

For: Chichester District Council

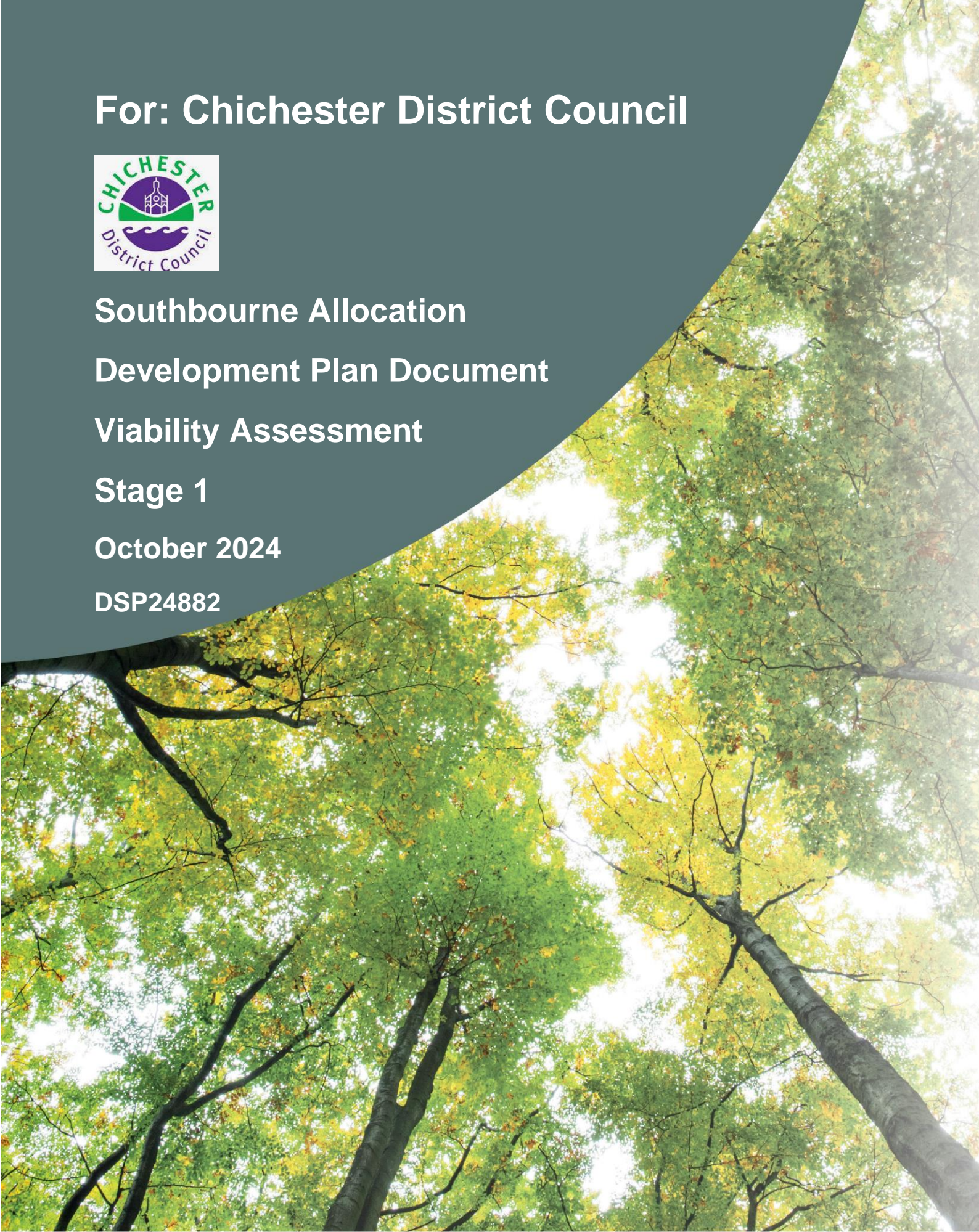


**Southbourne Allocation
Development Plan Document
Viability Assessment**

Stage 1

October 2024

DSP24882





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1. Introduction & Context

- 1.1. Dixon Searle Partnership (DSP) has been commissioned by Chichester District Council (CDC) to undertake a strategic-level viability assessment in connection with the preparation of a Southbourne Allocation Development Plan Document (DPD). The Council's new Local Plan (2021-2039) has been submitted for Examination with hearings taking place in the Autumn of 2024. The new Local Plan allocates Southbourne as a Broad Location for Development (BLD) with the specific allocation detail to be established via the proposed DPD.
- 1.2. The strategic-level viability assessment seeks to inform the preparation of the DPD via a two-stage assessment process. Following discussion with the Council to agree testing parameters, current Stage 1 provides an initial high-level viability overview that considers three potential scenarios on the possible siting of development and the infrastructure estimated to be necessary to support each of those, with two capacity options then assessed. This report will form part of the evidence base for CDC's Regulation 18 stage consultation on the proposed DPD. Following the Council's review of the consultation feedback, Stage 2 will seek to build on and refine the current work where possible - using any further detailed information that becomes available.
- 1.3. For Stage 1, as would be expected, there are emerging/initial master planning concepts only and no scheme designs to inform our assessment. A number of variables and unknowns exist including details of the specific sites making up the allocation e.g. current uses, site areas, and extent of any abnormal development issues beyond the initial rail crossing (bridge) cost estimates, to be used, amongst others. Therefore, in this context, the indicative figures and other aspects noted here are likely to move around between Stages 1 and 2 as the proposals are considered further and, reflecting that, some further information becomes available.
- 1.4. This Stage 1 assessment is based on an estimate of potential site capacities (dwelling numbers and any other development uses) provided by CDC and testing assumptions made with reference to available information including those used for the Local Plan Viability Assessment (completed by DSP in December 2022). We have used established information sources appropriate to viability in planning and have applied our wider experience of similar assessments.

- 1.5. The assumptions applied and tabled results of the current initial exercise are set out in Appendices 1 and 2 to this report and discussed below. In summary this assessment begins to consider the viability prospects of the emerging potential development scenarios in this location.

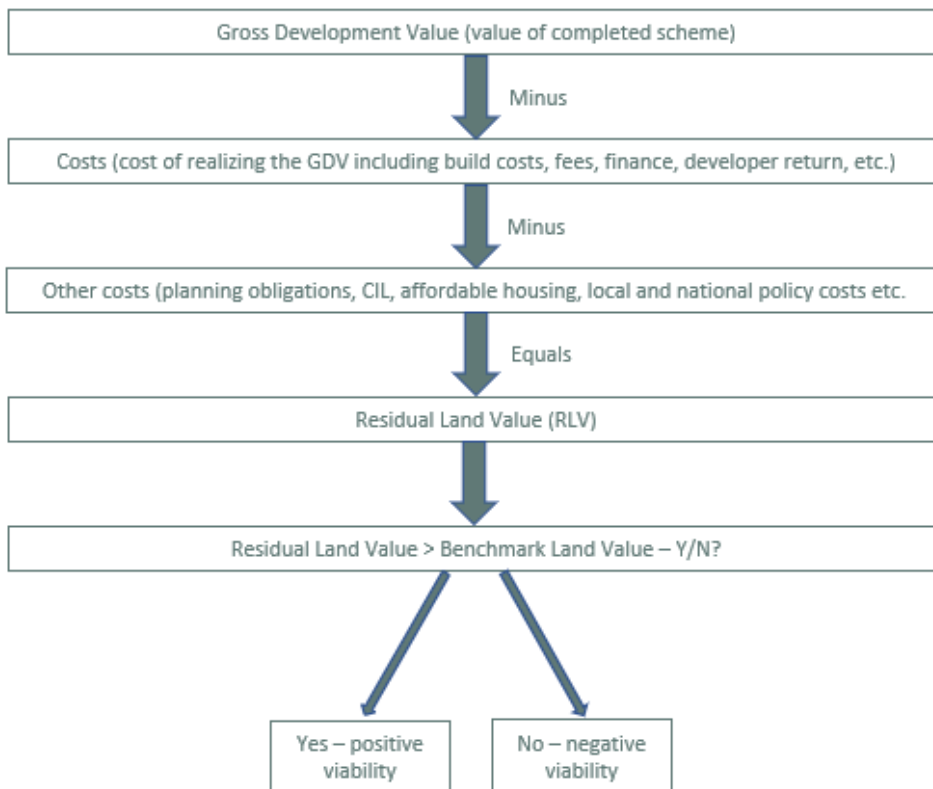
National Policy & Guidance

- 1.6. The requirement to consider viability stems from the NPPF, specifically paragraph 31 on *‘Preparing and reviewing plans’* which says: *“The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.”*
- 1.7. In addition, the NPPF paragraph 31 on *‘Development contributions’* states: *“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.”*
- 1.8. The accompanying PPG on viability essentially provides more comprehensive information on considering viability in plan making, alongside other relevant information such as *‘Viability Testing Local Plans – Advice for planning practitioners’* published in June 2012 by the Local Housing Delivery Group chaired by Sir John Harman (known as the *‘Harman’* report) and *‘Assessing viability in planning’* published in 2021 by the Royal Institution of Chartered Surveyors (RICS).
- 1.9. Planning and in particular national policy are constantly evolving processes, with the current environment for these being especially uncertain and fluid – and now subject to further change following the election of a new Government in July 2024. A viability assessment such as this, however, is necessarily carried out at a point in time based on knowledge of the system and policies in place at that time and for context – to the extent that may be practical – taking into account likely changes to policy moving forward (for example through sensitivity testing or commentary). It needs to be acknowledged, however, that no study can cover every future eventuality and further review may be required as the DPD moves forward towards the Examination stage.

Methodology

- 1.10. The study adopts a well-established methodology tested through numerous examinations and consistent with the NPPF and PPG, in this case applied to the initial testing of selected potential option scenarios for the Southbourne BLD.
- 1.11. Viability in this context is assessing the potential “financial health” of development proposals/possibilities, by considering the strength of the relationship between estimated development values and costs (completed sale value and cost expended to create that value) which varies by development type, capacity/size, siting, nature of the site and any constraints, etc. This assessment uses ‘residual valuation’ principles to explore this value/cost relationship, how the variables might affect this and therefore how much scope exists to support the potential development costs (including those relating to planning policies/obligations) as potential iterations for the BLD are considered. Figure 1 below depicts the ‘residual valuation’ calculation that each appraisal uses to produce a Residual Land Value (RLV) which is then considered in the context of an appropriate Benchmark Land Value (BLV) as part of assessing the likely viability prospects. The BLV represents the existing use value (EUV) of the land, together with a judgement on a suitable level of uplift (premium) to incentivise a landowner to release a site/premises from current use.

Figure 1: Residual Land Value (RLV) Methodology



(DSP 2024)

2. Key assumptions and testing approach

- 2.1. The settlement of Southbourne has been identified as a Broad Location for Development (BLD) in the submission Local Plan (2021-2039). Southbourne is located to the west of Chichester, south of the A27 and close to Chichester Harbour. The details of the specific sites potentially making up the allocation proposal are being considered as part of developing the DPD. This two-stage high-level viability assessment is one element of this process, informing the consideration of possibilities and options, alongside a range of planning matters.
- 2.2. At this stage, the Council has identified three potential development scenarios for the BLD to be viability tested, as follows below.
- **Scenario 1** - Development focused towards the West of Southbourne
 - **Scenario 2** - Development focused towards the East of Southbourne
 - **Scenario 3** - Development on both sides i.e. potentially using a combination of sites from each of the above.
- 2.3. For each current test scenario, potential development has been tested at two capacity options being 800 dwellings ('net requirement') and 1,050 dwellings ('gross requirement') as requested by the Council. Testing these two figures was considered necessary by the Council as 800 dwellings is the residual figure left to be provided in the Parish when speculative applications since the base date of the submission Local Plan are factored in, whereas 1,050 dwellings is the number specified in the relevant Local Plan policy.
- 2.4. In each case, we have assumed development of a significant scale such as these to come forward strategically i.e. as a comprehensively planned and delivered single scheme. At this stage, CDC provided assumptions on land areas required to accommodate the development at the two dwelling figures are constants between the three tested scenarios. Likewise, many other assumptions are not varied, or are only changed proportionally, between the tested dwelling figures and scenarios. At the current stage this is probably having the effect of evening out any greater potential viability differentials between these tests, and we could see some change in this on refining at Stage 2. At this early stage, therefore, the different estimates applied for the varying rail bridge requirements per scenario (as are thought at this stage to be relevant) appear to be a key factor which runs through into the fairly narrow

differences, in the context of the overall scheme finances, between the scenario tests.

- 2.5. Appendix 1 sets out the assumptions used for each scenario test including initial testing positions on infrastructure/s106 requirements, housing trajectory, sales revenue, housing mix and affordable housing, general development and other policy related costs e.g. housebuilding and other works costs, fees, profit, acquisition and sale costs together with climate change response, biodiversity, accessibility, etc. Some insight into key elements of these is provided below.

Infrastructure / s106 requirements

- 2.6. The Council provided estimated s106 contributions for each capacity option, based on the (draft) DPD Infrastructure Summary document, and it has been necessary to pro-rate some of these estimates between the scheme options (according to estimated dwelling numbers). At this stage, the assumed total s106 costs are estimated at £20.2m (£25,250 per dwelling) for the 'net requirement' figure (800 dwellings) and £25.8m (£24,571 per dwelling) for the 'gross requirement' figure (1,050 dwellings). In addition, each tested scenario and dwelling figure assumes the inclusion of serviced land for a 2FE primary school (expandable to 3FE) alongside land provision for a community hall. We understand that more refined/finalised requirements and estimates will be available to feed into Stage 2 of this assessment.
- 2.7. Provisionally allowed for alongside the wider s106 infrastructure works/contributions noted above, the development of each scenario location basis (west, east and mixed/hybrid) is understood to require the provision of one or more bridge crossing of the existing railway line, bisecting the overall development areas as follows (CDC provided initial information and cost estimates):-
- **Scenario 1 West** – currently assumed single road bridge needed (incorporating both pedestrian and cycle provision), at an initially assumed cost of £10m.
 - **Scenario 2 East** – currently assumed single road bridge (including both pedestrian and cycle provision) plus an additional separate pedestrian and cycle bridge, at an initially assumed cost of £14m.
 - **Scenario 3 Mix** – currently assumed two pedestrian/cycle bridges, at an initially assumed cost of £8m.
- 2.8. At this stage of assessment, to begin building a picture of the viability prospects, it is appropriate to assume high-level cost estimates as the specific details of each

scenario are considered and developed further. These estimated costs are based on initial indications provided to the Council through discussions with Network Rail and other highway consultants. Network Rail indicated costs to provide a pedestrian/cycle bridge to be in the region of £3m – £5m and costs for a footbridge in the region of £1m - £1.5m. In relation to the provision of a road bridge with pedestrian/cycle access incorporated, the Council has sought to clarify the high-level costs but the unofficial estimates which have been provided from highways consultants vary significantly, ranging from £10m - £20m.

- 2.9. We have also reviewed an ‘options report’ for a new road bridge over an existing railway by Pell Frischmann (from January 2022) for a similar proposal at the edge of the district in Barnham¹ in the neighbouring district. This report includes detailed design and specification of the bridge options including a cost comparison analysis. Alongside a viability assessment carried out by Gerald Eve, the cost of provision is in the region of £3m plus a further £3m for associated road improvements (£6m total). While this report is helpful in clarifying the potential costs of physical infrastructure, there are likely to be a number of significant additional costs associated with the rights to cross the railway line, the adoption of the bridge and design costs in the Southbourne context, meaning the total project cost is likely to be higher than the figures noted by Pell Frischmann.
- 2.10. As noted above, given the current high-level assessment these costs are based on early estimates only at this stage. Clearly a more defined scope of requirements and works, and their costs, will need to be undertaken as more information becomes available towards the selection of a scenario to proceed with.

Development revenue – market review - property sales values assumptions

- 2.11. One of the key research elements of the assessment was to conduct a review of values in Southbourne - encompassing both new build and re-sale properties. This approach utilised a combination of web-based resources (including HM Land Registry, Rightmove etc.), alongside consultation with key site promoters for the Southbourne BLD. It must be acknowledged that the data varied but an overview has been made and considered in the context of other research and our wider experience of working in the plan area and neighbouring areas.

¹ Barnham major development area – planning reference BN/11/22/OUT. All documents publicly available.

- 2.12. Since the completion of the Local Plan Viability Assessment in December 2022, the economic and housing market context has moved around due to various factors. Although generally we have seen a consistent albeit modest increase in house prices overall in the intervening period, the positive effect of this on viability has been somewhat tempered by construction cost inflation, although with that having begun to slow from mid-2023. The most recent reporting on this trend is indicating conditions expected to further stabilise from 2025². Overall, there has been significant uncertainty, and this remains to some extent. The evolving economic context continues to have a significant influence on the market, with the upcoming Autumn budget bringing with it some further unknowns as well.
- 2.13. However, with the Bank of England (BoE) having reduced interest rates to 5% in August, the most recent reporting indicates lower mortgage rates boosting demand. Consequently, according to Nationwide Building Society reporting, house prices have risen nationally overall by 2.4% year on year to August 2024 with the reporting going on to state *“providing the economy continues to recover steadily, as we expect, housing market activity is likely to strengthen gradually as affordability constraints ease through a combination of modestly lower interest rates and earnings outpacing house price growth”*.³ Nationwide also notes that more energy efficient homes now appear to be attracting a modest premium in comparison to homes that are less energy efficient and this is thought to be influencing buyers accordingly. Over the longer term, national reporting by Knight Frank has indicated an expectation of circa 20.5% growth in house prices overall, taking a 5-year view.
- 2.14. For the purposes of this assessment, we need to consider the longer-term delivery of the Southbourne BLD over the plan period and the likelihood that development will be delivered through various economic cycles. Therefore, it is not appropriate or reflective of the assessment context for assumptions to be applied based only on a ‘worse-case’/uncertain market scenario – a longer term, high-level view is needed.
- 2.15. The Local Plan Viability Assessment (2022) indicated a broad range of new build values relevant in Southbourne - from £4,000 - £5,000/sq. m. with a mid-point of £4,500/sq. m. Since August 2022 (the latest point of the LP VA data-collection) according to the Land Registry HPI, house prices overall in Chichester district have increased by approximately +1.5%.

² BCIS construction industry forecast – Q2 2024 – Q2 2029

³ Nationwide House Price Index (August 2024)

2.16. Overall, our current research indicates that a narrower range of most relevant assumptions - from £4,500 - £5,000/sq. m. - is reasonably representative of likely new build values here and provides a suitable basis for reviewing and interpreting the appraisal testing results – see Figure 2 below, which again is based on the assumed dwelling sized (as per Appendix 1 Table 1d). In addition, we have also consulted with site promoters, one broadly aligning with the above and another noting an overall range from £4,300 - £7,400/sq. m. representing a wider area around Southbourne.

Figure 2: Residential Sales Value Level Assumptions

Market Values (MV)	VL1	VL2	VL3
1-bed flat	£225,000	£237,500	£250,000
2-bed flat	£274,500	£289,750	£305,000
2-bed house	£355,500	£375,250	£395,000
3-bed house	£418,500	£441,750	£465,000
4-bed house	£585,000	£617,500	£650,000
MV (£ / sq. m.)	£4,500	£4,750	£5,000

2.17. It is important to note that there is usually (but not always) an inverse correlation between dwelling floor area and values expressed by unit area – so that smaller dwellings will often indicate higher £/sq. m. pricing. We consider that flatted development will typically achieve higher sales values by this measure, for example. However, as normal in any area, between nearby sites and even within a site, values will inevitably be variable; an overview is needed in the context of plan-making.

Housing trajectories

2.18. At this stage of assessment, the Council has indicated an assumed housing delivery trajectory to initially use in the testing of each scenario as follows:-

- 800 dwellings (net requirement) – assumes 100 dwellings per year
- 1,050 dwellings (gross requirement) – assumes 100 dwellings per year

2.19. We consider the above to be relatively conservative in our experience. Typically for schemes of this scale, we tend to see housing trajectories between 100 – 150 dwellings per year depending on local and wider market circumstances and the number of sales outlets that will be appropriate. The assumed sales profile and the timing of infrastructure requirements can normally be expected to influence viability, and potentially significantly.

Consultation

- 2.20. Consultation with site promoters has been undertaken as part of the current stage assessment - via a specific survey exercise. The survey set out a number of questions relating to views/ assumptions on and experience of local sales values, benchmark land values, site conditions/constraints, timescales/phasing, development costs including abnormals (including reference to the above noted potential road/pedestrian bridge requirements) etc.
- 2.21. Given the potential for commercial sensitivities/confidentiality in some instances, the details of the responses received are not included within this report scope. However, this has all contributed to the overall information review, helping inform both the consideration of the appraisal assumptions and the review of and judgements made around the results analysis. All in all, the assessment is informed by a combination of sources, including the Council and its supplied information, our own research process and experience, supplemented through the stakeholder feedback as far as available noting the context of the current relatively early development stage of the proposed DPD.

General commentary on wider policy and development cost assumptions

- 2.22. As noted above, Appendix 1 to this report sets out the assumptions detail.
- 2.23. We have assumed a policy compliant level of affordable housing in accordance with Policy H4 of the submitted Local Plan i.e. 30% affordable housing, with the tenure approach as follows:-
- 35% Social Rent – based on 45% of market value (MV)
 - 22% Affordable Rent – based on Local Housing Allowance Rates, assuming 55% MV
 - 25% First Homes – based on 30% MV discount (subject to value cap at £250,000 after discount)
 - 18% Shared Ownership – based on 65% of MV.
- 2.24. The general housing/dwelling mix assumptions are based on the HEDNA 2022 and reflect the Nationally Described Space Standard (NDSS).
- 2.25. Policy A13 Southbourne BLD and Policy H6 of the submitted plan also sets a requirement for 5% of dwellings to be made available for sale as serviced custom/self-build plots. Our assessment assumes plot sales (receipt to the developer) at £150,000 per plot, based on DSP research and wider experience of

this type of scenario. Although we have seen plot sale prices in excess of this assumption, we consider this represents a reasonable approach.

- 2.26. From DSP's experience of this type of development, we consider the provision of plots (serviced and ready for development) for self or custom-build has the potential to be sufficiently profitable so as not to provide a significant drag on the viability of a scheme in general. Broadly, we would expect this activity to be at least neutral in viability terms, with the exact outcomes dependent on site-specific details, as with other aspects of the development process. Any issues are more likely to be associated with management and timing of the plot sales, and ultimately how the house designs and construction are progressed – potential practical delivery aspects to consider, rather than viability implications per se.
- 2.27. The provision of electric vehicle charging points (EVCPs) are now a base requirement set out in Approved Document S of the Building Regulations. Although we have assumed provision of EVCPs will, certainly looking a relatively short way ahead, be included within the general build cost allowances within BCIS as with the typical works, we have continued to apply an additional cost allowance/contingency of £865/dwelling (houses) and £1,961/dwelling (flats)⁴, with 1x EVCP per dwelling assumed.
- 2.28. The requirement for mitigation to achieve nutrient neutrality has been assessed by the Council using Natural England's nutrient calculator. This process involved a number of informed assumptions on elements such as soil composition, typical rainfall, proposed land uses etc. and concluded the site characteristics and wider factors indicate nutrients are expected to be mitigated without requirements for further intervention or additional measures.
- 2.29. Other policy related costs such as biodiversity net gain (BNG), Solent Recreation Mitigation and infrastructure have been provided directly by the Council and pro-rated per scenario option (i.e. according to assumed dwelling number tested per option) where necessary. These are detailed within Tables 1a-1c in Appendix 1.
- 2.30. As a general approach, we have also run each appraisal with a construction cost rate sensitivity test moving 5% steps either side of the current build cost assumption, from

⁴ Residential Charging infrastructure provision – Final Impact Assessment (2021) - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040255/residential-charging-infrastructure-provision-final-impact-assessment.pdf

Chichester District Council

-10% to +10%. This approach of including widened sensitivity testing enables us to see how the viability indications could be influenced by changing construction cost and/or varying sales value levels (latter as discussed above). The results presented in Appendix 2 show this in Tables 2a to 2c.

3. Findings review

- 3.1. As noted above, the results discussed in this section (and see the Appendix 2 tables) are based on high-level review. It is important to keep in mind these findings reflect a range of assumptions on the cumulative impact of development costs and an element of judgement is needed, including avoiding reliance on results that are towards or at the margins of viability, given that the assumptions could change and more cost need accommodating as the available information develops.
- 3.2. In this case, we have assumed a BLV of £250,000/ha across all scenarios (and options) which has been directly deducted from the RLVs for each appraisal, reflecting the gross land area assumption as set out in each case. The full appraisal results are set out in Appendix 2 (Tables 2a-2c) and are presented in a way that shows the potential surplus (or in some cases deficit) levels currently indicated to be available in different circumstances – i.e. with various assumptions combinations in place on dwelling numbers tested, assumed sales values levels (VLs), sensitivity tested build costs; and all with 30% mixed affordable housing included. These are the sums (shown in total on the left side of each table and then also expressed as £/dwelling levels to the right) indicated to be potentially available to support other costs that are not currently known and therefore are not included in the appraisals at this stage of assessment. The Council will need to bear in mind that from these surpluses there will be finance, fees and contingency costs to support as well as additional costs needing to be accounted for through the development cashflow. This means that in each case the whole of the indicated surplus would not be available to support the direct cost of additional requirements, and this also relates back to the above points on not relying on marginal results – i.e. those only just in positive territory or pointing to modest surplus levels in the context of potential further requirements.
- 3.3. As discussed in Section 2, the appraisal testing at this stage considers three development scenarios in the west, east and a mixed/hybrid approach. These scenarios come with variable potential infrastructure requirements for bridge(s) crossing the existing railway line, bisecting the overall development areas.⁵ It is important to note that the assumed costs for these requirements are estimates only pending detailed specification. The results and findings below should be viewed in

⁵ The costs for these are reflected in the appraisal testing as described above and contained in Appendix 1.

the context that both costs and can be expected to move around over time, with both positive and negative effects possible.

Scenario 1 – West of Southbourne (Appendix 2 - Table 2a)

- 3.4. This scenario test assumes development focused towards the west of Southbourne with the requirement for a single road bridge including pedestrian and cycle access. The testing results for both scheme size options indicate positive viability prospects at the mid-VL2 at £4,750/sq. m. (base test) with surplus amounts of £6,051 per dwelling (£4.85m total surplus) based on 800 dwellings and £8,681 per dwelling (£9.1m total surplus) based on 1,050 dwellings – as viewed at this stage, based on the assumptions set out.
- 3.5. However, we can see the available surplus amounts eroded or largely eroded with the lower VL1 assumed at £4,500/sq. m unless lower than the current build cost assumptions are applicable. At this level, assuming 800 dwellings indicates a deficit outcome i.e. likely poor viability prospects. Assuming the gross requirement of 1,050 dwellings continues to indicate a surplus, albeit very marginal at VL1. Again, the effect of the mid/core values assumption - VL 2 at £4,750/sq. m – is seen, with likely viable outcomes indicated again, however. Overall, within this scenario testing on this basis the gross requirement with 1,050 dwellings presents more positive viability prospects compared to those supported by a lower scale of development of 800 dwellings. The relevance of this, at this stage, is the degree to which additional costs are likely, compared with potential surpluses shown; and whether the net requirement is considered likely to remain viable with that in mind.

Scenario 2 – East of Southbourne (Appendix 2 – Table 2b)

- 3.6. Tested Scenario 2 assumes development focused to the east of Southbourne which is currently thought to likely to be required to support the most significant infrastructure cost of the three currently tested scenarios – i.e. a road bridge incorporating pedestrian and cycle provision together with a separate additional pedestrian/cycle bridge.
- 3.7. Overall, this scenario appears to present potentially the most challenging viability prospects of the three tested scenarios and at both potential scheme capacities. Although at the key VL2 assumption of market sales at £4,750/sq. m. overall continues to indicate surplus amounts for both dwelling capacities ranging between £2,033 - £5,763 per dwelling (£1.63m - £6.05m total surplus), this is considered heading towards potentially marginal at 800 dwellings. Each of the indications fall

away notably at VL1 indicating significant sensitivity to that assumption and, overall, likely more challenging viability prospects to be found. However, in some balance with this, as with the other scenarios, the upper VL test (VL3) again indicates healthy looking surplus amounts – in this case of between £10,676 - £14,016 per dwelling (£8.54m - £14.72m total surplus).

- 3.8. Similar to Scenario 1, the results show the larger scheme tested of 1,050 dwellings to alleviate viability pressures compared with the indications at an assumed 800 dwellings.

Scenario 3 – Mixed/hybrid, west and east of Southbourne (Appendix 2 -Table 2c)

- 3.9. This scenario assumes development using a mix of sites from the west and east scenarios, with a requirement for two pedestrian/cycle bridges. This assumption represents the least costly infrastructure solution of the three scenarios, as per the figures noted as applied at this stage – see Appendix 1 Tables 1a to 1c.
- 3.10. Overall, this scenario presents the most positive viability prospects of the tested scenarios and for both scheme size options. A greater balance in favour of green shaded (surplus) over pink/red results is clearly seen in this results table compared with the others. The results show surplus amounts at VL2-3 (becoming marginal or potentially marginal looking with VL1 assumed) with the key VL2 at £4,750/sq. m. indicating surpluses of £7,883 per dwelling (£6.3m total surplus) based on 800 dwellings and £10,031 per dwelling (£10.53m total surplus) based on 1,050 dwellings. We can also see the continued results trend at the upper VL3 test consistently showing healthy looking surplus amounts and therefore strong viability prospects – ranging from £16,461 - £18,283 per dwelling (£13.17m - £19.20m total surplus).
- 3.11. Again, overall, the scheme capacity assuming 1,050 dwellings as the gross requirement appears at this stage to present more positive viability prospects (larger/more consistent surpluses) compared to the net requirement assuming 800 dwellings.

Findings Summary

- 3.12. This exercise to date suggests that development at the proposed Southbourne BLD (the subject of the proposed DPD) continues to have reasonable viability prospects overall in our view.

- 3.13. Whilst an early stage exercise (noting again the potential for information/assumptions and therefore both findings and their relativities to move around), of the three scenarios tested, Scenario 3 (mixed/hybrid - west/east) appears likely to support the better viability prospects compared to Scenarios 1 (west) and 2 (east) – i.e. with 3 showing a wider range of positive outcomes (surplus results) as values and costs assumptions are further sensitivity tested. This is, however, a relative picture and fairly nuanced at this stage – all based on the assumptions set out.
- 3.14. In addition, and if anything perhaps a clearer finding at this stage, across the currently tested scenarios (west, east and mixed/hybrid) we are consistently seeing potential scheme with 1,050 dwellings tested (gross requirement) presents stronger viability prospects than 800 dwellings (net requirement). Clearly these are early viability indications only, with many further/wider considerations relevant.
- 3.15. As discussed throughout this report, the current stage work is a high-level initial assessment run using the available information scope and detail. In this context, it is important to note that although the indicated surpluses appear positive in many instances, these could be eroded should the rail bridge(s) provision cost or other infrastructure/wider s106 contributions be found to be higher than currently assumed and/or other works elements of site constraints/abnormal costs come to bear on this picture.
- 3.16. Conversely, elements of the assumed requirements and costs could also reduce or have a lower-than-expected impact - having the effect of improving viability prospects from the tested position. Therefore, it is appropriate to consider the range of assumptions and indications, particularly with such a scheme taking a considerable period both to progress and then complete, during which conditions will likely change.
- 3.17. For the next Stage 2 assessment, it will be possible to consider any more refined/detailed costing and timing information that becomes available relating to both the rail bridge(s) and the wider infrastructure works/s106 requirements/contributions.
- 3.18. DSP will be happy to assist CDC further in this if/as required.

**Southbourne Allocation DPD – Stage 1 Viability Assessment
(October 2024)**

Notes & Limitations

1. The following does not provide formal valuation advice.
2. This initial report and its findings are intended purely for the purposes of providing Chichester District Council (CDC) with a preliminary Stage 1 overview summarising the review work to date on this high-level and viability assessment. This reflects and is proportionate to the information available to this point. In due course, following a second stage taking account of any further/refined information, the assessment will inform the Development Plan Document (DPD) being prepared by specialist consultants Tibbalds for CDC.
3. As a high-level exercise seeking to provide an initial viability overview for review and further assessment/refinement a number of variables and unknowns exist at this stage. These may be narrowed moving ahead. There are early, broad potential master planning ideas developing at this stage, but no scheme designs or similar to consider as part of the assessment. We do not have detailed information on the specific sites making up the allocation including their current uses, settled site areas or details of any abnormals potentially affecting the proposals beyond the initial CDC provided estimates for potential rail line crossings (bridges). Therefore, the indicative figures and other aspects are likely to move between this initial Stage 1 work and the later Stage 2 work as more detailed information becomes available.
4. This Stage 1 assessment is based on an estimate of potential site capacities provided to DSP by CDC and assumptions made with reference to available information including assumptions used for the Local Plan Viability Assessment (2022) – also by DSP. We have also applied our wider experience of such matters, information provided by CDC and referred to established sources such as the Building Cost Information Service (BCIS). The adopted assumptions for Stage 1 will be revisited and reviewed as far as appropriate or possible as part of the subsequent Stage 2 assessment.
5. This document has been prepared for this specific assessment task and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned. To the extent that the document is based on information supplied by others, DSP accepts no liability for any loss or damage suffered by the client.
6. We have undertaken this as a desk-top exercise as is appropriate for a high-level assessment of this nature. For general familiarisation we have considered the

allocation context from information supplied by the Council and using available web-based material, alongside our wider experience of working for the Council in the context of site-specific and strategic policy viability related matters.

7. In the preparation of the assessment, DSP has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.
8. CDC may wish to consider whether any aspect of the report is sensitive/should be treated with confidentiality in mind – it has been prepared using information supplied by CDC to DSP.
9. DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. We have been involved in preparing viability evidence for the Local Plan now at Examination and have been involved in site-specific viability review work (reviewing some planning application stage viability submissions) from time to time on an ad hoc basis for the Council.
10. In any event, we confirm no conflict of interest exists, nor is likely to arise given our approach and client base. Our fees are all quoted in advance and agreed with clients on a fixed basis, with no element whatsoever of incentive/performance related payment.