... while adaptable (M4(2)) homes are broadly deliverable, the assumption that 15% of homes will be built to full M4(3) accessibility is not supported by cost evidence. Fully accessible dwellings are substantially more expensive to deliver and may not be feasible across all typologies. The WPVA should therefore distinguish between adaptable and fully accessible standards.*

8.115 A landowner<sup>130</sup> suggested the cost of meeting M4(2) standards was somewhat greater at £1,648 per flat and £2,447 per house, and the cost of M4(3) was £15,691 per flat and £26,816 per house.

8.116 The requirements set out above form the base assumption, and a range of options are tested. Through the iterative plan-making process, this policy has been updated seek that all new dwellings shall meet accessible and adaptable standards Part M4(2) and on proposals for 20 or more dwellings 10% of dwellings shall meet wheelchair adaptable homes Part M4(3)(2)a standard. This mix is subject to sensitivity testing.

#### **POLICY SDH5: AFFORDABLE HOMES**

8.117 This is a key policy of the Draft Local Plan. The draft policy at the Regulation 18 stage said:

*Development proposals for new self-contained residential development (C2 and C3, including retirement and other specialist care housing) will be permitted that maximise the delivery of affordable housing to meet local need, and provided that, as a minimum, the following are met:*

- a) *On sites with gross capacity to provide 10 or more homes, the following will be required:*
  - i. *a minimum of 50% of new homes created will be provided as affordable homes on-site;*
  - ii. *a minimum of 75% of these affordable homes will provide a rented affordable tenure, preferably as social rent homes;*
  - iii. *the remaining percentage will be provided as low-cost home ownership in perpetuity which may include shared ownership and First Homes, where this does not prejudice the ability to meet the priority need for additional rented affordable homes. For First Homes a 30% discount compared with open market value will apply.*
- b) *On sites with gross capacity to provide between 3 and 9 homes, a proportion of affordable homes will be provided in accordance with the following sliding scale, applied to new homes created:*  
*3 homes Meaningful financial contribution, to be negotiated case-by-case*  
*4 – 5 homes 1 affordable home*

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<sup>128</sup> Adam Harvey of East Hampshire District Council.

<sup>129</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

<sup>130</sup> John Newmand MRICS of Sturt & Company Ltd for Cowdray Estate.

*6 – 7 homes 2 affordable homes,*

*8 homes 3 affordable homes*

*9 homes 3 affordable homes*

*Development proposals of 4 to 9 gross dwellings will provide affordable housing on-site. The Authority's preferred tenure is rented affordable. ....*

8.118 This policy requirement is tested. It is important to note that the Authority's preference is for Social Rent, but in practice, often accepts Affordable Rent. Options are tested where the Social Rent makes up 25%, 50%, and 75%, Affordable Home Ownership 25% and the balance of the affordable housing is as Affordable Rent.

8.119 As set out in Chapter 2 above, the 2024 NPPF dropped the requirement for First Homes and 10% of schemes to be Affordable Home Ownership. A range of tenure mixes is tested.

8.120 As set out in Chapter 4 above, the Lewes Neighbourhood Development Plan (LNDP) forms part of the development plan for Lewes town. It includes Policy PL1 A (part 3) which requires development to maximise the amount of Lewes Low Cost Housing (LLCH) to meet local housing need, unless proven to be undeliverable. LLCH is defined as:

*the maximum cost affordable on the average Lewes salary whether for sale or rent. The Government's definition of 80% of market value is not "affordable" on the average Lewes income of £23,000 or house-hold income of less than £30,000, and for that reason will not address the community's housing need.*

8.121 In Lewes, Intermediate housing for sale should be capped at a level which is 5 times the average Lewes household income. Based on the figures above, this amounts to £150,000. This amounts to about 30% of market value and is within the normal range of initial portions sold under Shared Ownership.

8.122 Through the technical consultation a local authority<sup>131</sup> noted:

*The Policy in question notes that "exceptionally, at the discretion of the Authority, financial contributions in lieu will be accepted". It is becoming increasingly difficult to acquire Registered Providers to take on affordable housing, particularly on smaller schemes. It is fundamental that the SDNP viability study addresses this by adequately testing financial contributions to start the negotiation process, with this issue occurring regularly (beyond the 3-dwelling threshold identified within the policy).*

8.123 As set out in Chapter 10 below, consideration is given to commuted sums.

8.124 Through the iterative plan-making process, this policy has been updated seek:

- a. Greenfield Strategic Sites            50%
- b. Greenfield non-strategic sites        40%

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<sup>131</sup> Adam Harvey of East Hampshire District Council.

- c. Previously Developed Land            30%
- d. Tenure mix as 75% as Social Rent or Affordable Rent, with no less than 25% Social Rent, the remaining percentage as low-cost home ownership in perpetuity which may include shared ownership.

8.125 This mix is subject to sensitivity testing.

*POLICY SDH6: RURAL EXCEPTION SITES*

8.126 This is an enabling policy, that does not impact on viability.

8.127 *POLICY SDH7: REPLACEMENT AND SUBDIVISION OF DWELLINGS; and POLICY SDH8: HOUSHOLDER DEVELOPMENT*

8.128 These are development management policies that do not impact, directly, on viability.

*POLICY SDH9: NEW RURAL WORKERS' DWELLINGS and POLICY SDH10: GYPSIES AND TRAVELLERS*

8.129 These are enabling policies that do not impact, directly, on viability.

**ECONOMY**

8.130 This chapter of the draft Local Plan includes the following policies.

- POLICY SDE1: ECONOMIC DEVELOPMENT
- POLICY SDE2: AGRICULTURAL DEVELOPMENT, DIVERSIFICATION AND CONVERSION OF RURAL BUILDINGS
- POLICY SDE3: WINEMAKING AND WINE TOURISM
- POLICY SDE4: HIERARCHY OF TOWN AND VILLAGE CENTRES
- POLICY SDE5: DEVELOPMENT IN TOWN AND VILLAGE CENTRES
- POLICY SDE6: SHOPS OUTSIDE CENTRES
- POLICY SDE7: REGENERATIVE TOURISM
- POLICY SDE8: EQUESTRIAN DEVELOPMENT
- POLICY SDE9: SHOP FRONTS AND ADVERTISEMENTS

8.131 On the whole these are enabling and development management policies that do not set out specific requirements that impact on viability, over and above those requirements set out elsewhere.

**COMMUNITIES, OPEN SPACE & ACTIVE TRAVEL**

*POLICIES SDG1: COMMUNITY FACILITIES*

8.132 This is a development management policy that does not impact directly on viability,

**POLICY SDG2: GREEN AND BLUE INFRASTRUCTURE**

8.133 The policy does not impact directly on viability (SDNPA does require the provision of green infrastructure on-site but this has been taken into account in site capacities).

8.134 POLICY SDG3: PROVISION AND PROTECTION OF OPEN SPACE, SPORT AND RECREATIONAL FACILITIES AND BURIAL GROUNDS/CEMETERIES

8.135 There are several requirements to this policy:

*Residential development of 10 dwellings or more will be required to provide public open space on site or within proximity to the site, in line with the National Park Authority’s adopted standards as set out in Figure 7.6 Tables 1 and 2, or their replacements.*

**Table 8.9 GUIDELINES FOR MINIMUM QUANTITIES AND MAXIMUM WALKING DISTANCES OF FORMAL AND INFORMAL OUTDOOR SPACE.**

Open Space Typology	Minimum Quantity Guideline (per 1000 population)	Maximum Walking Guideline (from dwellings)
<b>Formal Outdoor Space</b>		
Equipped/Designated Play Areas [See Table 2]	0.25ha	100m (LAPs) 400m (LEAPs) 1000m (NEAPs)
Other Outdoor Provision (MUGAs & Skateparks) [See Table 2]	0.3ha	700m
<b>Informal Outdoor Space</b>		
Parks & Gardens	0.8ha	710m
Amenity Greenspace	0.6ha	480m
Natural & Semi Natural Greenspace	1.8ha	720m

Source: SDNPA (August 2025)

8.136 These requirements are incorporated into the modelling of greenfield sites, based on an assumption of 2.4 residents per dwelling. It is assumed provision is, at least in part, off-site for brownfield sites

8.137 The policy also sets out some design standards around the above requirements. It is assumed that SDNPA has taken these into account in the wider site capacity assumptions.

8.138 POLICY SDG4: LOCAL GREEN SPACE and POLICY SDT2: ACTIVE TRAVEL

8.139 These are development management policies that do not impact directly on viability.

**POLICY SDT1: VISION-LED TRANSPORT APPROACH**

8.140 This is a broad policy but does not make specific requirements on new development. It does include:



*Development proposals that are likely to generate a significant number of journeys must be located near existing town and village centres, public transport routes, main roads and, where relevant, the cycle network. Such developments will be required to provide a transport assessment or transport statement.*

8.141 This is a normal requirement and included within the normal fees assumptions set out in Chapter 7 above.

**POLICY SDT3: HIGHWAY AND PUBLIC REALM DESIGN**

8.142 These are development management policies that do not impact directly on viability. Specific developer contributions are not required.

**POLICY SDT4: PARKING PROVISION**

8.143 This is a development management policy that does not impact on viability.

**POLICY SDT5: INFRASTRUCTURE**

8.144 This policy includes the following requirement.

*Development proposals will only be permitted where appropriate, necessary and reasonable infrastructure investment has been secured either in the form of suitable on-site or off-site works, and/or financial contributions to mitigate its impact.*

8.145 For many years, SDNPA has sought payments from developers to mitigate the impact of the development through improvements to the local infrastructure. The main mechanism for this is Community Infrastructure Levy (CIL), however, where appropriate, the s106 regime is also utilised.

Community Infrastructure Levy

8.146 SDNPA adopted CIL in 2017. The rates are as follows:

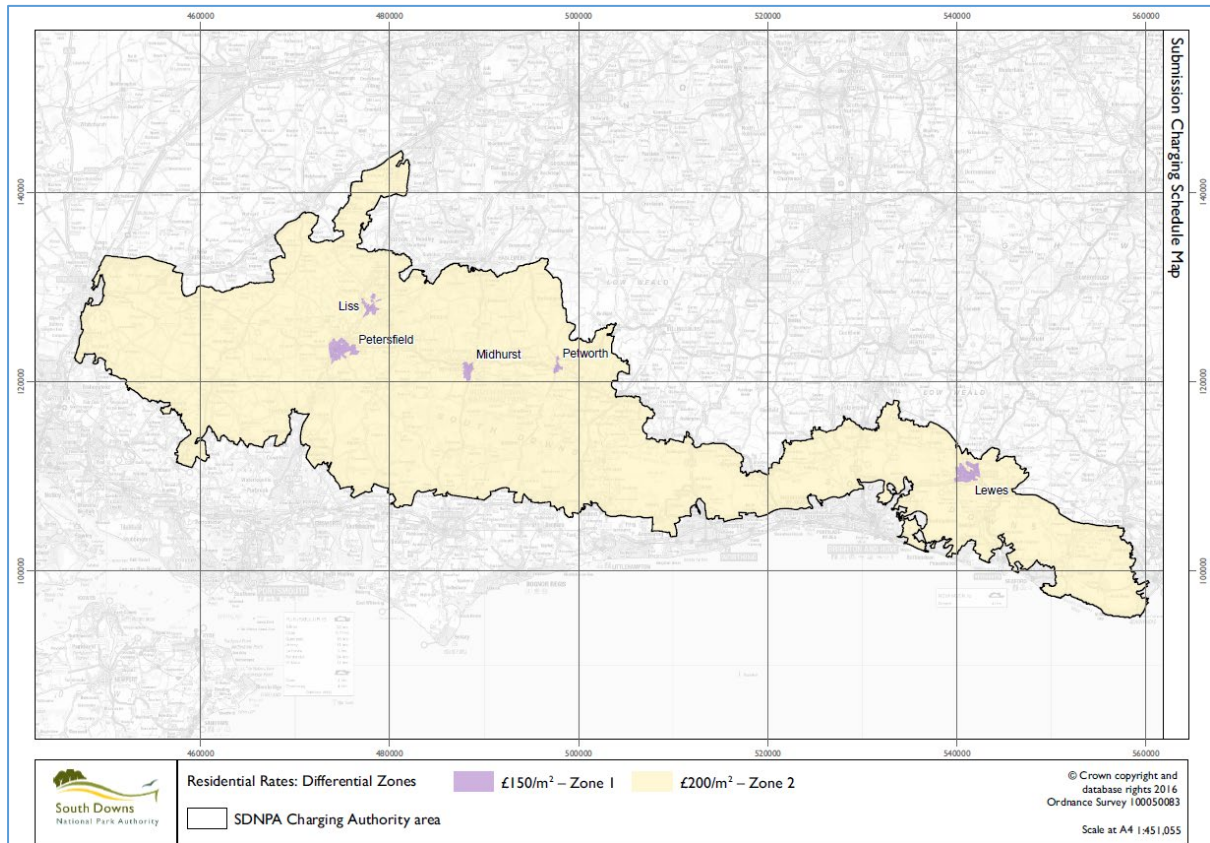
**Table 8.10 SDNPA Rates of CIL**

Use of Development	Adopted 2017 Levy	Indexed 2025 Levy
Residential – Zone 1	£150 per sqm	£204.36 per sqm
Residential – Zone 2	£200 per sqm	£272.47 per sqm
Large format retail	£120 per sqm	£163.48 per sqm
All other development	£0 per sqm	£0 per sqm

Source: CIL Charging Schedule and SDNPA

8.147 The rates apply to the following zones:

Figure 8.4 CIL Charging Zones



Source: CIL Charging Schedule

8.148 The Authority has adopted an instalment policy:

- Where the chargeable amount is less than £50,000 - The chargeable amount will be required within 60 days of commencement.
- Where the chargeable amount is equal to or greater than £50,000 and less than £200,000 - two equal instalments at 60 and 120 days after commencement.
- Where the chargeable amount is equal to or greater than £200,000 - 25% paid at 90 days after commencement, 25% paid at 120 days and 50% paid 270 days after commencement.

8.149 These rates are assumed to apply and are included in the modelling:

Wider Developer Contributions (s106 / s278)

8.150 As set out in **Appendix 9**, over the last five or so years in SDNPA the average payment collected through the s106 regime (and in addition to CIL) has been £1,080 per unit – however it is important to note that most schemes have not contributed at all. Of the schemes that have contributed, the average payment is about £14,500 and the median is about £11,000 per unit.

8.151 In this WPVA, a high level assumption of £5,000 per unit is used. This is assumed to include the various mitigation payments set out earlier in this chapter. This is considered to be a cautious approach on most development. Sensitivity testing has been carried out to cover both infrastructure requirements and mitigation measures.

*POLICY SDT6: TELECOMMUNICATIONS*

8.152 The policy requires '*All new residential dwellings should be served by a superfast broadband connection, or an equivalent alternative technology, installed on an open access basis*'.

8.153 This is similar to the requirements of Part R of Building Regulations. No additional cost is attributed to this as it is a normal requirement.

**SDNPA DESIGN GUIDE**

8.154 The *ADOPTED DESIGN GUIDE Supplementary Planning Document (July 2022)* sets out the design requirements across a broad range requirements. The document sets out guidance, rather than specific requirements. Specifically, these do add to the cost of development, beyond the policy requirements set out elsewhere in the draft Local Plan, such as through seeking the use of vernacular materials and the like. The additional costs are reflected in the use of the upper quartile BCIS costs, on smaller sites, as set out at the start of Chapter 7 above.

**Building Safety Levy**

8.155 The Building Safety Levy was announced in February 2021 as a mechanism to ensure the taxpayer and leaseholders do not pay for the remediation of building safety defects as part of the response to the Grenfell Tower fire. In early 2024 a consultation was launched in the design and implementation of such a levy.

8.156 In March 2025, the Government announced that the Levy will be introduced in Autumn 2026. The rates are set at local authority level:

**Table 8.11 Proposed Building Safety Levy Rates**

	<b>PDL</b>	<b>Greenfield</b>
Winchester	£21.63	£43.26
East Hampshire	£20.09	£40.18
Chichester	£19.99	£39.98
Arun	£17.73	£35.47
Horsham	£20.79	£41.57
Worthing	£18.66	£37.33
Adur	£19.45	£38.91
Brighton and Hove	£24.80	£49.60
Mid Sussex	£20.12	£40.23
Lewes	£20.07	£40.13
Eastbourne	£18.80	£37.61

Source: Building Safety Levy: Technical consultation response Updated 24 March 2025

8.157 If introduced as per the consultation, BSL would apply to major development. Bearing in mind the high level nature of this assessment, BSL is included in the base appraisals at £20 per sqm for brownfield sites and £40 per sqm for greenfield sites.

8.158 Through the technical consultation a site promoter<sup>132</sup> said:

*The upcoming Building Safety Levy (BSL) will be a material cost contributor and should be fully factored into development appraisals rather than treated as peripheral.*

8.159 This is agreed, and this opportunity is taken to confirm that the BSL is included as a cost.

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<sup>132</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

## 9. Modelling

- 9.1 In the previous chapters, the general assumptions to be inputted into the development appraisals are set out. In this chapter, the modelling is set out. It is stressed that this is a high-level study that is seeking to capture the generality rather than the specific. The purpose is to establish the cumulative impact of emerging policies on development viability in the South Downs National Park. The results of this WPVA will, in due course, be one of the factors that informs the site selection process – the ability of a policy compliant scheme being an important factor.
- 9.2 The approach is to model a set of development sites that are broadly representative of the type of development that is likely to come forward under the new Local Plan.
- 9.3 The SDNPA has run a call-for-sites exercise as part of the on-going preparation of the new Local Plan. This has yielded a range of sites including potential strategic sites. All of the sites being promoted will be subject to further assessment. The SDNP Land Availability Assessment (LAA) has been reviewed and a range of typologies modelled. The LAA is a work in progress, this modelling will be refreshed, as necessary.

### **Residential Modelling and Typologies**

- 9.4 In arriving at appropriate assumptions for residential development on each site, the built forms used in the appraisals are appropriate to current development practices. In addition, the policy requirements, as set out in Chapter 8 above, in terms of mix and open space, are reflected in the modelling.
- 9.5 A set of typologies has been developed that responds to the variety of development situations and densities typical in the area, and this is used to inform development assumptions for sites. This approach enables a view to be taken about floorspace density to be accommodated on the site, based on the amount of development, measured in net floorspace per hectare. This is a key variable because the amount of floorspace which can be accommodated on a site relates directly to the Residual Value, and is an amount which developers will normally seek to maximise (within the constraints set by the market).
- 9.6 A typical current built form of modern estate housing would provide development at between 3,000 sqm per ha and 3,550 sqm per ha on a substantial site, or sensibly shaped smaller site. A representative housing density might be 30/net ha to 35/net ha. This has become a common development format. It provides for a majority of houses but with a small element of flats, in a mixture of two storey and two and a half to three storey form, with some rectangular emphasis to the layout. Bearing in mind the nature of the National Park, it is likely that most of the smaller sites will come forward at lower densities than this.
- 9.7 Some schemes have an appreciably higher density development providing largely or wholly flats, in blocks of three storeys or higher, with development densities of 6,900 sqm per ha and dwelling densities of up to 100 units per ha or so.

9.8 The main characteristics of the modelled sites are set out in the tables below. A proportion of the housing to come forward over the plan-period will be on smaller sites, therefore several smaller sites have been included. Allowance is made for circulation space within flatted schemes.

9.9 Through the technical consultation, a local authority<sup>133</sup> asked:

*We are keen to learn whether the modelling will take account of complex or unusual sites - for example, the Cement Works site. Will such sites have a site-specific assessment carried out? We note a reference in paragraph 2.5 to the modelling of strategic sites, and wish to ensure that this site is specifically addressed.*

9.10 The Strategic Sites were not included in the initial iteration of this assessment, although it was noted that, in due course, the potential strategic sites will also be modelled. These are now included.

9.11 A site promoter<sup>134</sup> said that an 'An additional typology should be included to reflect mixed developments of houses and flats exceeding 150 units for brownfield sites'. This has been done. They also said:

*For greenfield land, the assumed densities are too high, particularly in the South Downs context. Local officers and communities frequently seek lower-density schemes on village-edge and rural greenfield sites, in order to protect settlement character and landscape setting. The typologies should reflect this reality.*

9.12 Whilst this is noted, the modelling aligns with the Authority's wider assumptions and the anticipated allocations.

9.13 The initial modelling included the proposed site at Heath Farm, Petersfield. As the study was being completed, further work by the Authority demonstrated that this site was not suitable and it was therefore rejected through the Land Availability Assessment. Whilst it is tested in the early appraisals, it is not carried onto the final analysis.

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<sup>133</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>134</sup> ECE Planning for the East Sussex College Group, with regard to East Sussex College, Lewes (LE141)

**Table 9.1 Summary of Typologies**

1	Flats 60	Units	60	Large flatted scheme. Mix as per SHMA. POS (0.549ha) off-site.
	Gross	1.333		
	Net	0.800		
	Density	75.0		
2	Flats 30	Units	30	Flatted scheme. Mix as per SHMA. POS (0.270ha) off-site.
	Gross	0.667		
	Net	0.400		
	Density	75.0		
3	Flats 12	Units	12	Flatted scheme. Mix as per SHMA. POS (0.108ha) off-site.
	Gross	0.286		
	Net	0.200		
	Density	60.0		
4	Flats 9	Units	9	Small flatted scheme. Below POS threshold.
	Gross	0.200		
	Net	0.150		
	Density	60.0		
5	Flats 8	Units	8	Small flatted scheme. Below POS threshold.
	Gross	0.178		
	Net	0.133		
	Density	60.0		
6	Flats 6	Units	6	Small flatted scheme. Below POS threshold.
	Gross	0.133		
	Net	0.100		
	Density	60.0		
7	Flats 4	Units	4	Small flatted scheme. Below POS threshold.
	Gross	0.267		
	Net	0.067		
	Density	60.0		
8	Flats 3	Units	3	Small flatted scheme. Below POS and affordable threshold.
	Gross	0.040		
	Net	0.030		
	Density	100.0		
9	HD Housing 100	Units	100	Higher density housing scheme on brownfield site. SHMA mix, mostly flats and terraced, with some semi-detached. POS (0.9ha) on-site.
	Gross	3.704		
	Net	2.222		
	Density	45.0		
10	HD Housing 50	Units	50	Higher density housing scheme on brownfield site. SHMA mix, mostly flats and terraced, with some semi-detached. POS (0.45ha) on-site.
	Gross	1.587		
	Net	1.111		
	Density	45.0		
11	HD Housing 24	Units	24	Higher density housing scheme on brownfield site. SHMA mix, mostly flats and terraced, with some semi-detached. POS (0.216ha) on-site.
	Gross	0.762		
	Net	0.533		
	Density	45.0		

HD Housing 12 12	Units	12	Higher density housing scheme on brownfield site. SHMA mix, mostly flats and terraced, with some semi-detached. POS (0.108ha) on-site.
	Gross	0.429	
	Net	0.300	
	Density	40.0	
HD Housing 9 13	Units	9	Small, higher density housing scheme on brownfield site. SHMA mix, mostly flats and terraced, with some semi-detached. Below POS threshold.
	Gross	0.321	
	Net	0.225	
	Density	40.0	
HD Housing 8 14	Units	8	Small, higher density housing scheme on brownfield site. Below POS threshold.
	Gross	0.267	
	Net	0.200	
	Density	40.0	
HD Housing 6 15	Units	6	Small, higher density housing scheme on brownfield site. Below POS threshold.
	Gross	0.200	
	Net	0.150	
	Density	40.0	
HD Housing 4 16	Units	4	Small, higher density housing scheme on brownfield site. Below POS threshold.
	Gross	0.133	
	Net	0.100	
	Density	40.0	
HD Housing 3 17	Units	3	Small, higher density housing scheme on brownfield site. Below POS and affordable threshold.
	Gross	0.100	
	Net	0.075	
	Density	40.0	
Housing 250 18	Units	250	Housing scheme on greenfield site. SHMA mix, mostly terraced, semi-detached and detached, with some semi-detached. POS (2.25ha) on-site.
	Gross	13.889	
	Net	8.333	
	Density	30.0	
Housing 150 19	Units	150	Housing scheme on greenfield site. SHMA mix, mostly terraced, semi-detached and detached, with some semi-detached. POS (1.35ha) on-site.
	Gross	8.333	
	Net	5.000	
	Density	30.0	
Housing 80 20	Units	80	Housing scheme on greenfield site. SHMA mix, mostly terraced, semi-detached and detached, with some semi-detached. POS (0.72ha) on-site.
	Gross	4.103	
	Net	2.667	
	Density	30.0	
Housing 40 21	Units	40	Housing scheme on greenfield site. SHMA mix, mostly terraced, semi-detached and detached, with some semi-detached. POS (0.36ha) on-site.
	Gross	1.905	
	Net	1.333	
	Density	30.0	
Housing 24 22	Units	24	Housing scheme on greenfield site. SHMA mix, mostly terraced, semi-detached and detached, with some semi-detached. POS (0.216ha) on-site.
	Gross	1.143	
	Net	0.800	
	Density	30.0	

Housing 12 23	Units	12	Housing scheme on greenfield site. SHMA mix, mostly terraced, semi-detached and detached, with some semi-detached. POS (0.108ha) on-site.
	Gross	0.571	
	Net	0.400	
	Density	30.0	
Housing 9 24	Units	9	Housing scheme on greenfield site. SHMA mix. Below POS threshold.
	Gross	0.375	
	Net	0.300	
	Density	30.0	
Housing 8 25	Units	8	Housing scheme on greenfield site. SHMA mix. Below POS threshold.
	Gross	0.333	
	Net	0.267	
	Density	30.0	
Housing 6 26	Units	6	Housing scheme on greenfield site. SHMA mix. Below POS threshold. .
	Gross	0.267	
	Net	0.200	
	Density	30.0	
Housing 4 27	Units	4	Housing scheme on greenfield site. Below POS threshold. .
	Gross	0.178	
	Net	0.133	
	Density	30.0	
Housing 3 28	Units	3	Housing scheme on greenfield site. Below POS threshold.
	Gross	0.133	
	Net	0.100	
	Density	30.0	
Shoreham Cement Works 34	Units	400	(SDA30) Complex brownfield site totalling 44ha. To be allocated for 400 homes and 62,000 sqm of employment uses. Site has long planning history. The site was subject to detailed viability testing in 2022, which included about £30m for site remediation. SDNPA has prepared an Area Action Plan for the site. Residential element modelled based on 400 flats at 100 dph on 4 net ha. and 50% developable (8 gross ha). 50% of approximate remediation cost (£15m) attributed to residential elements. Active developer engagement with recent signing of a Planning Performance Agreement prior to a planning application expected in 2026.
	Gross	8.000	
	Net	4.000	
	Density	100.0	
North Street Quarter 35	Units	750	(SD57) 8ha of brownfield land, in a range of uses, including offices, industrial and retail (supermarket). Expected to be allocated for range of uses including 3,410 sqm employment, hotel, community and redevelopment. Residential element modelled as flats at 130 dph (5.769ha). Scheme reflects current and permitted planning applications.
	Gross	5.769	
	Net	5.769	
	Density	130.0	
Land W of Liphook / Land at Westlands Park 36	Units	375	(LE215) Extensive area of agricultural land to the west of Liphook totalling 52.5ha. Expected to be allocated for range of uses including Care home, 14 traveller pitches, SANG and community uses. Residential element modelled at 30 dph (12.5 net ha), assuming 60% net developable (20.83 gross ha).
	Gross	20.833	
	Net	12.500	
	Density	30.0	

37	County Hall, St Anne's Crescent	Units	240	(LE039) County Hall site, largely brownfield in Lewes. Total site area of 4.1ha. Modelled as high density housing and flatted development.
		Gross	4.100	
		Net	4.100	
		Density	58.5	
38	East Sussex College	Units	513	(LE141) 3 parcels of land. PDL. SE of Lewes. Total site area of 5.4ha. Modelled as flatted development.
		Gross	5.400	
		Net	5.400	
		Density	95.0	
39	Land at Heath Farm	Units	300	(EA226) Greenfield site in agricultural use to SW of Petersfield. Total site area of 48.5ha. Residential element modelled at 30 dph (10 net ha), assuming 60% net developable (16.67 gross ha).  As the study was being completed, further work by the Authority demonstrated that this site was not suitable and it was therefore rejected through the Land Availability Assessment. Whilst it is tested in the early appraisals, it is not carried onto the final analysis.
		Gross	16.667	
		Net	10.000	
		Density	30.0	
40	S of Herbert Shiner School & S of Petworth	Units	200	(CH089 & CH229) Greenfield site in agricultural use. Total site area of 10.5ha. Modelled at 30 dph, assuming 63% net developable.
		Gross	10.500	
		Net	6.667	
		Density	30.0	

Source: HDH (January 2026)

9.14 The information is summarised further below:

**Table 9.2 Summary of Typologies – Areas and Densities**

				Current Use	Units		Area Ha		Gross	Net	%	Density Units/ha		Density m2/ha
					Total		Total					Gross	Net	
1	Flats 60	Brown		PDL	60	1.333	1.333	0.800	60.0%	45.00	75.00	5,565		
2	Flats 30	Brown		PDL	30	0.667	0.667	0.400	60.0%	45.00	75.00	5,565		
3	Flats 12	Brown		PDL	12	0.286	0.286	0.200	70.0%	45.00	60.00	4,999		
4	Flats 9	Brown		PDL	9	0.200	0.200	0.150	75.0%	45.00	60.00	4,275		
5	Flats 8	Brown		PDL	8	0.178	0.178	0.133	75.0%	45.00	60.00	4,573		
6	Flats 6	Brown		PDL	6	0.133	0.133	0.100	75.0%	45.00	60.00	4,556		
7	Flats 4	Brown		PDL	4	0.267	0.267	0.067	25.0%	15.00	60.00	4,658		
8	Flats 3	Brown		PDL	3	0.040	0.040	0.030	75.0%	75.00	100.00	7,688		
9	HD Housing 100	Brown		PDL	100	3.704	3.704	2.222	60.0%	27.00	45.00	3,712		
10	HD Housing 50	Brown		PDL	50	1.587	1.587	1.111	70.0%	31.50	45.00	3,722		
11	HD Housing 24	Brown		PDL	24	0.762	0.762	0.533	70.0%	31.50	45.00	3,742		
12	HD Housing 12	Brown		PDL	12	0.429	0.429	0.300	70.0%	28.00	40.00	3,463		
13	HD Housing 9	Brown		PDL	9	0.321	0.321	0.225	70.0%	28.00	40.00	3,294		
14	HD Housing 8	Brown		PDL	8	0.267	0.267	0.200	75.0%	30.00	40.00	3,050		
15	HD Housing 6	Brown		PDL	6	0.200	0.200	0.150	75.0%	30.00	40.00	3,500		
16	HD Housing 4	Brown		PDL	4	0.133	0.133	0.100	75.0%	30.00	40.00	3,450		
17	HD Housing 3	Brown		PDL	3	0.100	0.100	0.075	75.0%	30.00	40.00	3,933		
18	Housing 250	Green		Agricultural	250	13.889	13.889	8.333	60.0%	18.00	30.00	2,605		
19	Housing 150	Green		Agricultural	150	8.333	8.333	5.000	60.0%	18.00	30.00	2,620		
20	Housing 80	Green		Agricultural	80	4.103	4.103	2.667	65.0%	19.50	30.00	2,597		
21	Housing 40	Green		Agricultural	40	1.905	1.905	1.333	70.0%	21.00	30.00	2,584		
22	Housing 24	Green		Agricultural	24	1.143	1.143	0.800	70.0%	21.00	30.00	2,586		
23	Housing 12	Green		Paddock	12	0.571	0.571	0.400	70.0%	21.00	30.00	2,778		
24	Housing 9	Green		Paddock	9	0.375	0.375	0.300	80.0%	24.00	30.00	2,638		
25	Housing 8	Green		Paddock	8	0.333	0.333	0.267	80.0%	24.00	30.00	2,756		
26	Housing 6	Green		Paddock	6	0.267	0.267	0.200	75.0%	22.50	30.00	2,600		
27	Housing 4	Green		Paddock	4	0.178	0.178	0.133	75.0%	22.50	30.00	3,113		
28	Housing 3	Green		Paddock	3	0.133	0.133	0.100	75.0%	22.50	30.00	3,350		
34	Shoreham Cement Works	Brown		PDL	400	8.000	8.000	4.000	50.0%	50.00	100.00	7,433		
35	North Street Quarter	Brown		PDL	750	5.769	5.769	5.769	100.0%	130.00	130.00	9,667		
36	Land W of Liphook / Land at Liphook (West Central)	Green		Agricultural	386	21.444	21.444	12.867	60.0%	18.00	30.00	2,531		
37	County Hall, St Anne's Crescent	Brown		PDL	240	4.100	4.100	4.100	100.0%	58.54	58.54	4,677		
38	East Sussex College	Brown		PDL	225	5.400	5.400	5.400	100.0%	41.67	41.67	3,449		
39	Land at Heath Farm	Green		Agricultural	300	16.667	16.667	10.000	60.0%	18.00	30.00	2,537		
40	S of Herbert Shiner School	Green		Agricultural	200	10.500	10.500	6.667	63.5%	19.05	30.00	2,535		

Source: HDH (January 2026)



- 9.15 Through the technical consultation, a local authority<sup>135</sup> concurred with the approach taken.
- 9.16 It is important to note that some of the above typologies could have significant amounts of existing floor space. This has a very significant impact on the amount of CIL to be paid (CIL only applies to net new development, unless the existing floorspace has not recently been in lawful use) or the level of Affordable Housing to be provided (through Vacant Building Credit). The rules in this regard are complex and depend on the extent of the existing use of the building. Very few developments will be eligible to pay no CIL and make no Affordable Housing contribution.

### Older People’s Housing

- 9.17 A private Sheltered/retirement and an Extracare scheme have been modelled, each on a 0.5ha site as follows.
- a. A private Sheltered/retirement scheme of 30 x 1 bed units of 50sqm and 30 x 2 bed units of 75sqm to give a net saleable area (GIA) of 3,750sqm. A further 20% non-saleable service and common areas are assumed to give a scheme GIA of 4,500sqm.
  - b. An Extracare scheme of 36 x 1 bed units of 65sqm and 24 x 2 bed units of 80sqm to give a net saleable area (GIA) of 4,260sqm. A further 35% non-saleable service and common areas are assumed to give a scheme GIA of 5,538sqm.
- 9.18 This modelling was broadly based on *Briefing Note on Viability Prepared for Retirement Housing Group* (Three Dragons, May 2013, Updated February 2016)<sup>136</sup>. This suggests a typical site size of 0.5ha and typical schemes of Sheltered housing having between 50 to 60 units (100-120/ha) and typical schemes of Extracare housing having between 40 and 50 units (80-100/ha). A typical mix of 60:40 1 bed:2 bed, to 40:60 1 bed:2 bed apartments is suggested, as are the following development assumptions:

**Table 9.3 RHG Suggested Development Assumptions**

	Sheltered	Extra Care	Net Saleable
1 Bed	50sqm	65sqm	20%-30%
2 Bed	75sqm	80sqm	35%-40%

Source: Briefing Note on Viability Prepared for Retirement Housing Group (Three Dragons, May 2013, Updated February 2016)

<sup>135</sup> Moira Hayes and Johanne Thompson of Adur & Worthing Councils

<sup>136</sup> <https://retirementhousinggroup.com/rhg-publications/>

9.19 Through the technical consultation, a specialist consultant<sup>137</sup> confirmed reference to the Retirement Housing Group briefing note. They went on to comment:

*I would point out that the minimum 'circulation space' for sheltered is at least 25% and 35% for extra care (20 and 30 within the draft underestimates this).*

9.20 The assumption used in the modelling is within this range.

### **Employment Uses**

9.21 The Authority is considering allocating a number of sites for employment uses. SDNPA will have relatively little influence of the specifics of what comes forward on each site, so for this study, a number of development types have been modelled.

9.22 These are representative of the development most likely to come forward on the proposed, non-residential allocations.

a. **Offices.** These are more than 250sqm, will be of steel frame construction, be over several floors and will be located on larger business parks. Typical larger units in the area are around 2,000sqm – and this will be used as the basis of the modelling.

Assumptions are made about the site coverage and density of development on the sites, with 80% coverage on the office sites in the urban situation and 25% elsewhere and two storey construction in the business park situation, and 4 storey construction in the urban situation.

b. **Large Industrial.** Modern industrial units of 2,000sqm. There is little new space being constructed. This is used as the basis of the modelling. 40% coverage is assumed which is based on the single storey construction.

c. **Small Industrial.** Modern industrial units of 400sqm. 40% coverage is assumed which is based on the single storey construction.

### **Retail**

9.23 For this study, the following types of space are assessed. It is only therefore necessary to look at the main types of development likely to come forward in the future.

a. **Supermarkets** are based on a smaller supermarket, typical of the units that may be developed by operators such as Aldi and Lidl. A 1,200sqm unit on a 0.4ha site (30% coverage) to allow for car parking is assumed.

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<sup>137</sup> The Planning Bureau Ltd for McCarthy Stone and Churchill.

b. **Shop** is a brick-built development, on two storeys, of 200sqm. No car parking or loading space is allowed for, and almost all the site is developed. The total site area (effectively the building footprint) is 0.025ha.

9.24 In developing these typologies, assumptions are made about the site coverage and density of development on the sites. Single storey construction is assumed, without mezzanine floors.

## 10. Residential Appraisals

- 10.1 At the start of this chapter, it is important to stress that the results of the appraisals do not, in themselves, determine policy. The results of this study are one of a number of factors that SDNPA will consider when finalising policy, including the need for infrastructure and the track record in delivering affordable housing and collecting payments under s106.
- 10.2 The appraisals use the residual valuation approach which assesses the value of a site after considering the costs of development, the likely income from sales and/or rents and a developer's return. The Residual Value represents the maximum bid for the site where the payment is made in a single tranche on the acquisition of a site. For the proposed development to be viable, it is necessary for this Residual Value to exceed the Existing Use Value (EUV) by a satisfactory margin, being the Benchmark Land Value (BLV).
- 10.3 As set out above, for each development type the Residual Value is calculated. The results are set out and presented for each site and per gross hectare to allow comparison between sites. In the tables in this chapter, the results are colour coded using a traffic light system:
- a. **Green Viable** – where the Residual Value per hectare exceeds the BLV per hectare (being the EUV plus the appropriate uplift to provide a landowners' premium).
  - b. **Amber Marginal** – where the Residual Value per hectare exceeds the EUV but not the BLV. These sites should not be considered as viable when measured against the test set out – however, depending on the nature of the site and the owner, they may come forward.
  - c. **Red Not-viable** – where the Residual Value does not exceed the EUV.
- 10.4 A report of this type applies relatively simple assumptions that are broadly reflective of an area to assess viability. The fact that a typology is shown as viable does not necessarily mean that, that type of development will come forward and vice versa. An important part of any final consideration of viability will be relating the results of this study to what is happening on the ground in terms of development.

### Base Appraisals

- 10.5 The initial appraisals are based on the emerging policy options and are taken as a convenient starting point, although these are subsequently refined as set out later. The base modelling is based on the following requirements:
- a. Affordable Housing            50% provided as 75% Social Rent, 25% AHO
  - b. Design                            20% BNG,  
                                              10 units plus 10% M4(3)a,  
                                              Zero Carbon, zero embodied carbon,  
                                              110 LPPPD

c. Developer Contributions CIL as adopted, plus £5,000 per units.

10.6 As set out above, the analysis is based on sub-areas identified in Chapter 4. The base appraisals are included in **Appendix 12**.

**Table 10.1a Residual Values – East**

						Area (ha)		Units	Residual Value (£)		Site
						Gross	Net		Gross ha	Net ha	
Site 1											
Site 2	East	Brown	PDL			1.33	0.80	60			
Site 3	East	Brown	PDL			0.67	0.40	30			
Site 4	East	Brown	PDL			0.29	0.20	12			
Site 5	East	Brown	PDL			0.20	0.15	9			
Site 6	East	Brown	PDL			0.18	0.13	8			
Site 7	East	Brown	PDL			0.13	0.10	6			
Site 8	East	Brown	PDL			0.27	0.07	4			
Site 9	East	Brown	PDL			0.04	0.03	3			
Site 10	East	Brown	PDL			3.70	2.22	100			
Site 11	East	Brown	PDL			1.59	1.11	50			
Site 12	East	Brown	PDL			0.76	0.53	24			
Site 13	East	Brown	PDL			0.43	0.30	12			
Site 14	East	Brown	PDL			0.32	0.23	9			
Site 15	East	Brown	PDL			0.27	0.20	8			
Site 16	East	Brown	PDL			0.20	0.15	6			
Site 17	East	Brown	PDL			0.13	0.10	4			
Site 18	East	Brown	PDL			0.10	0.08	3			
Site 19	East	Green	Agricultural			13.89	8.33	250			
Site 20	East	Green	Agricultural			8.33	5.00	150			
Site 21	East	Green	Agricultural			4.10	2.67	80			
Site 22	East	Green	Agricultural			1.90	1.33	40			
Site 23	East	Green	Agricultural			1.14	0.80	24			
Site 24	East	Green	Paddock			0.57	0.40	12			
Site 25	East	Green	Paddock			0.38	0.30	9			
Site 26	East	Green	Paddock			0.33	0.27	8			
Site 27	East	Green	Paddock			0.27	0.20	6			
Site 28	East	Green	Paddock			0.18	0.13	4			
						0.13	0.10	3			

Source: HDH (December 2025)



**Table 10.1b Residual Values – East Central**

						Area (ha)	Net	Units	Residual Value (£)		Site
									Gross	Net ha	
Site 1	Flats 60	East Central	Brown			1.33	0.80	60	-2,594,682	-4,324,469	-3,459,576
Site 2	Flats 30	East Central	Brown	PDL		0.67	0.40	30	-2,603,657	-4,339,428	-1,735,771
Site 3	Flats 12	East Central	Brown	PDL		0.29	0.20	12	-2,369,299	-3,384,713	-676,943
Site 4	Flats 9	East Central	Brown	PDL		0.20	0.15	9	-1,616,718	-2,155,625	-323,344
Site 5	Flats 8	East Central	Brown	PDL		0.18	0.13	8	-1,866,238	-2,488,317	-331,776
Site 6	Flats 6	East Central	Brown	PDL		0.13	0.10	6	-1,759,773	-2,346,364	-234,636
Site 7	Flats 4	East Central	Brown	PDL		0.27	0.07	4	-451,763	-1,807,050	-120,470
Site 8	Flats 3	East Central	Brown	PDL		0.04	0.03	3	-2,901,177	-3,868,236	-116,047
Site 9	HD Housing 100	East Central	Brown	PDL		3.70	2.22	100	-796,154	-1,326,923	-2,948,718
Site 10	HD Housing 50	East Central	Brown	PDL		1.59	1.11	50	-922,943	-1,318,490	-1,464,989
Site 11	HD Housing 24	East Central	Brown	PDL		0.76	0.53	24	-901,247	-1,287,496	-686,665
Site 12	HD Housing 12	East Central	Brown	PDL		0.43	0.30	12	-826,871	-1,181,244	-354,373
Site 13	HD Housing 9	East Central	Brown	PDL		0.32	0.23	9	222,200	317,428	71,421
Site 14	HD Housing 8	East Central	Brown	PDL		0.27	0.20	8	310,038	413,384	82,677
Site 15	HD Housing 6	East Central	Brown	PDL		0.20	0.15	6	442,926	590,568	88,585
Site 16	HD Housing 4	East Central	Brown	PDL		0.13	0.10	4	1,005,426	1,340,569	134,057
Site 17	HD Housing 3	East Central	Brown	PDL		0.10	0.08	3	711,480	948,640	71,148
Site 18	Housing 250	East Central	Green	Agricultural		13.89	8.33	250	110,426	184,043	1,533,689
Site 19	Housing 150	East Central	Green	Agricultural		8.33	5.00	150	-256,636	-427,727	-2,138,637
Site 20	Housing 80	East Central	Green	Agricultural		4.10	2.67	80	-304,708	-468,781	-1,250,083
Site 21	Housing 40	East Central	Green	Agricultural		1.90	1.33	40	-369,894	-528,420	-704,559
Site 22	Housing 24	East Central	Green	Agricultural		1.14	0.80	24	-317,152	-453,074	-362,460
Site 23	Housing 12	East Central	Green	Paddock		0.57	0.40	12	-263,214	-376,021	-150,408
Site 24	Housing 9	East Central	Green	Paddock		0.38	0.30	9	587,138	733,922	220,177
Site 25	Housing 8	East Central	Green	Paddock		0.33	0.27	8	700,218	875,273	233,406
Site 26	Housing 6	East Central	Green	Paddock		0.27	0.20	6	594,669	792,892	158,578
Site 27	Housing 4	East Central	Green	Paddock		0.18	0.13	4	1,512,735	2,016,980	268,931
Site 28	Housing 3	East Central	Green	Paddock		0.13	0.10	3	697,653	930,204	93,020

Source: HDH (December 2025)

**Table 10.1c Residual Values – Midhurst and Adjacent**

						Area (ha)		Units	Residual Value (£)		Site
						Gross	Net		Gross ha	Net ha	
Site 1	Flats 60	West C - Mi   Brown									
Site 2	Flats 30	West C - Mi   Brown	PDL	1.33	0.80	60			-669,169	-1,115,281	-892,225
Site 3	Flats 12	West C - Mi   Brown	PDL	0.67	0.40	30			-650,142	-1,083,570	-433,428
Site 4	Flats 9	West C - Mi   Brown	PDL	0.29	0.20	12			-540,824	-772,606	-154,521
Site 5	Flats 8	West C - Mi   Brown	PDL	0.20	0.15	9			616,834	822,445	123,367
Site 6	Flats 6	West C - Mi   Brown	PDL	0.18	0.13	8			319,140	425,520	56,736
Site 7	Flats 4	West C - Mi   Brown	PDL	0.13	0.10	6			509,795	679,727	67,973
Site 8	Flats 3	West C - Mi   Brown	PDL	0.27	0.07	4			348,830	1,395,319	93,021
Site 9	HD Housing 100	West C - Mi   Brown	PDL	0.04	0.03	3			848,782	1,131,710	33,951
Site 10	HD Housing 50	West C - Mi   Brown	PDL	3.70	2.22	100			-1,068,240	-1,780,400	-3,956,445
Site 11	HD Housing 24	West C - Mi   Brown	PDL	1.59	1.11	50			-1,275,277	-1,821,825	-2,024,250
Site 12	HD Housing 12	West C - Mi   Brown	PDL	0.76	0.53	24			-1,251,790	-1,788,271	-953,745
Site 13	HD Housing 9	West C - Mi   Brown	PDL	0.43	0.30	12			-1,043,025	-1,490,036	-447,011
Site 14	HD Housing 8	West C - Mi   Brown	PDL	0.32	0.23	9			-23,529	-33,612	-7,563
Site 15	HD Housing 6	West C - Mi   Brown	PDL	0.27	0.20	8			-165,418	-220,557	-44,111
Site 16	HD Housing 4	West C - Mi   Brown	PDL	0.20	0.15	6			-38,812	-51,750	-7,762
Site 17	HD Housing 3	West C - Mi   Brown	PDL	0.13	0.10	4			452,900	603,866	60,387
Site 18	Housing 250	West C - Mi   Green	Agricultural	0.10	0.08	3			183,937	245,249	18,394
Site 19	Housing 150	West C - Mi   Green	Agricultural	13.89	8.33	250			-69,501	-115,835	-965,293
Site 20	Housing 80	West C - Mi   Green	Agricultural	8.33	5.00	150			-458,245	-763,742	-3,818,710
Site 21	Housing 40	West C - Mi   Green	Agricultural	4.10	2.67	80			-525,754	-808,852	-2,156,939
Site 22	Housing 24	West C - Mi   Green	Agricultural	1.90	1.33	40			-611,190	-873,128	-1,164,171
Site 23	Housing 12	West C - Mi   Green	Paddock	1.14	0.80	24			-571,282	-816,118	-652,894
Site 24	Housing 9	West C - Mi   Green	Paddock	0.57	0.40	12			-451,184	-644,549	-257,819
Site 25	Housing 8	West C - Mi   Green	Paddock	0.38	0.30	9			336,955	421,193	126,358
Site 26	Housing 6	West C - Mi   Green	Paddock	0.33	0.27	8			264,049	330,061	88,016
Site 27	Housing 4	West C - Mi   Green	Paddock	0.27	0.20	6			191,631	255,508	51,102
Site 28	Housing 3	West C - Mi   Green	Paddock	0.18	0.13	4			1,015,277	1,353,703	180,494
		West C - Mi   Green	Paddock	0.13	0.10	3			301,996	402,661	40,266

Source: HDH (December 2025)



**Table 10.1d Residual Values – West Central, excluding Midhurst**

					Area (ha)		Units	Residual Value (£)		Site
					Gross	Net		Gross ha	Net ha	
Site 1										
Site 2	West C - Pet Brown	PDL		1.33	0.80	60		-2,594,682	-4,324,469	-3,459,576
Site 3	West C - Pet Brown	PDL		0.67	0.40	30		-2,603,657	-4,339,428	-1,735,771
Site 4	West C - Pet Brown	PDL		0.29	0.20	12		-2,369,299	-3,384,713	-676,943
Site 5	West C - Pet Brown	PDL		0.20	0.15	9		-1,616,718	-2,155,625	-323,344
Site 6	West C - Pet Brown	PDL		0.18	0.13	8		-1,866,238	-2,488,317	-331,776
Site 7	West C - Pet Brown	PDL		0.13	0.10	6		-1,759,773	-2,346,364	-234,636
Site 8	West C - Pet Brown	PDL		0.27	0.07	4		-451,763	-1,807,050	-120,470
Site 9	West C - Pet Brown	PDL		0.04	0.03	3		-2,901,177	-3,868,236	-116,047
Site 10	West C - Pet Brown	PDL		3.70	2.22	100		-846,063	-1,410,105	-3,133,568
Site 11	West C - Pet Brown	PDL		1.59	1.11	50		-984,030	-1,405,757	-1,561,952
Site 12	West C - Pet Brown	PDL		0.76	0.53	24		-962,539	-1,375,056	-733,363
Site 13	West C - Pet Brown	PDL		0.43	0.30	12		-877,922	-1,254,175	-376,252
Site 14	West C - Pet Brown	PDL		0.32	0.23	9		164,163	234,519	52,767
Site 15	West C - Pet Brown	PDL		0.27	0.20	8		242,116	322,821	64,564
Site 16	West C - Pet Brown	PDL		0.20	0.15	6		374,106	498,808	74,821
Site 17	West C - Pet Brown	PDL		0.13	0.10	4		926,494	1,235,325	123,533
Site 18	West C - Pet Green	Agricultural		0.10	0.08	3		636,117	848,155	63,612
Site 19	West C - Pet Green	Agricultural		13.89	8.33	250		79,171	131,952	1,099,604
Site 20	West C - Pet Green	Agricultural		8.33	5.00	150		-292,118	-486,863	-2,434,316
Site 21	West C - Pet Green	Agricultural		4.10	2.67	80		-344,439	-529,906	-1,413,083
Site 22	West C - Pet Green	Agricultural		1.90	1.33	40		-413,265	-590,378	-787,171
Site 23	West C - Pet Green	Agricultural		1.14	0.80	24		-360,871	-515,530	-412,424
Site 24	West C - Pet Green	Paddock		0.57	0.40	12		-304,458	-434,940	-173,976
Site 25	West C - Pet Green	Paddock		0.38	0.30	9		532,104	665,129	199,539
Site 26	West C - Pet Green	Paddock		0.33	0.27	8		638,422	798,027	212,807
Site 27	West C - Pet Green	Paddock		0.27	0.20	6		537,635	716,847	143,369
Site 28	West C - Pet Green	Paddock		0.18	0.13	4		1,443,243	1,924,324	256,577
	West C - Pet Green	Paddock		0.13	0.10	3		641,131	854,841	85,484

Source: HDH (December 2025)



**Table 10.1e Residual Values - West**

						Area (ha)		Units	Residual Value (£)		Site
						Gross	Net		Gross ha	Net ha	
Site 1											
Site 2	West	Brown	PDL		1.33	0.80	60		-2,594,682	-4,324,469	-3,459,576
Site 3	West	Brown	PDL		0.67	0.40	30		-2,603,657	-4,339,428	-1,735,771
Site 4	West	Brown	PDL		0.29	0.20	12		-2,369,299	-3,384,713	-676,943
Site 5	West	Brown	PDL		0.20	0.15	9		-1,616,718	-2,155,625	-323,344
Site 6	West	Brown	PDL		0.18	0.13	8		-1,866,238	-2,488,317	-331,776
Site 7	West	Brown	PDL		0.13	0.10	6		-1,759,773	-2,346,364	-234,636
Site 8	West	Brown	PDL		0.27	0.07	4		-451,763	-1,807,050	-120,470
Site 9	West	Brown	PDL		0.04	0.03	3		-2,901,177	-3,868,236	-116,047
Site 10	West	Brown	PDL		3.70	2.22	100		-646,426	-1,077,376	-2,394,169
Site 11	West	Brown	PDL		1.59	1.11	50		-739,683	-1,056,690	-1,174,100
Site 12	West	Brown	PDL		0.76	0.53	24		-717,371	-1,024,815	-546,568
Site 13	West	Brown	PDL		0.43	0.30	12		-673,717	-962,452	-288,736
Site 14	West	Brown	PDL		0.32	0.23	9		396,308	566,155	127,385
Site 15	West	Brown	PDL		0.27	0.20	8		513,804	685,073	137,015
Site 16	West	Brown	PDL		0.20	0.15	6		649,385	865,847	129,877
Site 17	West	Brown	PDL		0.13	0.10	4		1,239,958	1,653,278	165,328
Site 18	West	Green	Agricultural		0.10	0.08	3		937,570	1,250,093	93,757
Site 19	West	Green	Agricultural		13.89	8.33	250		204,188	340,313	2,835,945
Site 20	West	Green	Agricultural		8.33	5.00	150		-152,692	-254,487	-1,272,434
Site 21	West	Green	Agricultural		4.10	2.67	80		-187,842	-288,988	-770,634
Site 22	West	Green	Agricultural		1.90	1.33	40		-240,965	-344,236	-458,981
Site 23	West	Green	Paddock		1.14	0.80	24		-188,925	-269,893	-215,915
Site 24	West	Green	Paddock		0.57	0.40	12		-141,105	-201,579	-80,632
Site 25	West	Green	Paddock		0.38	0.30	9		749,830	937,288	281,186
Site 26	West	Green	Paddock		0.33	0.27	8		881,788	1,102,235	293,929
Site 27	West	Green	Paddock		0.27	0.20	6		764,328	1,019,104	203,821
Site 28	West	Green	Paddock		0.18	0.13	4		1,721,211	2,294,948	305,993
					0.13	0.10	3		867,221	1,156,294	115,629

Source: HDH (December 2025)



**Table 10.1f Residual Values – Strategic Sites**

Site	Description	Green	Brown	PDL	Area (ha)	Net	Units	Residual Value (£)		Site
								Gross	Net	
Site 34	Shoreham Cement Works									
Site 35	North Street Quarter		Brown	PDL	8.00	4.00	400	-4,760,347	-9,520,693	-38,082,774
Site 36	Land W of Liphook / Land at Westlands Park		Brown	PDL	5.77	5.77	750	-3,440,937	-3,440,937	-19,851,557
Site 37	County Hall, St Anne's Crescent		Green	Agricultural	21.44	12.87	386	136,852	228,087	2,934,725
Site 38	East Sussex College		Brown	PDL	4.10	4.10	240	1,176,853	1,176,853	4,825,096
Site 39	Land at Heath Farm		Brown	PDL	5.40	5.40	225	1,001,326	1,001,326	5,407,161
Site 40	S of Herbert Shiner School & S of Petworth		Green	Agricultural	16.67	10.00	300	280,597	467,662	4,676,618
			Green	Agricultural	10.50	6.67	200	-49,242	-77,557	-517,045

Source: HDH (December 2025)

10.7 The results vary across the typologies, although this is largely due to the different assumptions around the nature of each typology, as well as by the price areas. The Residual Value is not an indication of viability by itself, simply being the maximum price a developer may bid for a parcel of land and still make an adequate return. In the following tables the Residual Value is compared with the BLV. The BLV being an amount over and above the EUV that is sufficient to provide the willing landowner to sell the land for development as set out in Chapter 6 above:

**Table 10.2a Residual Value v BLV - East**

		<b>EUV</b>	<b>BLV</b>	<b>Residual Value</b>
Site 1	Flats 60	1,500,000	1,800,000	-3,080,810
Site 2	Flats 30	1,500,000	1,800,000	-3,097,984
Site 3	Flats 12	1,500,000	1,800,000	-2,833,171
Site 4	Flats 9	1,500,000	1,800,000	-2,185,604
Site 5	Flats 8	1,500,000	1,800,000	-2,420,386
Site 6	Flats 6	1,500,000	1,800,000	-2,336,795
Site 7	Flats 4	1,500,000	1,800,000	-657,145
Site 8	Flats 3	1,500,000	1,800,000	-3,856,452
Site 9	HD Housing 100	1,500,000	1,800,000	-366,751
Site 10	HD Housing 50	1,500,000	1,800,000	-392,738
Site 11	HD Housing 24	1,500,000	1,800,000	-370,358
Site 12	HD Housing 12	1,500,000	1,800,000	-403,357
Site 13	HD Housing 9	1,500,000	1,800,000	699,801
Site 14	HD Housing 8	1,500,000	1,800,000	914,404
Site 15	HD Housing 6	1,500,000	1,800,000	1,056,269
Site 16	HD Housing 4	1,500,000	1,800,000	1,704,401
Site 17	HD Housing 3	1,500,000	1,800,000	1,389,750
Site 18	Housing 250	25,000	325,000	381,007
Site 19	Housing 150	25,000	325,000	41,144
Site 20	Housing 80	25,000	325,000	28,634
Site 21	Housing 40	25,000	325,000	-4,657
Site 22	Housing 24	150,000	450,000	51,911
Site 23	Housing 12	150,000	450,000	77,008
Site 24	Housing 9	150,000	450,000	1,037,626
Site 25	Housing 8	150,000	450,000	1,242,122
Site 26	Housing 6	150,000	450,000	1,098,966
Site 27	Housing 4	150,000	450,000	2,138,164
Site 28	Housing 3	150,000	450,000	1,204,784

Source: HDH (December 2025)

**Table 10.2b Residual Value v BLV – East Central**

		<b>EUV</b>	<b>BLV</b>	<b>Residual Value</b>
Site 1	Flats 60	1,500,000	1,800,000	-2,594,682
Site 2	Flats 30	1,500,000	1,800,000	-2,603,657
Site 3	Flats 12	1,500,000	1,800,000	-2,369,299
Site 4	Flats 9	1,500,000	1,800,000	-1,616,718
Site 5	Flats 8	1,500,000	1,800,000	-1,866,238
Site 6	Flats 6	1,500,000	1,800,000	-1,759,773
Site 7	Flats 4	1,500,000	1,800,000	-451,763
Site 8	Flats 3	1,500,000	1,800,000	-2,901,177
Site 9	HD Housing 100	1,500,000	1,800,000	-796,154
Site 10	HD Housing 50	1,500,000	1,800,000	-922,943
Site 11	HD Housing 24	1,500,000	1,800,000	-901,247
Site 12	HD Housing 12	1,500,000	1,800,000	-826,871
Site 13	HD Housing 9	1,500,000	1,800,000	222,200
Site 14	HD Housing 8	1,500,000	1,800,000	310,038
Site 15	HD Housing 6	1,500,000	1,800,000	442,926
Site 16	HD Housing 4	1,500,000	1,800,000	1,005,426
Site 17	HD Housing 3	1,500,000	1,800,000	711,480
Site 18	Housing 250	25,000	325,000	110,426
Site 19	Housing 150	25,000	325,000	-256,636
Site 20	Housing 80	25,000	325,000	-304,708
Site 21	Housing 40	25,000	325,000	-369,894
Site 22	Housing 24	150,000	450,000	-317,152
Site 23	Housing 12	150,000	450,000	-263,214
Site 24	Housing 9	150,000	450,000	587,138
Site 25	Housing 8	150,000	450,000	700,218
Site 26	Housing 6	150,000	450,000	594,669
Site 27	Housing 4	150,000	450,000	1,512,735
Site 28	Housing 3	150,000	450,000	697,653

Source: HDH (December 2025)

**Table 10.2c Residual Value v BLV - Midhurst and Adjacent**

		<b>EUV</b>	<b>BLV</b>	<b>Residual Value</b>
Site 1	Flats 60	1,500,000	1,800,000	-669,169
Site 2	Flats 30	1,500,000	1,800,000	-650,142
Site 3	Flats 12	1,500,000	1,800,000	-540,824
Site 4	Flats 9	1,500,000	1,800,000	616,834
Site 5	Flats 8	1,500,000	1,800,000	319,140
Site 6	Flats 6	1,500,000	1,800,000	509,795
Site 7	Flats 4	1,500,000	1,800,000	348,830
Site 8	Flats 3	1,500,000	1,800,000	848,782
Site 9	HD Housing 100	1,500,000	1,800,000	-1,068,240
Site 10	HD Housing 50	1,500,000	1,800,000	-1,275,277
Site 11	HD Housing 24	1,500,000	1,800,000	-1,251,790
Site 12	HD Housing 12	1,500,000	1,800,000	-1,043,025
Site 13	HD Housing 9	1,500,000	1,800,000	-23,529
Site 14	HD Housing 8	1,500,000	1,800,000	-165,418
Site 15	HD Housing 6	1,500,000	1,800,000	-38,812
Site 16	HD Housing 4	1,500,000	1,800,000	452,900
Site 17	HD Housing 3	1,500,000	1,800,000	183,937
Site 18	Housing 250	25,000	325,000	-69,501
Site 19	Housing 150	25,000	325,000	-458,245
Site 20	Housing 80	25,000	325,000	-525,754
Site 21	Housing 40	25,000	325,000	-611,190
Site 22	Housing 24	150,000	450,000	-571,282
Site 23	Housing 12	150,000	450,000	-451,184
Site 24	Housing 9	150,000	450,000	336,955
Site 25	Housing 8	150,000	450,000	264,049
Site 26	Housing 6	150,000	450,000	191,631
Site 27	Housing 4	150,000	450,000	1,015,277
Site 28	Housing 3	150,000	450,000	301,996

Source: HDH (December 2025)

**Table 10.2d Residual Value v BLV - West Central, excluding Midhurst**

		EUUV	BLV	Residual Value
Site 1	Flats 60	1,500,000	1,800,000	-2,594,682
Site 2	Flats 30	1,500,000	1,800,000	-2,603,657
Site 3	Flats 12	1,500,000	1,800,000	-2,369,299
Site 4	Flats 9	1,500,000	1,800,000	-1,616,718
Site 5	Flats 8	1,500,000	1,800,000	-1,866,238
Site 6	Flats 6	1,500,000	1,800,000	-1,759,773
Site 7	Flats 4	1,500,000	1,800,000	-451,763
Site 8	Flats 3	1,500,000	1,800,000	-2,901,177
Site 9	HD Housing 100	1,500,000	1,800,000	-846,063
Site 10	HD Housing 50	1,500,000	1,800,000	-984,030
Site 11	HD Housing 24	1,500,000	1,800,000	-962,539
Site 12	HD Housing 12	1,500,000	1,800,000	-877,922
Site 13	HD Housing 9	1,500,000	1,800,000	164,163
Site 14	HD Housing 8	1,500,000	1,800,000	242,116
Site 15	HD Housing 6	1,500,000	1,800,000	374,106
Site 16	HD Housing 4	1,500,000	1,800,000	926,494
Site 17	HD Housing 3	1,500,000	1,800,000	636,117
Site 18	Housing 250	25,000	325,000	79,171
Site 19	Housing 150	25,000	325,000	-292,118
Site 20	Housing 80	25,000	325,000	-344,439
Site 21	Housing 40	25,000	325,000	-413,265
Site 22	Housing 24	150,000	450,000	-360,871
Site 23	Housing 12	150,000	450,000	-304,458
Site 24	Housing 9	150,000	450,000	532,104
Site 25	Housing 8	150,000	450,000	638,422
Site 26	Housing 6	150,000	450,000	537,635
Site 27	Housing 4	150,000	450,000	1,443,243
Site 28	Housing 3	150,000	450,000	641,131

Source: HDH (December 2025)

**Table 10.2e Residual Value v BLV - West**

		<b>EUV</b>	<b>BLV</b>	<b>Residual Value</b>
Site 1	Flats 60	1,500,000	1,800,000	-2,594,682
Site 2	Flats 30	1,500,000	1,800,000	-2,603,657
Site 3	Flats 12	1,500,000	1,800,000	-2,369,299
Site 4	Flats 9	1,500,000	1,800,000	-1,616,718
Site 5	Flats 8	1,500,000	1,800,000	-1,866,238
Site 6	Flats 6	1,500,000	1,800,000	-1,759,773
Site 7	Flats 4	1,500,000	1,800,000	-451,763
Site 8	Flats 3	1,500,000	1,800,000	-2,901,177
Site 9	HD Housing 100	1,500,000	1,800,000	-646,426
Site 10	HD Housing 50	1,500,000	1,800,000	-739,683
Site 11	HD Housing 24	1,500,000	1,800,000	-717,371
Site 12	HD Housing 12	1,500,000	1,800,000	-673,717
Site 13	HD Housing 9	1,500,000	1,800,000	396,308
Site 14	HD Housing 8	1,500,000	1,800,000	513,804
Site 15	HD Housing 6	1,500,000	1,800,000	649,385
Site 16	HD Housing 4	1,500,000	1,800,000	1,239,958
Site 17	HD Housing 3	1,500,000	1,800,000	937,570
Site 18	Housing 250	25,000	325,000	204,188
Site 19	Housing 150	25,000	325,000	-152,692
Site 20	Housing 80	25,000	325,000	-187,842
Site 21	Housing 40	25,000	325,000	-240,965
Site 22	Housing 24	150,000	450,000	-188,925
Site 23	Housing 12	150,000	450,000	-141,105
Site 24	Housing 9	150,000	450,000	749,830
Site 25	Housing 8	150,000	450,000	881,788
Site 26	Housing 6	150,000	450,000	764,328
Site 27	Housing 4	150,000	450,000	1,721,211
Site 28	Housing 3	150,000	450,000	867,221

Source: HDH (December 2025)

**Table 10.2f Residual Value v BLV – Strategic Sites**

			<b>EUV</b>	<b>BLV</b>	<b>Residual Value</b>
Site 34	Shoreham Cement Works	Upper Beeding (East)	1,500,000	1,800,000	-4,760,347
Site 35	North Street Quarter	Lewes (East)	1,500,000	1,800,000	-3,440,937
Site 36	Land W of Liphook / Land at Westlands Park	Liphook (West Central)	25,000	250,000	136,852
Site 37	County Hall, St Anne's Crescent	Lewes (East)	1,500,000	1,800,000	1,176,853
Site 38	East Sussex College	Lewes (East)	1,500,000	1,800,000	1,001,326
Site 39	Land at Heath Farm	Petersfield (West)	25,000	250,000	280,597
Site 40	S of Herbert Shiner School & S of Petworth	Petworth (West Central)	25,000	250,000	-49,242

Source: HDH (December 2025)

10.8 This initial analysis, based on 50% affordable and the Authority's full policy aspirations, suggests that most development is likely to be unviable, as the Residual Value is less than the BLV. These results are significantly less good than anticipated, however it is important to note that this analysis assumes that all the affordable housing for rent is as Social Rent (Social Rent has a lower value than Affordable Rent), is to a Zero Carbon standard (including zero embedded carbon), and the cost of the Building Safety Levy is included in the appraisals. These add to the costs of development and have not been reflected in the Authority's earlier viability work.

10.9 To assist the Authority, a range of further appraisals have been run for the typologies.

### **Affordable Housing**

10.10 A core purpose of this WPVA is to confirm, or otherwise, an appropriate affordable housing target, in the context of the wider policy requirements. In the following sections the total amount of affordable housing has been considered, as has the tenure mix.

#### *Overall Requirement*

10.11 The current affordable housing target in the adopted Local Plan is 50%. A set of appraisals have been run from 0% to 50% affordable housing and with a varied tenure mix. In the base analysis the tenure mix is 75% Social Rent, 0% Affordable Rent, 25% Shared Ownership. This and the other base assumptions are as above, with only the overall level of affordable housing being altered.

10.12 The following table shows the change in the Residual Value between 40% and 30% affordable housing and 50% and 40% affordable housing. Where there is an increase in the Residual Value, this is the additional amount a developer can pay the landowner, where there is a decrease in the residual value, this is the reduction in the maximum amount that the developer can pay a landowner. The results are grouped by types of site.

**Table 10.3 Impact of Providing Affordable Housing. £ per ha**

	Flats	HD Housing	Large Housing	Housing
40%-30%	488,489	457,008	255,888	351,197
50%-40%	492,948	464,279	255,888	359,458

Source: HDH (December 2025)

10.13 This analysis suggests that a reduction of 10% affordable housing leads to an increase in the Residual Value of about £350,000 per ha on greenfield sites and about £460,000 per ha on brownfield sites. The impact per ha is greater on the brownfield sites as they are higher density.

*Affordable Tenure Mix*

10.14 The analysis in the base appraisals (above) assumes that the affordable housing is provided as 75% Social Rent, 0% Affordable Rent, 25% Shared Ownership, being the Authority’s preferred housing mix (rather than a mix that includes 10% of all housing as AHO and 25% of affordable housing as First Homes, as was sought by national policy prior to the NPPF and PPG being updated in December 2024). The updated NPPF puts an increased emphasis on Social Rent with paragraph 64 saying ‘*planning policies should specify the type of affordable housing required (including the minimum proportion of Social Rent homes required)*’. This suggests that the affordable housing mix should include some Social Rent.

10.15 When considering the affordable housing tenure sought it is necessary to consider the types of affordable housing that are attractive to the housing associations that will acquire and manage them in the future. It is understood that the majority of affordable housing for rent delivered in the area over the last few years has been as Affordable Rent. This analysis is carried out with 30%, 40% and 50% affordable housing.

**Table 10.4 Impact of Varied Affordable Housing Tenure. £ per ha**

Affordable %	Social Rent	Affordable Rent	AHO	Flats	HD Housing	Large Housing	Housing
30%	75%	0%	25%	0	0	0	0
30%	50%	25%	25%	133,947	105,327	60,320	84,252
30%	25%	50%	25%	267,894	209,757	120,641	168,133
40%	75%	0%	25%	0	0	0	0
40%	50%	25%	25%	179,059	142,028	80,427	115,104
40%	25%	50%	25%	357,855	283,652	160,854	228,733
50%	75%	0%	25%	0	0	0	0
50%	50%	25%	25%	226,010	180,302	100,534	146,227
50%	25%	50%	25%	451,201	360,183	201,068	291,487

Source: HDH (December 2025)

10.16 This analysis in the table above suggests that, at 40% affordable housing, relative to the base mix, providing the affordable housing for rent as 25% Social Rent, with 50% Affordable Rent, and the balance as AHO, has the impact of lifting the Residual Value by about £200,000 per

ha on greenfield sites and by about £300,000 per ha on brownfield sites. These costs are, very approximately, similar to the cost of providing 5% to 10% affordable housing.

10.17 This analysis clearly shows the link between the tenure mix and the provision of affordable housing.

**Varied Policy Standards**

10.18 In Chapters 2 and 8, several areas of higher development standards are set out. These are tested in the following sections. The relevant appraisals have been run based on 40% affordable housing for the typologies.

*Towards Zero Carbon*

10.19 The SDNPA has aspirations to implement a Zero Carbon / climate change policy and it is exploring the feasibility of a policy that goes above national standards.

10.20 The base scenario is taken to be Zero Carbon, with the zero embodied carbon requirements. Several further scenarios have been tested, being a minimum standard based on the Future Homes Standard that is anticipated to be mandated nationally, and an enhanced Zero Carbon scenario.

**Table 10.5 Impact of Varied Construction Standards (at 40% affordable housing). £ per ha**

Efficiency	Further Standards	Flats	HD Housing	Large Housing	Housing
FHS		300,232	268,185	128,025	195,787
Zero CO2		217,993	158,395	76,011	115,127
Zero CO2	Embodied	0	0	0	0

Source: HDH (December 2025)

10.21 Across the greenfield typologies, not seeking Zero Carbon standards and not requiring zero embodied carbon would result in the Residual Value would be about £175,000 per ha greater. This would be a similar impact to providing 5% affordable housing.

*Biodiversity Net Gain*

10.22 As set out in Chapter 8 above, national policy requires that new developments must deliver an overall increase in biodiversity of 10%. The base appraisals set out above assume 20% BNG, being above the national requirement of 10%. The Authority is considering seeking 33% BNG on some sites. The impact of seeking additional BNG is tested. In this analysis it is assumed that the requirements for BNG can be met on-site on the greenfield sites, without impacting on the site capacity indicated in allocation policies. It is assumed that that the BNG on brownfield sites is off-site.

10.23 The base assumption in the above analysis is that the Authority will seek 20% BNG. The impact of seeking 10% and 33% BNG has been tested.



**Table 10.6 Impact of Additional Biodiversity Net Gain (at 40% affordable housing). £ per ha**

BNG	Flats	HD Housing	Large Housing	Housing
10%	20,557	14,864	1,539	2,329
20%	0	0	0	0
33%	-41,114	-29,766	-4,616	-6,988

Source: HDH (December 2025)

- 10.24 There is a very modest cost saving, of about £2,000 per ha, of seeking 10% BNG on greenfield sites, where it is assumed that the provision will be on-site. The saving on brownfield sites is substantially greater at around £20,000 per ha.
- 10.25 The additional cost of seeking 33% BNG is about £6,000 per ha on greenfield sites and £35,000 per ha on brownfield sites.

*Accessible Standards*

- 10.26 The base assumption is that the Part M4(2) Accessible and Adaptable standard will be mandated nationally and the cost of this is included in the appraisals. The Authority has identified a need for Part M4(3)a Wheelchair Adaptable Housing standard housing. The base assumption in the above analysis is for 10% of the market units to be M4(3)a Wheelchair Adaptable standard. Options are tested with 0% to 20% M4(3)a Wheelchair Adaptable, and with 0% to 20% M4(3)b Wheelchair Accessible.

**Table 10.7 Impact of Accessible Standards (at 40% affordable housing). £ per ha**

M4(2)	M4(3)a	M4(3)b	Flats	HD Housing	Large Housing	Housing
100%	0%	0%	74,145	15,901	23,739	11,916
95%	5%	0%	37,053	7,964	11,854	5,968
90%	10%	0%	0	0	0	0
85%	15%	0%	-37,258	-8,034	-11,917	-6,022
80%	20%	0%	-74,416	-16,071	-23,803	-12,027
95%	0%	5%	-17,334	-3,732	-5,544	-2,802
90%	0%	10%	-108,685	-23,542	-34,764	-17,566
85%	0%	15%	-200,135	-43,522	-64,015	-32,346
80%	0%	20%	-291,687	-63,502	-93,267	-47,127

Source: HDH (December 2025)

- 10.27 The cost varies across the typologies. Across the greenfield sites, based on the 40% affordable housing requirements, simply seeking M4(2) Accessible housing, rather than the higher standard used in the base appraisals, results in a Residual Value that is about £26,000 higher on the greenfield sites.

*Water Efficiency Standards*

10.28 The base assumption is that all homes are built to the 110 LPPPD water efficiency standard. The Authority is exploring tighter water efficiency standards due to water scarcity issues. 110 LPPPD (the Option Building Regulations standard), and four further options of 100, 90, 85 and 80 LPPPD have been tested. The 90 LPPPD is the Authority’s preferred option.

**Table 10.8 Impact of Increased Water Usage Standards (at 40% affordable housing). £ per ha**

LPPPD	Flats	HD Housing	Large Housing	Housing
110	0	0	0	0
100	-16,935	-10,810	-5,417	-7,546
90	-99,121	-63,384	-31,705	-44,167
85	-124,026	-79,361	-39,671	-55,271
80	-236,097	-145,787	-47,637	-102,256

Source: HDH (December 2025)

10.29 The impact of seeking the 85 LPPPD standard on greenfield sites is about £50,000 per ha. The impact of seeking the tighter 80 LPPPD is very much more expensive than 85 LPPPD, further reducing the Residual Value by about £50,000 per ha. The impact of seeking the 80 LPPPD standard, relative to the Optional Building Regulations is sufficient to have a material impact on the provision of affordable housing.

*Developer Contributions*

10.30 The above analysis incorporated developer contributions. The appraisals include CIL, as adopted, plus payments under the s106 regime of £5,000 per unit.

**Table 10.9 Impact of Developer Contributions – in Addition to CIL (at 40% affordable housing). £ per ha**

Developer Contributions £ per unit	Flats	HD Housing	Large Housing	Housing
£0	213,169	135,239	69,298	97,166
£5,000	0	0	0	0
£10,000	-213,524	-136,581	-69,298	-97,786
£20,000	-643,118	-410,712	-207,893	-294,103

Source: HDH (December 2025)

10.31 Whist the £5,000 per unit is taken as a cautious approach, the analysis shows that, should significantly higher levels of contribution be sought, then the impact on the Residual Value and the maximum amount payable by a developer would be significant.

## Preferred Policy Requirements

10.32 The earlier part of this chapter has considered the impact of individual policies on development viability. It is necessary to bring this together. The early results of this report were discussed with the Authority, in making these suggestions the following have been taken into account:

- a. The SDNPA is not a ‘normal’ planning authority. It is a National Park Authority, as it is subject to the overriding purposes and duties of a National Park Authority being:

**Purpose 1:** To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.

**Purpose 2:** To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.

**Duty:** To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of our purposes.

All public bodies, including the National Park Authority, have a duty to seek to further these purposes. These purposes and duties run through everything the SDNPA does, including the plan-making process, and will be a factor for the SDNPA when deciding how much weight to put on different elements of the planning evidence base.

All decisions made by the SDNPA are made in this context.

- b. The delivery of affordable housing is important, and paragraph 78 of the Circular for English National Parks and the Broads<sup>138</sup> identifies that National Park Authorities have an important role to play as planning authorities in the delivery of affordable housing, and sets the expectation that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The Housing and Economic Development Needs Assessment and Addendum confirms the high level of need for affordable housing in this National Park, and that the priority is for Social Rent. However, the SDNPA acknowledges that seeking affordable housing for rent as Social Rent has a significant adverse impact on viability and has tempered its requirements accordingly.
- c. It is likely that the new national policy requirements for further increases to Part M of Building Regulations (with all new homes to be built to Accessible and Adaptable – Part M4(2) standards) will be introduced. It would be prudent to assume that these are a requirement.

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<sup>138</sup> <https://www.gov.uk/government/publications/english-national-parks-and-the-broads-uk-government-vision-and-circular-2010>

The cost of providing Wheelchair Adaptable (M4(3)a) housing is significantly less than the cost of providing or Wheelchair Accessible (M4(3)b) housing. SDNPA wishes to provide at least 10% of all housing as Wheelchair Adaptable (M4(3)a) housing.

- d. The national requirements will be to the Future Homes Standard, through revisions to Building Regulations have been announced but not yet introduced. It is prudent to assume that these will be mandated in the short to medium term.

A move towards Zero Carbon development is a priority for the Authority and it wishes to implement both zero operational carbon and zero embedded carbon policies as part of its wider objectives as a National Park Authority.

SDNPA has developed its policies in this regard, in essence to seek from most major developments upfront embodied carbon targets of less than 500 kg of CO<sub>2</sub> per sqm of gross internal area. This is not expected to add to the cost of zero carbon development.

- e. The initial viability testing assumes the adoption of a 110 LPPPD water standard, however the Authority's preference would now be to move to a 90 LPPPD standard. The cost of this is significant however is a requirement due to water scarcity and may be included in Building Regulations by 2030<sup>139</sup>.

- f. The viability testing includes a range of greenfield sites. The larger sites (200 units +) have the greatest capacity to bear planning obligations such as affordable housing and developer contributions.

Brownfield sites perform less well; however, these make up a relatively small element of the Authority's land supply (beyond the Strategic Sites) and many have already progressed to the planning application stage in spite of their apparent viability challenges. SDNPA is keen to see such sites coming forward. It is likely that it will be necessary to consider viability on brownfield sites at the development management stage.

- g. There is a need for infrastructure funding. CIL is the main mechanism for collecting developer contributions from development in the SDNP. It is not anticipated, except in exceptional circumstances, that site specific developer contributions will exceed £5,000 per unit.

- h. The analysis suggests that most types of greenfield development have capacity to bear developer contributions, but this is limited not when subject to the higher policy costs.

10.33 In discussion with SDNPA, further sets of appraisals have been run based on the following policy requirements. It is important to note that the purpose of this iteration of this WPVA is to further inform the development of policy, and the following set of requirements are neither a

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<sup>139</sup> See recommendations on p177 of the Water Cycle Study <https://www.southdowns.gov.uk/wp-content/uploads/2025/01/WCS-Stage-1.pdf>



**Table 10.10 Summary of Viability Analysis – By Allocated Units. Excluding Strategic Sites**

	Unviable	Marginal	Viable	ALL
<b>East</b>				
Brownfield	23	12	0	35
Greenfield	0	0	327	327
	<b>23</b>	<b>12</b>	<b>327</b>	<b>362</b>
<b>East Central</b>				
Brownfield				
Greenfield	0	110	106	216
	<b>0</b>	<b>110</b>	<b>106</b>	<b>216</b>
<b>West</b>				
Brownfield	84	0	0	84
Greenfield	0	30	268	298
	<b>84</b>	<b>30</b>	<b>268</b>	<b>382</b>
<b>West Central</b>				
Brownfield	53	0	0	53
Greenfield	0	193	59	252
	<b>53</b>	<b>193</b>	<b>59</b>	<b>305</b>
<b>West Central - Midhurst</b>				
Brownfield	110	0	0	110
Greenfield	75	9	5	89
	<b>185</b>	<b>9</b>	<b>5</b>	<b>199</b>
<b>ALL</b>				
Brownfield	270	12	0	282
Greenfield	75	342	765	1,182
	<b>345</b>	<b>354</b>	<b>765</b>	<b>1,464</b>

Source: SDNPA (January 2026)

- 10.38 Excluding the Strategic Sites, based on the above policy requirements, about 52% of units on the allocations are likely to be viable and deliverable, with 76% being viable or marginal. Of the allocations, about 24% of units are likely to be unviable.
- 10.39 The brownfield typologies are shown as being unviable or marginal. The Authority should be cautious in assuming that brownfield sites will be delivered early in the plan-period (for example within the 5 year land supply calculation) and should only do so where there is a commitment from a developer, or other evidence such as a recent planning consent that the site will be forthcoming. Having said this, it is clear that brownfield sites (i.e. PDL) have been delivered and are coming forward in all parts of the SDNP.

10.40 If the Authority were to follow this refined policy mix, it would be necessary that the SDNPA continues to engage with developers, landowners and site promoters, in line with the advice set out in the Harman Guidance (page 23):

*Landowners and site promoters should be prepared to provide sufficient and good quality information at an early stage, rather than waiting until the development management stage. This will allow an informed judgement by the planning authority regarding the inclusion or otherwise of sites based on their potential viability.*

10.41 In this context paragraph 10-006 of the PPG is particularly highlighted:

*... It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. It is important for developers and other parties buying (or interested in buying) land to have regard to the total cumulative cost of all relevant policies when agreeing a price for the land. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan....*

*PPG 10-006-20180724*

10.42 It will be necessary to have regard to the progress of sites through the development management process and / or commitments from site promoters. This may influence the selection of sites for allocation.

10.43 The modelling includes the potential strategic sites. On the basis of the high level modelling in this WPVA, the delivery of the Shoreham Cement Works is likely to be very challenging. This confirms the more detailed site-specific appraisals undertaken several years ago. Having said this, this site has recently changed hands, and the new owners have signed a Planning Performance Agreement with SDNPA with the intention of submitting a planning application in Autumn 2026.

10.44 The North Street Quarter site in Lewes is also likely to be challenging; the site derives a Residual Value that is less than BLV but is still over £1,000,000 per ha. Similarly, the site South of Herbert Shiner School at Petworth may only be able to bear 45% rather than 50% affordable housing. As set out above, it is recommended that that the Authority engages further with the promoters of the potential strategic sites in line with the advice set out in the Harman Guidance.

10.45 It is important to note that the Strategic Sites are modelled as for the typologies in this assessment. It is necessary to highlight an assumption at this stage as it may not be properly representative of such large sites. The potential strategic sites are modelled on the basis that the site is acquired by the developer in a single tranche at the start of the project, and that the CIL is paid, as per the Charging Schedule in the first few years of the project. Such a scenario is relatively unlikely on very large sites, where the site is typically purchased in phases. Such an approach benefits the developer in terms of cashflow, and this will have a material impact on viability.

*Impact of Change in Values and Costs*

10.46 Whatever policies are adopted, the Plan should not be unduly sensitive to future changes in prices and costs. In this report, the analysis is based on the build costs produced by BCIS.

As well as producing estimates of build costs, BCIS also produces various indices and forecasts to track and predict how build costs may change over time. The BCIS forecasts an increase in prices of 2.7% over the next year and 9.1% increase over the next 3 years. A range of scenarios is tested with varied increases in build costs.

- 10.47 As set out in Chapter 4, there is uncertainty in the property market. Several price change scenarios are also tested. In this analysis, it has been assumed all other matters in the base appraisals remain unchanged and the policy requirements are as per the Suggested Policy Requirements heading above. In the appraisals (see **Appendix 13**), only the costs of construction and the value of the market housing are altered.
- 10.48 The analysis demonstrates that a relatively small fall in value will adversely impact on viability. Conversely, a modest increase in value could have a significant impact in improving viability.

*Developer's Return*

- 10.49 Through the consultation process a range of views were expressed as to the appropriate developer's return. In this iteration of this assessment a 17.5% of Gross Development Value assumption is used across the tenures. A range of assumptions have been tested, the results of which are set out in **Appendix 14**.
- 10.50 In the initial (2025 pre-consultation) iteration of this assessment, the developer's return was taken as 17.5% of the value of market housing and 6% of the value of affordable housing. Following the consultation, this has been changed to 17.5% of the Gross Development Value. This change has the effect of reducing the Residual Value, and thus the amount a developer can pay for the land. The use of a higher developer's return assumption results in a further fall in the Residual Value, however a similar proportion of the greenfield typologies are shown as viable in both scenarios.

*Varied Benchmark Land Value*

- 10.51 Through the consultation process the appropriate Benchmark Land Value was questioned. In the pre-consultation iteration of this Viability Assessment, the following Benchmark Land Value assumptions were used:
- a. Brownfield Sites: EUV Plus 20%.
  - b. Greenfield Sites: Generally EUV Plus £300,000/ha.  
Strategic Sites EUV x 10
- 10.52 A range of comments were made, some supportive and some suggesting a higher assumption. The base assumptions are unchanged, however, on the mixed-use Strategic Sites, the appropriate greenfield / brownfield assumptions are applied based on the site areas. Bearing in mind the lack of consensus, sensitivity testing has been carried out as set out in **Appendix 14**.

10.53 In the SDNPA area, when the BLV is increased, more typologies do show as being unviable. Whilst the BLV assumption was questioned, the analysis shows that if a significantly higher BLV assumption were to be used, the results would be materially different, having said that, the assumptions used are broadly in line with those used elsewhere.

*Review*

10.54 The direction of the market, as set out in Chapter 4 above, is positive, although this remains uncertain. Bearing in mind SDNPA's desire to deliver new housing, and the requirements to fund infrastructure, it is recommended that the Authority keeps viability under review.

10.55 In this regard it is timely to highlight paragraph 10-009-20180724 of the PPG.

*How should viability be reviewed during the lifetime of a project?*

*Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.*

*Where contributions are reduced below the requirements set out in policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time. As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project.*

*Paragraph: 009 Reference ID: 10-009-20190509*

10.56 It is recommended that, on sites where the policy requirements are flexed, the Authority includes review mechanisms on larger multi-phase sites.

*Self-build and Custom Housebuilding*

10.57 Initially the Authority had not drafted a self and custom build policy, but is considering such a policy. The impact of a requirement for at least 5% of homes on sites of 20 and larger is considered. It is assumed that this policy would be implemented on a 'whole plot' basis, so sites over 50 units would be required to provide 5 plot, sites over 60 units would be required to provide 6 plots, and so on.

10.58 If a developer is to sell a plot as a serviced self-build plot, they would not receive the profit from building the unit, they would however receive the price for the plot. If they were to provide the plot as a custom-build plot (i.e. where the developer designs and builds to the buyer's design and specifications) they would receive a payment for the land, the costs of construction and the price paid would incorporate the developer's return. The impact on viability is therefore the balance between the profit foregone and the receipt for the serviced plot. The developer's return per market house is generally in the £55,000 to £90,000 per plot range.

10.59 There are several serviced development sites being publicly marketed in the area at the time of this update. As set out in Chapter 6 above, the least expensive single plots are being

marketed in excess of £300,000 per unit. Having made enquiries with local agents, the general consensus is that modest single plots, in an estate housing situation (as would be the case on sites of over 20 units are likely to fetch in excess £200,000 in the current market, although the price for larger plots, with land for gardens and appropriate for larger family homes are likely to achieve a price that is very much more.

- 10.60 The modelling in this viability assessment is based on at least 30 units per net ha with allowance for open space. On this basis, a self-build plot is likely to be about 0.033ha or so. A plot price of £200,000 would lead to a land value of over £6,000,000 per ha. This is substantially above the BLV and allows scope for the services to be laid on to the plot or plots. It is also well above the developer's return that would be forgone from developing the unit.
- 10.61 Based on the above analysis, it is unlikely that a requirement for self-build plots will adversely impact on viability. The policy now seeks that on residential developments of 50 or more dwellings, developers must provide 10% fully serviced plots and market them to eligible self-builders for 12 months. If no interest is demonstrated after this period, the plots may revert to general market or affordable housing. Similar comments to the 5% requirement apply.

*Commuted Sums and Payments in Lieu of Affordable Housing*

- 10.62 SDNPA's preference is for affordable housing to be delivered on-site. This approach is in line with Paragraph 64 of the NPPF that says:

*Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required (including the minimum proportion of Social Rent homes required), and expect it to be met on-site unless:*

- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- b) the agreed approach contributes to the objective of creating mixed and balanced communities.*

- 10.63 Some councils set out guidance as to how a commuted sum would be calculated so as to provide transparency, and to avoid the undue delays that might arise during s106 negotiations if details of a payment had to be developed from first principles on each occasion. The following analysis provides a basis for calculating the commuted sum.

- 10.64 An approach to the calculation is based on the difference in the Residual Value of the development site with and without affordable housing, so is the cost of the contribution that the developer would have made if an on-site affordable contribution were delivered.

- 10.65 The calculation works as follows:

- a. Estimate the value of the site with 100% market housing.
- b. Estimate the Residual Value of the site with the target level of affordable housing (which is adjusted to whole units on small typologies).

- 10.66 The difference between (a) and (b) is the reduction in site value due to the affordable housing policy contribution. This is set out in **Appendix 15**. Taking the appraisal for Site 21 in the

East area (a greenfield housing site of 40 units) as an example. The Residual Value when subject to 40% affordable housing is £1,260,121, and without affordable housing it is £3,576,609. The difference is £2,316,488 (£3,576,609 – £1,260,121). £2,316,488 divided by 16 affordable units (40% of 40 units) is £144,780 per unit (£2,316,488 ÷ 16).

10.67 The calculated contributions across the typologies vary and are set out below:

**Table 10.11 Calculated Commuted Sum Payments - £ per Affordable Unit Not Delivered On-site**

	East	East Central	Midhurst and Adjacent	West Central, excluding Midhurst	West
<b>Flats</b>	£77,103	£85,149	£116,944	£85,149	£85,149
<b>Brownfield</b>	£143,807	£128,844	£119,800	£127,176	£133,943
<b>Greenfield</b>	£146,774	£129,202	£117,800	£127,189	£135,241

Source: HDH (January 2026)

10.68 Paragraph 64 of the NPPF is clear that off-site provision or financial contribution in lieu ‘*can be robustly justified*’. On this basis, the above calculations provide a sound basis for determining a commuted sum figure. There are two alternatives open to the Authority. The first is to work to a published ‘standard commuted sum payment’. If SDNPA were to take this option, the figures in the table above, per affordable unit not delivered on-site would be appropriate.

10.69 This opportunity is taken to highlight a weakness in the approach set out above. It is assumed that the scheme with and without affordable housing is the same scheme in terms of housing mix. As set out in Chapter 8 above, the housing mix to meet local need varies across the tenures. This nuance is not reflected in the approach set out above.

10.70 The new Local Plan will be long lived and is likely to be in place across several economic cycles. It is therefore suggested that separate guidance is prepared setting out the amount of the payment, and to allow a simple review should viability change.

10.71 Alternatively, the Authority may prefer to calculate the commuted sum scheme-by-scheme as it does now. This has the advantage of being an up-to-date figure, but the disadvantage of a lack of clarity for developers. The methodology used is to assess the Open Market Value of the units that would be affordable units and then deduct from that the amount that a housing association would pay for those units as affordable units – the difference being the commuted sum.

### **Specialist Housing**

10.72 As well as mainstream housing being tested, as set out above, two forms of specialist housing are assessed, being older people’s housing and Build to Rent.

10.73 In this context it is important to note that the PPG anticipates that it is appropriate to consider the viability of such development at the development management stage.

*Should viability be assessed in decision taking?*

*Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.*

*Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.*

*Paragraph: 007 Reference ID: 10-007-20190509*

*Older People's Housing*

- 10.74 Affordable housing is sought from all housing schemes, including specialist older persons housing. The Sheltered and Extracare sectors have been tested separately. As for mainstream housing, a set of appraisals have been run, with the Authority's preferred policies as set out earlier in this chapter. CIL is assumed to apply and an additional allowance of £1,000 per unit for s106 contributions is made.
- 10.75 The Residual Values are significantly below the BLV without affordable housing suggesting that Sheltered and Extracare housing are unlikely to be viable. As set out above, the PPG anticipates that viability on such sites will be considered at the development stage.

*Build to Rent*

- 10.76 SDNPA is not allocating sites specifically for Build to Rent development however a flatted scheme and a housing scheme have been modelled, each on greenfield and brownfield sites. As per paragraphs 60-002-20180913 to 10-007-20180913 of the PPG, in this analysis the affordable element is assumed to be Affordable Private Rent, with a value of 80% of market value. The appraisals align with the preferred policy option set out above and CIL is assumed to apply and an additional allowance of £1,000 per unit for s106 contributions is made.
- 10.77 The Residual Values are significantly below the BLV without affordable housing, suggesting that Build to Rent development is unlikely to be viable. As set out above, the PPG anticipates that viability on such sites will be considered at the development stage.
- 10.78 The Authority should be cautious about relying on Build to Rent schemes to deliver development in the future, unless there is evidence that such development would be forthcoming.

## 11. Non-Residential Appraisals

- 11.1 Based on the assumptions set out previously, a set of development financial appraisals have been run for the non-residential development types.
- 11.2 As with the residential appraisals, the Residual Valuation approach has been used. Appraisals have been run to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents, and an appropriate amount of developer's profit. The payment would represent the sum paid in a single tranche on the acquisition of a site. For the proposed development to be described as viable, it is necessary for this value to exceed the value from an alternative use. To assess viability, the same methodology has been used regarding the Benchmark Land Value (EUV 'plus').
- 11.3 It is important to note that a report of this type applies relatively simple assumptions that are broadly reflective of an area to assess viability. The fact that a site is shown as viable does not necessarily mean that it will come forward, and vice versa. An important part of any final consideration of viability will be relating the results of this study to what is happening on the ground in terms of development, and what planning applications are being determined – and on what basis.
- 11.4 In the appraisal the costs are based on the BCIS costs, adjusted for Zero Carbon<sup>140</sup>. The detailed appraisal results are set out in **Appendix 17** and summarised in the following sections.

### Employment uses

- 11.5 Firstly, the main employment uses are considered.

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<sup>140</sup> The cost of 'Zero Carbon' would add 6% to the cost of offices and 8% to the cost of industrial and distribution uses. Shops are treated as offices and the large format retail as industrial uses.

**Table 11.1 Employment Appraisal Results**

**GREENFIELD**

		Offices - Central	Offices - Small	Offices - Park	Industrial	Industrial - Small
<b>CIL</b>	£/m2	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>
<b>RESIDUAL VALUE</b>	<b>Site</b>	<b>-3,607,859</b>	<b>-466,926</b>	<b>-1,611,625</b>	<b>-1,591,399</b>	<b>-255,919</b>
Existing Use Value	£/ha	150,000	150,000	150,000	25,000	150,000
Viability Threshold	£/ha	450,000	450,000	450,000	325,000	450,000
Residual Value	£/ha	<b>-54,117,889</b>	<b>-17,509,740</b>	<b>-4,029,062</b>	<b>-3,182,798</b>	<b>-2,559,188</b>

**BROWNFIELD**

		Offices - Central	Offices - Small	Offices - Park	Industrial	Industrial - Small
<b>CIL</b>	£/m2	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>
<b>RESIDUAL VALUE</b>	<b>Site</b>	<b>-4,405,718</b>	<b>-590,330</b>	<b>-2,249,137</b>	<b>-215,289</b>	<b>-336,757</b>
Existing Use Value	£/ha	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Viability Threshold	£/ha	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Residual Value	£/ha	<b>-66,085,772</b>	<b>-22,137,383</b>	<b>-5,622,842</b>	<b>-4,305,788</b>	<b>-3,367,572</b>

Source: HDH (December 2025)

- 11.6 The above results are reflective of the current market in much of England, away from the main economic centres and metropolitan areas. The main employment uses are shown as being unviable, generating a Residual Value that is less than the BLV. Having said this, employment space of all types is being delivered. It is understood that the Local Plan has sufficient existing commitments to meet most of its employment need (permitted under the current Local Plan which does not have Zero Carbon requirements), with the majority of new allocation of business space at Shoreham Cement Works, the viability of which is explored above.
- 11.7 Employment development is being brought forward to a limited extent on a speculative basis by the development industry. The development that does take place tends to be from existing businesses and / or for operational reasons, for example, existing businesses moving to more appropriate and better located town edge properties.
- 11.8 The analysis in this report is carried out in line with the Harman Guidance and in the context of the NPPF and PPG. It assumes that development takes place for its own sake and is a goal in its own right. The assumption is that a developer buys land, develops it and then disposes of it, in a series of steps with the sole aim of making a profit from the development. The Guidance, as set out in Chapters 2 and 3 above, does not reflect the broad range of

business models under which developers and landowners operate. Some developers have owned land for many years and are building a broad income stream over multiple properties over the long term. Such developers are able to release land for development at less than the arms-length value at which it may be released to third parties and take a long-term view as to the direction of the market based on the prospects of an area and wider economic factors. Much of the development coming forward in the SDNPA area is 'user led' being brought forward by businesses, or for specific end users, that will use the eventual space for operational uses, rather than for investment purposes.

- 11.9 It is clear that the delivery of some types of employment uses is challenging in the current market. The above appraisals assume that development is carried out to a Zero Carbon Standard. A further set of appraisals has been run to test the impact of costs that may arise due to higher environmental standards. The costs will vary considerably from development type and the specifics of each building so additional construction costs of 5%, 10%, 15% and 20% are applied to the appraisals.

**Table 11.2 Effect of Greater Construction Costs**

<b>GREENFIELD</b>						
		<b>Offices - Central</b>	<b>Offices - Small</b>	<b>Offices - Park</b>	<b>Industrial</b>	<b>Industrial - Small</b>
<b>CIL</b>	£/m2	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>
Existing Use Value	£/ha	150,000	150,000	150,000	25,000	150,000
Viability Threshold	£/ha	450,000	450,000	450,000	325,000	450,000
Base	£/ha	-54,117,889	-17,509,740	-4,029,062	-3,182,798	-2,559,188
0%	£/ha	-46,861,786	-14,732,772	-3,103,406	-2,509,640	-1,975,017
5%	£/ha	-52,908,538	-17,046,912	-3,874,786	-2,930,364	-2,340,124
10%	£/ha	-58,955,291	-19,361,053	-4,646,166	-3,351,087	-2,705,231
15%	£/ha	-65,002,044	-21,675,193	-5,417,547	-3,771,811	-3,070,338
20%	£/ha	-71,048,796	-23,989,334	-6,188,927	-4,192,535	-3,435,445
<b>BROWNFIELD</b>						
		<b>Offices - Central</b>	<b>Offices - Small</b>	<b>Offices - Park</b>	<b>Industrial</b>	<b>Industrial - Small</b>
<b>CIL</b>	£/m2	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>
Existing Use Value	£/ha	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Viability Threshold	£/ha	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Base	£/ha	-66,085,772	-22,137,383	-5,622,842	-4,305,788	-3,367,572
0%	£/ha	-58,156,592	-19,102,822	-4,611,322	-3,583,266	-2,729,214
5%	£/ha	-64,764,242	-21,631,623	-5,454,256	-4,034,842	-3,128,188
10%	£/ha	-71,371,893	-24,160,424	-6,297,189	-4,486,419	-3,527,162
15%	£/ha	-77,979,543	-26,689,225	-7,140,123	-4,937,996	-3,926,136
20%	£/ha	-84,587,194	-29,218,025	-7,983,056	-5,389,572	-4,325,110

Source: HDH (December 2025)

11.10 The Authority should be cautious in relation to setting policy requirements for employment uses that would unduly impact on viability.

**Retail Uses**

11.11 The main retail uses are also considered.

**Table 11.3 Retail and Appraisal Results**

**GREENFIELD**

				<b>Prime Retail</b>	<b>Secondary Retail</b>	<b>Supermarket</b>
<b>CIL</b>	£/m2			<b>£0.00</b>	<b>£0.00</b>	<b>£163.48</b>
<b>RESIDUAL VALUE</b>	<b>Site</b>			<b>616,298</b>	<b>-88,603</b>	<b>1,924,413</b>
Existing Use Value	£/ha			150,000	150,000	150,000
Viability Threshold	£/ha			450,000	450,000	450,000
Residual Value	£/ha			<b>24,651,907</b>	<b>-3,544,100</b>	<b>4,811,032</b>

**BROWNFIELD**

				<b>Prime Retail</b>	<b>Secondary Retail</b>	<b>Supermarket</b>
<b>CIL</b>	£/m2			<b>£0.00</b>	<b>£0.00</b>	<b>£163.48</b>
<b>RESIDUAL VALUE</b>	<b>Site</b>			<b>569,787</b>	<b>-135,113</b>	<b>1,592,943</b>
Existing Use Value	£/ha			1,500,000	1,500,000	1,500,000
Viability Threshold	£/ha			1,800,000	1,800,000	1,800,000
Residual Value	£/ha			<b>22,791,468</b>	<b>-5,404,540</b>	<b>3,982,357</b>

Source: HDH (December 2025)

11.12 Town centre shop-based retail development is shown as viable with the Residual Value exceeding the Benchmark Land Value by a substantial margin. This is consistent with the activity in the attractive market towns in the National Park. Similarly, the large format retailing is shown as viable. Secondary retailing derives a Residual Value that is less than the BLV, suggesting that such retail is unlikely to be viable. The emerging Plan supports the development of retail uses in the town centres but there are limited remaining opportunities within the town centres beyond those being currently pursued. The Council wishes to see a broad range of retailing in the towns, and the Plan directs this towards the town centres.

11.13 As with employment uses, the above appraisals assume that development is carried out to the Zero Carbon standard. A further set of appraisals has been run to test the impact of higher costs that may arise due to higher environmental standards. The costs will vary considerably

from development type and the specifics of each building so additional construction costs of 5%, 10%, 15% and 20% are applied to the appraisals.

**Table 11.4 Effect of Greater Construction Costs**

<b>GREENFIELD</b>						
				<b>Prime Retail</b>	<b>Secondary Retail</b>	<b>Supermarket</b>
<b>CIL</b>	£/m2			<b>£0.00</b>	<b>£0.00</b>	<b>£163.48</b>
Existing Use Value	£/ha			150,000	150,000	150,000
Viability Threshold	£/ha			450,000	450,000	450,000
Base	£/ha			24,651,907	-3,544,100	4,811,032
0%	£/ha			25,740,283	-2,455,724	5,411,407
5%	£/ha			24,833,303	-3,362,704	5,036,173
10%	£/ha			23,926,323	-4,269,684	4,660,939
15%	£/ha			23,019,343	-5,176,664	4,285,705
20%	£/ha			22,112,363	-6,083,644	3,910,471
<b>BROWNFIELD</b>						
				<b>Prime Retail</b>	<b>Secondary Retail</b>	<b>Supermarket</b>
<b>CIL</b>	£/m2			<b>£0.00</b>	<b>£0.00</b>	<b>£163.48</b>
Existing Use Value	£/ha			1,500,000	1,500,000	1,500,000
Viability Threshold	£/ha			1,800,000	1,800,000	1,800,000
Base	£/ha			22,791,468	-5,404,540	3,982,357
0%	£/ha			23,980,802	-4,215,206	4,638,422
5%	£/ha			22,989,690	-5,206,317	4,228,382
10%	£/ha			21,998,579	-6,197,429	3,818,341
15%	£/ha			21,007,467	-7,188,541	3,408,300
20%	£/ha			20,016,355	-8,179,652	2,998,259

Source: HDH (December 2025)

11.14 This analysis shows that there is scope to seek higher environmental standards on the town centre and larger format retail uses.



## 12. Findings and Recommendations

- 12.1 This chapter brings together the findings of this report and provides a non-technical summary of the overall assessment. Having said this, a viability assessment of this type is, by its very nature, a technical document that is prepared to address the very specific requirements of the National Planning Policy Framework so it is recommended the report is read in full. As this is a summary chapter, some of the content of earlier chapters is repeated.
- 12.2 The South Downs National Park Authority (the Authority, SDNPA) is preparing a new Local Plan for the period 2022 to 2042. HDH Planning & Development Ltd (HDH) has been instructed to prepare a Whole Plan Viability Assessment (WPVA) to assess the viability of the emerging Local Plan Review. This WPVA will support the production of the emerging new Local Plan. This Assessment provides evidence to inform the production of appropriate policies and options and test whether the development proposed through the emerging Local Plan is financially viable and deliverable. The emerging requirements are considered individually and cumulatively. Consideration is also given to how they relate to each other.

### Compliance

- 12.3 HDH Planning & Development Ltd is a firm regulated by the Royal Institution of Chartered Surveyors (RICS) so it is necessary to have regard to RICS Professional Standards and Guidance. There are two main pieces of relevant guidance, being the *Financial viability in planning: conduct and reporting RICS professional statement, England (1<sup>st</sup> Edition, May 2019)* and *Assessing viability in planning under the National Planning Policy Framework 2019 for England, GUIDANCE NOTE* (RICS, 1st edition, March 2021). HDH confirms that the RICS Guidance has been followed.

### Viability Testing under the NPPF and Updated PPG

- 12.4 The effectiveness of plans was important under the 2012 NPPF, but a greater emphasis is put on deliverability in the extant NPPF. The overall requirement is that ‘... *policy requirements should be informed by evidence of infrastructure and Affordable Housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106...*’
- 12.5 This study is based on typologies that are representative of the type of development expected to come forward under the adopted Local Plan. The Strategic Sites are modelled individually.
- 12.6 The PPG sets out that viability should be tested using the Existing Use Value Plus (EUV Plus) approach:

*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 comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).*

- 12.7 The Benchmark Land Value (BLV) is the amount the Residual Value must exceed for the development to be considered viable.
- 12.8 The methodology used in this report is consistent with the extant December 2024 NPPF. In December 2025, the Government published a draft NPPF for consultation. The draft NPPF is a fundamental re-write of the national planning policy, making a number of significant changes to the planning system, however it stresses the importance of the system being '*genuinely plan-led*'. It should be noted that the transitional arrangements in this draft NPPF allow Local Plans, submitted for examination by 31<sup>st</sup> December 2026, to be examined against the 2024 NPPF.

#### *Purposes & Duty of the SDNPA*

- 12.9 The methodology used in this report is consistent with the extant December 2024 NPPF, the CIL Regulations (as amended) and the PPG, however it is important to note that the SDNPA is not a normal Local Planning Authority as it is subject to the overriding purposes and duties of a National Park Authority being:
- **Purpose 1:** To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.
  - **Purpose 2:** To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.
  - **Duty:** To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of its purposes.
- 12.10 All public bodies (and utility companies), including the National Park Authority, have a duty to seek to further these purposes. These purposes and duties run through everything the SDNPA does, including the plan-making process, and will be a factor for the SDNPA when deciding how much weight to put on different elements of the planning evidence base (including this study).

#### *Viability Guidance*

- 12.11 Neither the NPPF nor the PPG, include step by step specific technical guidance on how to test viability, although the PPG includes guidance in a number of specific areas. There are several sources of guidance and appeal decisions that support the methodology adopted. This study follows the Harman Guidance. In line with the updated PPG, this study follows the EUV Plus (EUV+) methodology, that is to compare the Residual Value generated by the viability appraisals, with the EUV + an appropriate uplift to incentivise a landowner to sell. The amount of the uplift over and above the EUV is central to the assessment of viability. It must be set at a level to provide a return to the landowner. To inform the judgement as to whether the uplift is set at the appropriate level, reference is made to the market value of the land both with and without the benefit of planning permission for development.

12.12 The availability and cost of land are matters at the core of viability for any property development. The format of the typical valuation is:

$$\begin{array}{r} \textbf{Gross Development Value} \\ \text{(The combined value of the complete development)} \\ \text{LESS} \\ \textbf{Cost of creating the asset, including a profit margin} \\ \text{(Construction + fees + finance charges)} \\ = \\ \textbf{RESIDUAL VALUE} \end{array}$$

12.13 The result of the calculation indicates a land value, the Residual Value. The Residual Value is the top limit of what a developer could offer for a site and still make a satisfactory return (i.e. profit).

12.14 The NPPF and the PPG are clear that the assessment of viability should be based on existing available evidence. The evidence that is available from the Council has been reviewed. This includes that which has been prepared earlier in the plan-making process, and that which the Council holds, in the form of development appraisals that have been submitted by developers in connection with specific developments – most often to support negotiations around the provision of affordable housing or s106 contributions.

12.15 A technical consultation was undertaken in August 2025. Representatives of the main developers (including housing associations), development site landowners, agents, planning agents and consultants working in the area, and local authorities whose areas are within the National Park, were invited to comment on an early iteration of this report.

### **Residential Market**

12.16 An assessment of the housing market was undertaken. The housing market has moved on since the *Local Plan and Affordable Housing Viability Assessment* (BNP Paribas, August 2017) was completed. Average house prices are now about 20% higher than in 2017.

12.17 The rise in house prices over the last 12 or so years was, at least in part, been enabled by the historically low mortgage rates offered to home buyers. In addition, the housing market has been actively supported by the Government through products and initiatives such as Help-to-Buy and a Stamp Duty ‘holiday’ that was introduced to support prices during the COVID-19 pandemic. These initiatives have now been withdrawn.

12.18 The housing market and wider economy has been through various uncertainties, including that of the COVID-19 pandemic. The economy continues to be faced with uncertainty around world trade and the ongoing war in Ukraine, unrest in the Middle East, with the impact on energy costs, increased taxation and inflationary pressures in the economy, which all add uncertainty.

*The Local Market*

- 12.19 A survey of asking prices, across the Council area, was carried out in July 2025. Through using online tools such as rightmove.co.uk, median asking prices were estimated.
- 12.20 As part of the research, data from Landmark was analysed. This brings together data from a range sources and allows the transactions recorded by the Land Registry to be analysed by floor area and number of bedrooms. This data includes the records of 5,425 sales since the start of 2021. Of these, floor areas are available for 4,875 sales and the number of bedrooms is available for 2,950 sales. There is a significant delay in the Land Registry updating the dataset, with only 28 newbuild sales recorded since the start of 2024.
- 12.21 The data is summarised in 4 broad areas.

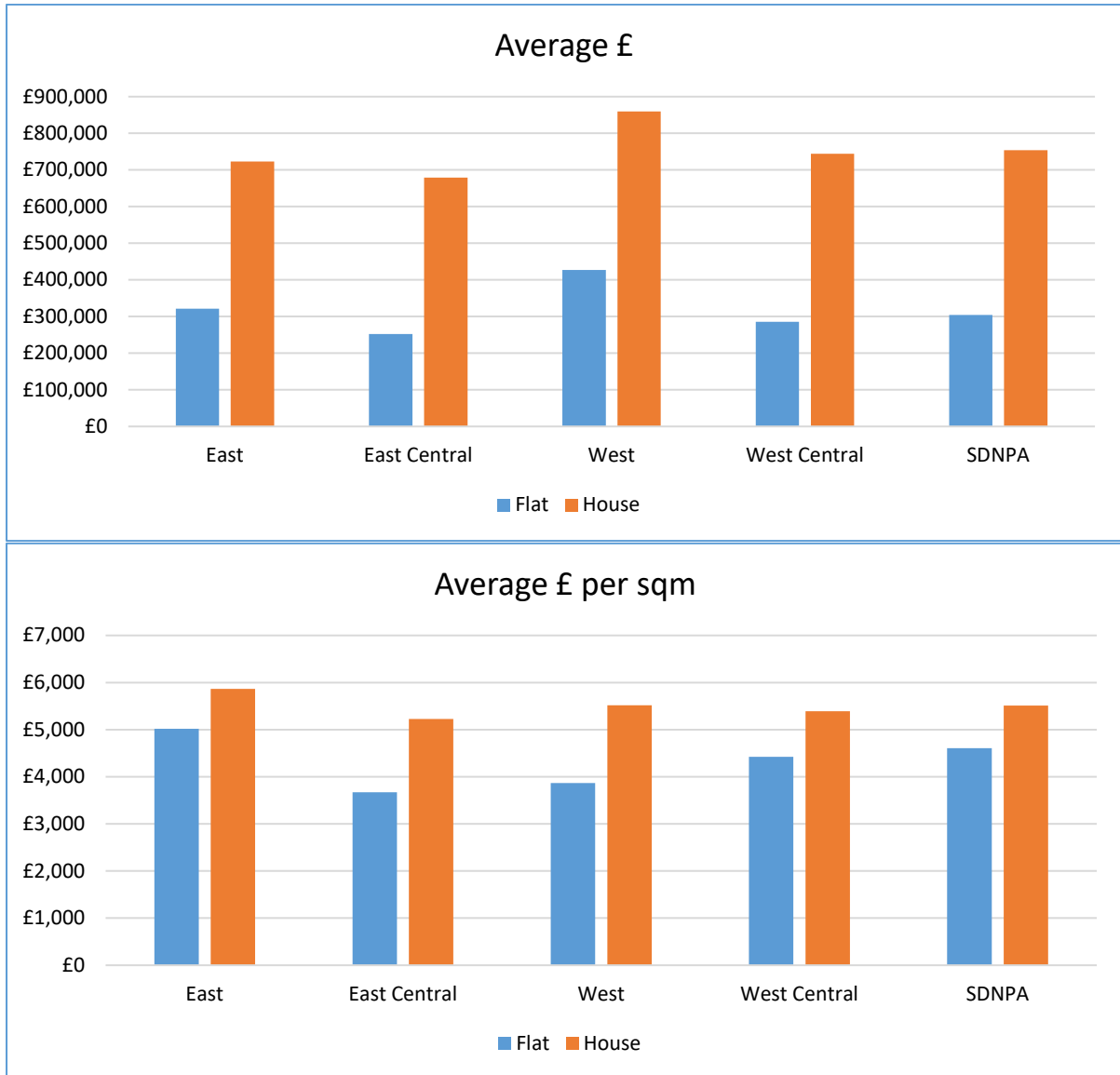
**West** West of the A3, but also including Petersfield

**West Central** East of the A3, but excluding Petersfield and west of the River Arun

**East Central** Between the River Arun and the River Adur

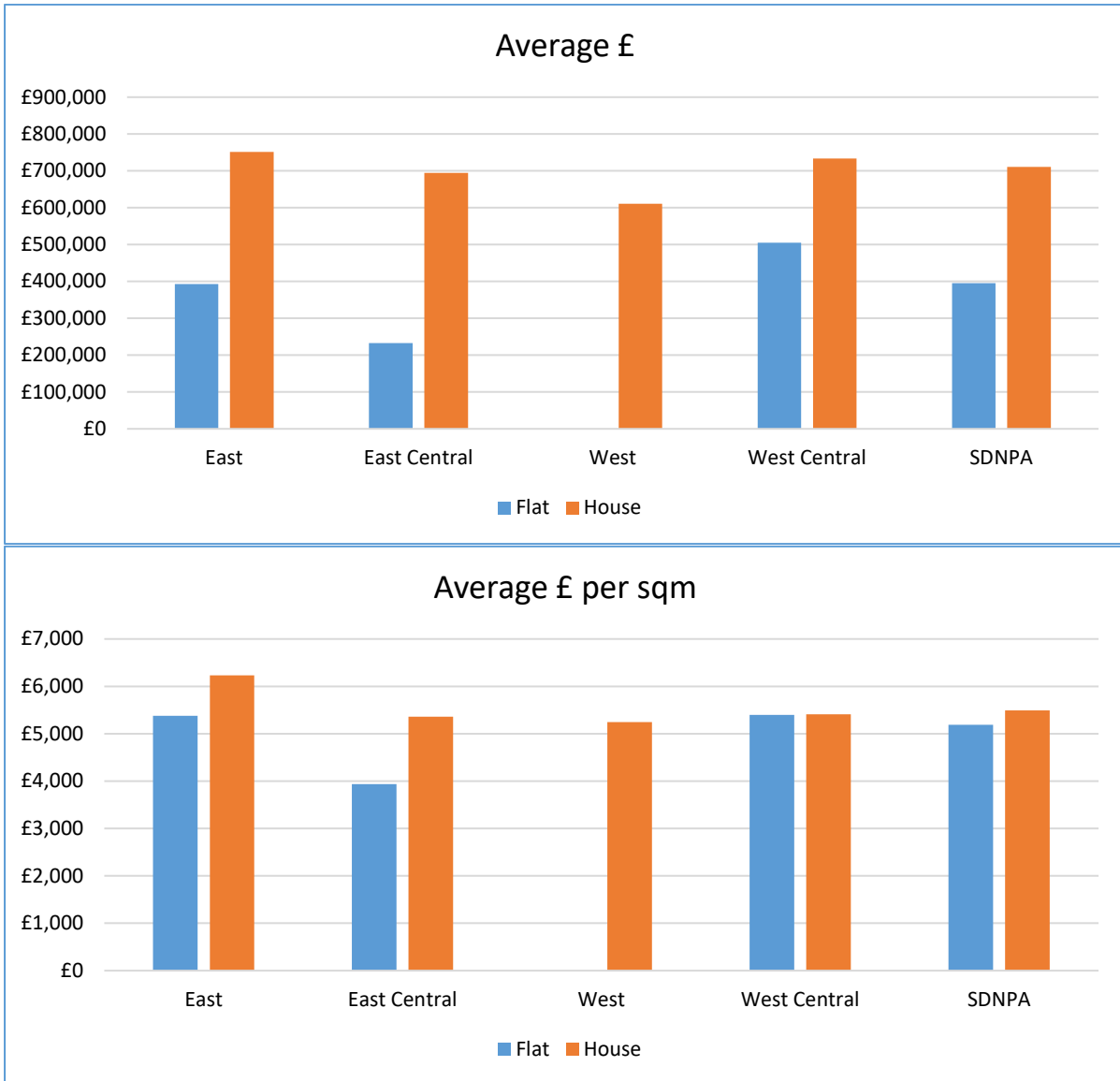
**East** East of the River Adur

**Figure 12.1 Average Prices – Non Newbuild from January 2022 to 2025**



Source: Landmark (July 2025)

**Figure 12.2 Average Prices – Newbuild Properties from January 2021**



Source: Landmark (July 2025)

12.22 This data shows that, on average, newbuild houses are about twice the price of newbuild flats, however when considered on a £ per sqm basis houses are about 6% more expensive than flats. The data also shows that newbuild flats are about 30% more expensive than existing flats, however newbuild houses are about 6% less expensive than existing houses. When considered on a £ per sqm basis, newbuild flats are about 13% more expensive than existing flats, and newbuild houses are similarly priced to existing houses.

12.23 Based on prices paid, the asking prices from active developments, and informed by the general pattern of all house prices across the assessment area, and the wider data presented, the following price assumptions are adopted



**Table 12.3 Existing Use Value Land Prices £/ha**

Previously Developed Land	£1,500,000
Agricultural	£25,000
Paddock	£150,000

Source: HDH (August 2025)

12.27 In the pre-consultation iteration of this Viability Assessment, the following Benchmark Land Value assumptions were used:

- Brownfield Sites: EUV Plus 20%.
- Greenfield Sites: Generally EUV Plus £300,000/ha.  
Strategic Sites EUV x 10

### **Development Costs**

12.28 These are the costs and other assumptions required to produce the financial appraisals.

12.29 The cost assumptions are derived from the Building Cost Information Service (BCIS) data. The BCIS provides costs for a broad range of types of building, indexed locally. Across the local authority areas, the costs range from £1,530 per sqm to £1,680 per sqm, with the average being £1,620 per sqm. A cautious approach is taken, and the BCIS costs are indexed to 112, being the top end of the range. This approach is taken to reflect the SDNPA Design Guide as discussed further in Chapter 8. The use of the BCIS data is suggested in the PPG (paragraph 10-012-20180724) however, it is necessary to appreciate that the volume housebuilders are likely to be able to achieve significant saving due to their economies of scale.

12.30 The appropriate build cost is applied to each house type, with the cost of Estate Housing Detached being applied to detached housing, the costs of Flats being applied to flats and so on. In this iteration the upper quartile BCIS cost is used on smaller greenfield sites (less than 200 units, and the median on greenfield larger sites. The median costs are used on flatted development sites.

12.31 In addition to the BCIS £/m<sup>2</sup> build cost figures, allowance needs to be made for a range of site costs (roads, drainage and services within the site, parking, footpaths, landscaping and other external costs). A scale of allowances for site costs has been developed for the residential sites, ranging from 10% of build costs for the smaller sites and flatted schemes within the urban area, to 15% for the larger greenfield schemes.

12.32 An additional allowance is made for abnormal costs associated with brownfield sites of 5% of the BCIS costs. Abnormal costs will be reflected in land value. Those sites that are less expensive to develop will command a premium price over and above those that have exceptional or abnormal costs.

### *Fees*

- 12.33 For both residential and non-residential development it is assumed professional fees amount to 10% of build costs.
- 12.34 An allowance of 1.5% is assumed for acquisition agents' and legal fees. Stamp duty is calculated at the prevailing rates. For market and for affordable housing, sales and promotion and legal fees are assumed to amount to 3.5% of receipts.

### *Contingencies*

- 12.35 For previously undeveloped and otherwise straightforward sites, a contingency of 2.5% (calculated on the total build costs, including abnormal costs) has been allowed for, with a higher figure of 5% on more risky types of development, previously developed land and the Strategic Sites.

### *S106 Contributions and the costs of strategic infrastructure*

- 12.36 SDNPA has adopted CIL. In addition, the Council seeks Developer Contributions, for strategic infrastructure and mitigation, under the s106 regime. These are treated separately to abnormal costs.

### *Financial and Other Appraisal Assumptions*

- 12.37 The appraisals assume interest of 7.5% p.a. for total debit balances. No allowance is made for equity provided by the developer.

### *Developer's return*

- 12.38 The updated PPG says '*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*'. The purpose of including a developer's return figure is not to mirror a particular business model, but to reflect the risk a developer is taking in buying a piece of land, and then expending the costs of construction before selling the property.
- 12.39 An assumption of 17.5% is used across market housing and for affordable housing. A 15% return is assumed for non-residential development, and Build to Rent

### **Local Plan Policy Requirements**

- 12.40 The specific purpose of this WPVA is to consider the cumulative impact of the policies in the emerging Local Plan. The new Local Plan will replace the adopted Local Plan.
- 12.41 The policy areas have been reviewed – although it is important to note that some of the options have not been progressed into the new Local Plan, in part informed by this WPVA. Many of the policies are either general enabling policies or policies that restrict development to particular areas or situations. These do not directly impact on viability.

12.42 The costs associated with the various policy requirements has been estimated as were the impact recent changes that may be introduced at a national level.

**Modelling**

12.43 The approach is to model a set of development sites (typologies) that are broadly representative of the type of residential and non-residential development that is likely to come forward under the new Local Plan.

12.44 The following potential strategic sites are modelled, based on the limited and high-level information that is available.

**Table 12.4 Potential Strategic Sites as tested in 2025**

		Current Use	Area Ha	Units
Shoreham Cement Works	Upper Beeding (East)	PDL	8.000	400
North Street Quarter	Lewes (East)	PDL	5.769	750
Land W of Liphook / Land at Westlands Park	Liphook (West Central)	Agricultural	21.444	386
County Hall, St Anne's Crescent	Lewes (East)	PDL	4.100	240
East Sussex College	Lewes (East)	PDL	5.400	225
S of Herbert Shiner School & S of Petworth	Petworth (West)	Agricultural	10.500	200

Source: CCC (September 2025)

**Residential Appraisals**

12.45 The appraisals use the residual valuation approach – they assess the value of a site after taking into account the costs of development, the likely income from sales and/or rents and a developer’s return. The Residual Value represents the maximum bid for the site where the payment is made in a single tranche on the acquisition of a site. In order for the proposed development to be viable, it is necessary for this Residual Value to exceed the Existing Use Value (EUV) by a satisfactory margin, being the Benchmark Land Value (BLV).

12.46 Several sets of appraisals have been run based on the assumptions provided in the previous chapters of this report, including the affordable housing requirement and developer contributions. Development appraisals are sensitive to changes in price, so appraisals have been run with various changes in the cost of construction and in prices.

12.47 The initial appraisals are based on the emerging policy options and are taken as a convenient starting point, although these are subsequently refined as set out later. The base modelling is based on the following requirements:



- a. Affordable Housing      50% provided as 75% Social Rent, 25% AHO
- b. Design                      20% BNG,  
                                         10 units plus 10% M4(3)a,  
                                         Zero Carbon, Zero embodied carbon,  
                                         110 LPPPD
- c. Developer Contributions    CIL as adopted, plus £5,000 per units.

12.48 The results vary across the typologies, although this is largely due to the different assumptions around the nature of each typology, as well as by the price areas. The Residual Value is not an indication of viability by itself, simply being the maximum price a developer may bid for a parcel of land and still make an adequate return. The Residual Value is compared with the BLV. The BLV being an amount over and above the EUV that is sufficient to provide the willing landowner to sell the land for development:

12.49 This initial analysis, based on 50% affordable and the Authority’s full policy aspirations, suggests that most development is likely to be unviable, as the Residual Value is less than the BLV. These results are significantly less good than anticipated, however it is important to note that this analysis assumes that all the affordable housing for rent is as Social Rent (Social Rent has a lower value than Affordable Rent), is to a Zero Carbon standard (including zero embedded carbon), and the cost of the Building Safety Levy is included in the appraisals. These add to the costs of development and have not been reflected in the Authority’s earlier viability work.

12.50 To assist the Authority, a range of further appraisals have been run for the typologies.

*Affordable Housing*

12.51 A core purpose of this WPVA is to confirm, or otherwise, an appropriate affordable housing target, in the context of the wider policy requirements. In the following sections the total amount of affordable housing has been considered, as has the tenure mix.

12.52 The current affordable housing target in the adopted Local Plan is 50%. A set of appraisals have been run from 0% to 50% affordable housing and with a varied tenure mix. In the base analysis the tenure mix is 75% Social Rent, 0% Affordable Rent, 25% Shared Ownership. This and the other base assumptions are as above, with only the overall level of affordable housing being altered.

12.53 This analysis suggests that a reduction of 10% affordable housing leads to an increase in the Residual Value of about £350,000 per ha on greenfield sites and about £460,000 per ha on the brownfield sites. The impact per ha is greater on the brownfield sites as they are higher density.

12.54 The analysis in the base appraisals (above) assumes that the affordable housing is provided as 75% Social Rent, 0% Affordable Rent, 25% Shared Ownership, being the Authority’s preferred housing mix. A range of tenure mixes has been carried out.

12.55 This analysis in the table above suggests that, at 40% affordable housing, relative to the base mix, providing the affordable housing for rent as 25% Social Rent, with 50% Affordable Rent, and the balance as AHO, has the impact of lifting the Residual Value by about £200,000 per ha on greenfield sites and by about £300,000 per ha on brownfield sites. These costs are, very approximately, similar to the cost of providing 5% to 10% affordable housing.

12.56 This analysis clearly shows the link between the tenure mix and the provision of affordable housing.

#### *Varied Policy Standards*

12.57 Several areas of higher development standards are tested in the following sections. The relevant appraisals have been run based on 40% affordable housing for the typologies.

12.58 The SDNPA has aspirations to implement a Zero Carbon / climate change policy and it is exploring the feasibility of a policy that goes above national standards. The base scenario is taken to be Zero Carbon, with the zero embodied carbon requirements. Several further scenarios have been tested, being a minimum standard based on the Future Homes Standard that is anticipated to be mandated nationally, and an enhanced Zero Carbon scenario.

12.59 Across the greenfield typologies, not seeking Zero Carbon standards and not requiring zero embodied carbon would result in the Residual Value would be about £175,000 per ha greater. This would be a similar impact to providing 5% affordable housing.

12.60 National policy requires that new developments must deliver an overall increase in biodiversity of 10%. The base appraisals set out above assume 20% BNG, being above the national requirement of 10%. The Authority is considering seeking 33% BNG on some sites. The impact of seeking additional BNG is tested. In this analysis it is assumed that the requirements for BNG can be met on-site on the greenfield sites, without impacting on site capacity. It is assumed that that the BNG on brownfield sites is off-site.

12.61 There is a very modest cost saving, of about £2,000 per ha, of seeking 10% BNG on greenfield sites, where it is assumed that the provision will be on-site. The saving on brownfield sites is substantially greater at around £20,000 per ha. The additional cost of seeking 33% BNG is about £6,000 per ha on greenfield sites and £35,000 per ha on brownfield sites.

12.62 The base assumption is that the Part M4(2) Accessible and Adaptable standard will be mandated nationally and the cost of this is included in the appraisals. The Authority has identified a need for Part M4(3)a Wheelchair Adaptable Housing standard housing. The base assumption in the above analysis is for 10% of the market units to be M4(3)a Wheelchair Adaptable standard. Options are tested with 0% to 20% M4(3)a Wheelchair Adaptable, and with 0% to 20% M4(3)b Wheelchair Accessible.

12.63 The cost varies across the typologies. Across the greenfield sites, based on the 40% affordable housing requirements, simply seeking M4(2) Accessible Housing, rather than the higher standard used in the base appraisals, results in a Residual Value that is about £26,000 higher on the greenfield sites.

- 12.64 The base assumption is that all homes are built to the 110 LPPPD water efficiency standard. The Authority is exploring tighter water efficiency standards due to water scarcity issues and to manage nitrate and phosphate discharges. 110 LPPPD (the Option Building Regulations standard), and four further options of 100, 90, 85 and 80 LPPPD have been tested. The 90 LPPPD is the Authority's preferred option.
- 12.65 The impact of seeking the 85 LPPPD standard on greenfield sites is about £50,000 per ha. The impact of seeking the tighter 80 LPPPD is very much more expensive than 85 LPPPD, further reducing the Residual Value by about £50,000 per ha. The impact of seeking the 80 LPPPD standard, relative to the Optional Building Regulations is sufficient to have a material impact on the provision of affordable housing.
- 12.66 The above analysis incorporated developer contributions. The appraisals include CIL, as adopted, plus payments under the s106 regime of £5,000 per unit. Whilst the £5,000 per unit is taken as a cautious approach, the analysis shows that, should significantly higher levels of contribution be sought, then the impact on the Residual Value and the maximum amount payable by a developer would be significant.

*Preferred Policy Requirements*

- 12.67 The earlier part of this chapter has considered the impact of individual policies on development viability. It is necessary to bring this together. The early results of this report were discussed with the Authority, in making these suggestions the following have been taken into account:
- a. The SDNPA is not a 'normal' planning authority. It is a National Park Authority, as it is subject to the overriding purposes and duties of a National Park Authority, being:
- Purpose 1:** To conserve and enhance the natural beauty, wildlife and cultural heritage of the area.
- Purpose 2:** To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.
- Duty:** To seek to foster the social and economic wellbeing of the local communities within the National Park in pursuit of its purposes.

All public bodies, including the National Park Authority, have a duty to seek to further these purposes. These purposes and duties run through everything the SDNPA does, including the plan-making process, and will be a factor for the SDNPA when deciding how much weight to put on different elements of the planning evidence base.

All decisions made by the SDNPA are made in this context.

b. The delivery of affordable housing is important, and paragraph 78 of the Circular for English National Parks and the Broads<sup>141</sup> identifies that National Park Authorities have an important role to play as planning authorities in the delivery of affordable housing, and sets the expectation that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The Housing and Economic Development Needs Assessment and Addendum confirms the high level of need for affordable housing in this National Park, and that the priority is for Social Rent. However, SDNPA acknowledges that seeking affordable housing for rent as Social Rent has a significant adverse impact on viability, and has tempered its requirements accordingly.

c. It is likely that the new national policy requirements for further increases to Part M of Building Regulations (with all new homes to be built to Accessible and Adaptable – Part M4(2) standards) will be introduced. It would be prudent to assume that these are a requirement.

The cost of providing Wheelchair Adaptable (M4(3)a) housing is significantly less than the cost of providing or Wheelchair Accessible (M4(3)b) housing. SDNPA wishes to provide at least 10% of all housing as Wheelchair Adaptable (M4(3)a) housing.

d. The national requirements the Future Homes Standard, through revisions to Building Regulations, has been announced but not yet introduced. It is prudent to assume that these will be mandated in the short to medium term.

A move towards Zero Carbon development is a priority for the Authority and it wishes to implement both zero operational carbon and zero embedded carbon policies as part of its wider objectives as a National Park Authority.

SDNPA has developed its policies in this regard, in essence to seek, from most major developments, upfront embodied carbon targets of less than 500 kg of CO<sub>2</sub> per sqm of gross internal area. This is not expected to add to the cost of zero carbon development.

e. The initial viability testing assumes the adoption of a 110 LPPPD water standard, however the Authority's preference would now be to move to a 90 LPPPD standard. The cost of this is significant, however is a requirement due to water scarcity, and may be included in Building Regulations by 2030.

f. The viability testing includes a range of greenfield sites. The larger sites (200 units +) have the greatest capacity to bear planning obligations such as affordable housing and developer contributions.

Brownfield sites perform less well; however, these make up a relatively small element of the Authority's land supply (beyond the Strategic Sites) and many have already

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<sup>141</sup> <https://www.gov.uk/government/publications/english-national-parks-and-the-broads-uk-government-vision-and-circular-2010>

progressed to the planning application stage in spite of their apparent viability challenges. SDNPA is keen to see such sites coming forward. It is likely that it will be necessary to consider viability on brownfield sites at the development management stage.

- g. There is a need for infrastructure funding. CIL is the main mechanism for collecting developer contributions from development in the SDNP. It is not anticipated, except in exceptional circumstances, that site specific developer contributions will exceed £5,000 per unit.
- h. The analysis suggests that most types of greenfield development have capacity to bear developer contributions, but this is limited not when subject to the higher policy costs.

12.68 In discussion with SDNPA, further sets of appraisals have been run based on the following policy requirements. It is important to note that the purpose of this iteration of this WPVA is to further inform the development of policy, and the following set of requirements are neither a recommendation nor the Authority’s preferred options. In due course the impact on viability will be revisited:

- a. Affordable Housing
 

Brownfield Site	30%,
Greenfield Sites	40%
Greenfield Strategic Sites	50%.

As 25% Social Rent, 50% Affordable Rent, and the balance as Shared Ownership.
- b. Design
 

Part M4(2) and on sites of 20 plus 10% Part M4(3)a,  
Water efficiency 90 LPPPD,  
20% Biodiversity Net Gain, on all sites other than greenfield Strategic Sites where 33% BNG is required.  
Zero Carbon and zero embedded carbon.
- c. Developer contributions     £5,000 per unit plus CIL as adopted.

12.69 On the smaller sites the affordable housing requirement is rounded to the whole units. The results for this site have not been further updated.

12.70 In considering the results it is important to do so in the context of the planned development. About 60% of planned development will be on Strategic Sites. Of the remaining allocations 81% of planned development is on greenfield sites, and about 19% of the remaining allocations are on brownfield sites.

12.71 Excluding the Strategic Sites, based on the above policy requirements, about 52% of units on the allocations are likely to be viable and deliverable, with 76% being viable or marginal. Of the allocations, about 24% of units are likely to be unviable.

- 12.72 The brownfield typologies are shown as being unviable or marginal. The Authority should be cautious in assuming that brownfield sites will be delivered early in the plan-period (for example within the 5 year land supply calculation) and should only do so where there is a commitment from a developer, or other evidence such as a recent planning consent that the site will be forthcoming. Having said this, it is clear that brownfield sites (i.e. PDL) have been delivered and are coming forward in all parts of the SDNP.
- 12.73 If the Authority were to follow this refined policy mix, it would be necessary that the SDNPA continues to engage with developers, landowners and site promoters, in line with the advice set out in the Harman Guidance (page 23):
- Landowners and site promoters should be prepared to provide sufficient and good quality information at an early stage, rather than waiting until the development management stage. This will allow an informed judgement by the planning authority regarding the inclusion or otherwise of sites based on their potential viability.*
- 12.74 It will be necessary to have regard to the progress of sites through the development management process and / or commitments from site promoters.
- 12.75 The modelling includes the potential strategic sites. On the basis of the high level modelling in this WPVA, the delivery of the Shoreham Cement Works is likely to be very challenging. This confirms the more detailed site-specific appraisals undertaken several years ago. Having said this, this site has recently changed hands, and the new owners have signed a Planning Performance Agreement with SDNPA with the intention of submitting a planning application in Autumn 2026.
- 12.76 The North Street Quarter site in Lewes is also likely to be challenging; the site derives a Residual Value that is less than BLV but is still over £1,000,000 per ha. Similarly, the site South of Herbert Shiner School at Petworth may only be able to bear 45% rather than 50% affordable housing. As set out above, it is recommended that that the Authority engages further with the promoters of the potential strategic sites.
- 12.77 It is important to note that the Strategic Sites are modelled as for the typologies in this assessment. It is necessary to highlight an assumption at this stage as it is not properly representative of such large sites. The potential strategic sites are modelled on the basis that the site is acquired by the developer in a single tranche at the start of the project, and that the CIL is paid, as per the Charging Schedule in the first few years of the project. Such a scenario is relatively unlikely on very large sites, where the site is typically purchased in phases. Such an approach benefits the developer in terms of cashflow, and this will have a material impact on viability.

*Impact of Change in Values and Costs*

- 12.78 Whatever policies are adopted, the Plan should not be unduly sensitive to future changes in prices and costs. In this report, the analysis is based on the build costs produced by BCIS. As well as producing estimates of build costs, BCIS also produces various indices and forecasts to track and predict how build costs may change over time. The BCIS forecasts an

increase in prices of 2.7% over the next year and 9.1% increase over the next 3 years. A range of scenarios is tested with varied increases in build costs.

- 12.79 As set out in Chapter 4, there is uncertainty in the property market. Several price change scenarios are also tested. In this analysis, it has been assumed all other matters in the base appraisals remain unchanged and the policy requirements are as per the Suggested Policy Requirements heading above.
- 12.80 The analysis demonstrates that a relatively small fall in value will adversely impact on viability. Conversely, a modest increase in value could have a significant impact in improving viability.

*Commuted Sums and Payments in Lieu of Affordable Housing*

- 12.81 SDNPA’s preference is for affordable housing to be delivered on-site. This approach is in line with Paragraph 64 of the NPPF.
- 12.82 Some councils set out guidance as to how a commuted sum would be calculated so as to provide transparency, and to avoid the undue delays that might arise during s106 negotiations if details of a payment had to be developed from first principles on each occasion. Analysis has been undertaken to derive appropriate levels of commuted sum, using a calculation is based on the difference in the Residual Value of the development site with and without affordable housing. The calculated contributions across the typologies vary and are set out below:

**Table 12.5 Calculated Commuted Sum Payments - £ per Affordable Unit Not Delivered On-site**

	<b>East</b>	<b>East Central</b>	<b>Midhurst and Adjacent</b>	<b>West Central, excluding Midhurst</b>	<b>West</b>
<b>Flats</b>	£77,103	£85,149	£116,944	£85,149	£85,149
<b>Brownfield</b>	£143,807	£128,844	£119,800	£127,176	£133,943
<b>Greenfield</b>	£146,774	£129,202	£117,800	£127,189	£135,241

Source: HDH (December 2025)

- 12.83 Paragraph 64 of the NPPF is clear that off-site provision or financial contribution in lieu ‘*can be robustly justified*’. On this basis, the above calculations provide a sound basis for determining a commuted sum figure. There are two alternatives open to the Authority. The first is to work to a published ‘standard commuted sum payment’. If SDNPA were to take this option, the figures per affordable unit not delivered on-site, as in the table above, would be appropriate.
- 12.84 Alternatively, the Authority may prefer to calculate the commuted sum scheme-by-scheme as it does now. This has the advantage of being an up-to-date figure, but the disadvantage of a lack of clarity for developers. The methodology used is to assess the Open Market Value of the units that would be affordable units, and then deduct from that the amount that a housing

association would pay for those units as affordable units – the difference being the commuted sum.

### *Specialist Housing*

- 12.85 As well as mainstream housing being tested, as set out above, two forms of specialist housing are assessed, being older people's housing and Build to Rent.
- 12.86 In this context it is important to note that the PPG anticipates that it is appropriate to consider the viability of such development at the development management stage.

#### *Should viability be assessed in decision taking?*

*Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.*

*Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.*

*Paragraph: 007 Reference ID: 10-007-20190509*

- 12.87 Affordable housing is sought from all housing schemes, including specialist older persons housing. The Sheltered and Extracare sectors have been tested separately. As for mainstream housing, a set of appraisals have been run, with the Authority's preferred policies as set out earlier in this chapter. CIL is assumed to apply and an additional allowance of £1,000 per unit for s106 contributions is made.
- 12.88 The Residual Values are significantly below the BLV without affordable housing suggesting that Sheltered and Extracare housing are unlikely to be viable. As set out above, the PPG anticipates that viability on such sites will be considered at the development stage.
- 12.89 SDNPA is not allocating sites specifically for Build to Rent development, however, a flatted scheme and a housing scheme have been modelled, each on greenfield and brownfield sites. As per paragraphs 60-002-20180913 to 10-007-20180913 of the PPG, in this analysis the affordable element is assumed to be Affordable Private Rent, with a value of 80% of market value. The appraisals align with the preferred policy option set out above and CIL is assumed to apply and an additional allowance of £1,000 per unit for s106 contributions is made.
- 12.90 The Residual Values are significantly below the BLV without affordable housing, suggesting that Build to Rent development is unlikely to be viable. As set out above, the PPG anticipates that viability on such sites will be considered at the development stage.

12.91 The Authority should be cautious about relying on Build to Rent schemes to deliver development, in the future, unless there is evidence that such development would be forthcoming.

### **Non-Residential Appraisals**

12.92 A set of development financial appraisals have been run for the non-residential development types. As with the residential appraisals, the Residual Valuation approach has been used. Appraisals have been run to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents, and an appropriate amount of developer's profit. The payment would represent the sum paid in a single tranche on the acquisition of a site. For the proposed development to be described as viable, it is necessary for this value to exceed the value from an alternative use. To assess viability, the same methodology has been used regarding the Benchmark Land Value (EUUV 'plus').

12.93 In the appraisal the costs are based on the BCIS costs, adjusted for Zero Carbon.

#### *Employment uses*

12.94 The above results are reflective of the current market in much of England, away from the main economic centres and metropolitan areas. The main employment uses are shown as being unviable, generating a Residual Value that is less than the BLV. Having said this, employment space of all types is being delivered.

12.95 Employment development is being brought forward to a limited extent on a speculative basis by the development industry. The development that does take place tends to be from existing businesses and / or for operational reasons, for example, existing businesses moving to more appropriate and better located town edge properties.

12.96 The analysis in this report is carried out in line with the Harman Guidance and in the context of the NPPF and PPG. It assumes that development takes place for its own sake and is a goal in its own right. The assumption is that a developer buys land, develops it and then disposes of it, in a series of steps with the sole aim of making a profit from the development. The Guidance, as set out in Chapters 2 and 3 above, does not reflect the broad range of business models under which developers and landowners operate. Some developers have owned land for many years and are building a broad income stream over multiple properties over the long term. Such developers are able to release land for development at less than the arms-length value at which it may be released to third parties and take a long-term view as to the direction of the market based on the prospects of an area and wider economic factors. Much of the development coming forward in the SDNPA area is 'user led' being brought forward by businesses, or for specific end users, that will use the eventual space for operational uses, rather than for investment purposes.

12.97 It is clear that the delivery of some types of employment uses is challenging in the current market. The above appraisals assume that development is carried out to a Zero Carbon Standard. A further set of appraisals has been run to test the impact of costs that may arise due to higher environmental standards. The costs will vary considerably from development



type and the specifics of each building so additional construction costs of 5%, 10%, 15% and 20% are applied to the appraisals.

- 12.98 The Authority should be cautious in relation to setting policy requirements for employment uses that would unduly impact on viability.

#### *Retail Uses*

- 12.99 Town centre shop-based retail development is shown as viable with the Residual Value exceeding the Benchmark Land Value by a substantial margin. This is consistent with the activity in the attractive market towns in the National Park. Similarly, the large format retailing is shown as viable. Secondary retailing derives a Residual Value that is less than the BLV, suggesting that such retail is unlikely to be viable. The emerging Plan supports the development of retail uses in the town centres but there are limited remaining opportunities within the town centres beyond those being currently pursued. The Council wishes to see a broad range of retailing in the towns, and the Plan directs this towards the town centres.

- 12.100 As with employment uses, the above appraisals assume that development is carried out to the Zero Carbon standard. A further set of appraisals has been run to test the impact of higher costs that may arise due to higher environmental standards. The costs will vary considerably from development type and the specifics of each building so additional construction costs of 5%, 10%, 15% and 20% are applied to the appraisals.

- 12.101 This analysis shows that there is scope to seek higher environmental standards on the town centre and larger format retail uses.

#### **Conclusions**

- 12.102 This Whole Plan Viability Study has been carried out in line with the requirements of the National Planning Policy Framework and the Planning Practice Guidance, including incorporating a period of consultation. In terms of property development, the South Downs National Park Area is active, with a strong market for the right scheme in the right place. All types of residential and non-residential development are coming forward. Having said this, the costs of developing in the SDNP are greater than may other places due to the requirements (in the context of the National Park) and this impacts of development viability.

- 12.103 The results show that, with the exception of the largest greenfield sites, the Authority's preferred 50% affordable housing target is not deliverable, particularly in the context of moving to Zero Carbon (including zero embedded carbon), tighter water standards, improved accessibility and the like.

- 12.104 The results from the built-up area show that the viability of brownfield sites is mixed, which reflects the Council's experience through the development management process that affordable housing is routinely delivered on market housing led development sites. The larger sites perform better than the smaller sites.

12.105 Having considered the results of the various appraisals reporting the impact of the range of policy aspirations and requirements set out above, SDNPA recognises that not all the policy areas tested will be deliverable, however the SDNPA is not a 'normal' planning authority. It is a National Park Authority, and the aims of a National Park Authority are different – being to conserve and enhance its natural beauty, wildlife, and cultural heritage, while also promoting the understanding and enjoyment of these qualities by the public through responsible access and education. All decisions made by the SDNPA are made in this context.

12.106 It is important to note that the purpose of this iteration of this WPVA is to further inform the development of policy, and the following set of requirements are neither a recommendation nor the Authority's preferred options, they are however taken as a pragmatic compromise:

- a. Affordable Housing
  - Brownfield Site 30%,
  - Greenfield Sites 40%
  - Greenfield Strategic Sites 50%.
  - As 25% Social Rent, 50% Affordable Rent and the balance as Shared Ownership.
- b. Design
  - Part M4(2), and 10% Part M4(3)a on sites of 20 plus,
  - Water efficiency 90 LPPPD,
  - 20% Biodiversity Net Gain on all sites other than greenfield Strategic Sites where 33% is required.
  - Zero Carbon and zero embedded carbon.
- c. Developer contributions £5,000 per unit plus CIL as adopted.

12.107 If the Authority were to follow its preferred policy mix, it would be necessary that the SDNPA continues to engage with developers, landowners and site promoters. It will be necessary to have regard to the progress of sites through the development management process and / or commitments from site promoters.

12.108 The modelling includes the potential strategic sites. On the basis of the high level modelling in this WPVA, the delivery of the Shoreham Cement Works is likely to be challenging. This affirms the more detailed site specific appraisals undertaken several years ago. The North Street Quarter site in Lewes is also likely to be challenging, and the site South of Herbert Shiner School at Petworth is likely to be able to bear 45% rather than 50% affordable housing.

12.109 It is clear that the delivery of some types of employment uses is challenging in the current market. There is scope to seek higher environmental standards on the large format industrial, logistics uses and retail uses, but not on office, smaller industrial or hotel uses. A cautious approach is recommended in relation to setting policy requirements that would unduly impact on viability.





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