

Wokingham Borough Council and Darcliffe Homes Ltd. Land at Pound Lane, for the erection of 13 dwellings with associated highway works, public open space and landscaping.

Sonning Golf Club, Duffield Road Woodley RG4 6GJ – Planning Ref; 161529

NON-CONFIDENTIAL SUMMARY REPORT

BVL Independent Financial Viability Review – November 2025

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INTRODUCTION

1. Belvedere Vantage Ltd ('BVL') is an experienced firm of Chartered Surveyors that specialises in providing independent and objective advice relating to development viability and affordable housing. BVL advises a range of public and private sector clients, including local authorities, developers, landowners, and others.
2. BVL has been commissioned by Darcliffe Homes (Sonning) Ltd ('the Applicant') to undertake an Independent Financial Viability Review ('IFVR'), to inform an application ('the Application') that has been submitted to Wokingham Borough Council ('the Council') to vary Section 106 Obligations mainly agreed in July 2018. These s.106 Obligations relate to land at Sonning Golf Club, Duffield Road, Woodley, RG4 6GJ (referred to below as 'The Approved Development' or 'the Application Site').
3. The s.106 Obligations in question were included within;
 - 3.1. Outline planning approval reference 161529 (referred to below as 'the Outline Application' and 'the Outline Permission') for *"the erection of 13 dwellings with associated highway works, public open space and landscaping (approval sought for access)"* which was allowed at appeal (reference: APP/X0360/W/17/3167142) on 2 July 2018, subject to conditions, along with a s.106 Agreement by unilateral undertaking, dated 19 July 2017.
 - 3.2. A Section 106 Deed of Variation dated 14 December 2020.
4. The combined impact of the agreed s.106 Obligations, unexpectedly low offers for the affordable housing element of the scheme, and high Abnormal construction costs, have led to significant viability problems, which are now threatening the deliverability of the Approved Development.
5. The principle of reducing s.106 Obligations, where justified and necessary to ensure delivery, is enshrined in Government Planning Guidance. Having progressed the Approved Development as far as it is able to for the time being, the Applicant advises that it is now in a position whereby the scheme is rapidly approaching the point where it will have to be put on hold, unless a suitable reduction can be agreed to the s.106 Obligations.
6. It is understood that the Applicant has raised concerns about the viability of the Approved Development, with the Council, since early 2025. These concerns remain unresolved, and therefore with a view to being able to progress and complete the Approved Development, the Applicant has asked BVL to provide an independent,

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objective view of the viability of the Approved Development, based on detailed, scheme specific evidence, and applying the methodology prescribed by National Planning Policy Guidance ('NPPG'). The Council is aware that BVL has been instructed to undertake this work, and has advised that it will pass BVL's report to its viability advisers for review and comment.

7. To inform the IFVR, BVL re-approached the two local Chartered Surveyors/Estate Agents that had previously provided estimated sales figures for the Approved Development,¹ with a view to obtaining current market advice and updated estimated net achievable sales values. In addition, BVL obtained advice, and estimated net achievable sales values for the Approved Development, from the Reading office of national property consultants and Chartered Surveyors, Savills.
8. To further inform the IFVR, BVL also sought expert independent construction cost advice from Jonathan White B.Sc. (Hons) MRICS, of Chartered Quantity Surveyors, Terrus Consulting ('TCL'). Jonathan is highly experienced, with more than 30 years' work in the construction industry, involving both small and large developments across the UK.
9. Whilst financial viability assessments should generally be prepared on the basis that they will be made publicly available, this does not apply where the report includes commercially sensitive information that may be damaging if released into the public domain. A number of the current costs and assumptions included within the IFVR are specific to this particular situation and The Applicant, and involve commercially sensitive data. Publication of the main IFVR report would therefore be prejudicial to both the Applicant, and also the process of establishing the viability of the development. This non-confidential summary does not include this commercially sensitive information, and can therefore be made publicly available.
10. As required by the Royal Institution of Chartered Surveyors ('RICS') the IFVR complies with the principles of the RICS Professional Statement Financial Viability in Planning: Conduct and Reporting 1st edition, May 2019, ('PSFVP') active from 1 September 2019.
11. The RICS guidance note, entitled *'Assessing Viability in Planning Under the National Planning Policy Framework 2019 for England - 1st edition'* ('AVP GN 2021') was issued in March 2021, (effective from 1 July 2021). Essentially, this seeks to provide updated guidance for RICS Members undertaking FVAs and reviews, that aligns with the National Planning Policy Framework ('NPPF') and Planning Policy Guidance ('PPG') 'Viability,' and which builds on the reporting and conduct requirements of the preceding PSFVP dated May 2019. Accordingly, therefore, the IFVR also complies with the approach and principles

¹ Haslams and Leaders Romans Group ('LRG').

set out in the AVP GN 2021.

APPRAISAL APPROACH AND METHODOLOGY

12. This section of the IFVR considers the key elements within the viability modelling, and sets out how the viability appraisal has arrived at an objective value for each of these elements, based on principles set out in the NPPF and the 'standardised inputs' approach required by PPG Viability. The key aim of the IFVR is to produce an overall appraisal that reflects a balanced approach to risk and return, reflecting a development proposal that is commercially fundable and deliverable.
13. The financial modelling uses the "residual" appraisal method, which is a well- established and widely accepted way of assessing the viability of development projects. In simple terms, the estimated gross development value (GDV) of the scheme is determined first, before deducting estimated costs, (including an appropriate 'Benchmark Land Value' - 'BLV'), to arrive at a residual outcome that reflects the forecast developer return for each scenario modelled. Various appraisals were constructed using 'Argus Developer' software, which is a widely used and accepted appraisal software package within the development industry.
14. The research and analysis undertaken by BVL and TCL has been greatly assisted by the fact that detailed plans/documents are available². This has allowed the IFVR and the supporting Cost Plans produced by TCL to be based on a definitive and detailed evidence base.

Approved Mix & Layout

15. Condition 2 of the Reserved Matters Approval dated 16 December 2020 (entitled 'Approved Details') – lists a total of 28 plans and states as follows; *"The development hereby permitted shall be carried out in accordance with the following plans; Reason – for the avoidance of doubt, and to ensure that the development is carried out in accordance with the application form and associated details hereby approved"*.
16. Based on these approved drawings, the Approved Development consists of 13 houses, with total Gross Internal Area (GIA) of 28,943 ft², with the following unit mix;
- 16.1. 5 x terraced houses - no garages;

² Because the Approved Development benefits from both outline and Reserved Matters approvals.

16.1.1. 2 x 2 storey end terrace 2 beds @ 856 ft2.

16.1.2. 3 x 2.5 storey mid terrace 3 beds @ 1075 ft2.

16.2. 8 x 5 bed detached 2.5 storey, each with a single garage

16.2.1. 2 x 2,2819 ft2 (units 7 & 8).

16.2.2. 2 x 2,855 ft2 (units 1 & 2).

16.2.3. 2 x 3,001 ft2 (units 3 & 6).

16.2.4. 2 x 3,328 ft2 (Units 4 & 5).

Open Market Sales Revenue applied in BVL's Appraisals

17. Following BVL's discussions with the agents/Chartered Surveyors, LRG, Savills and Haslams provided the following estimated net achievable sales values for the Approved Development;

17.1. **LRG's** net achievable figures of 24 March 2025 were confirmed (by an RICS Registered Valuer at LRG on 23 October 2025) to be still applicable – Marketing prices at £14,770,000 (£510 per ft2) and **net achievable sales @ £14,060,000 (£486 per ft2)** reflecting a 5% discount from marketing prices.

17.2. **Savills'** sales figures of 17 April 2025 were confirmed (by the Director & Head of Reading & Thames Valley Residential Development Sales on 28 October 2025) to be still applicable as marketing prices at £15,273,000 (£528 per ft2), with **net achievable sales @ £14,127,525 (£488 per ft2)** reflecting a 7.5% discount from marketing prices.

17.3. **Haslams** sales figures of 27 March 2025 were confirmed (on 28 October 2025) to be still applicable as marketing prices at £15,375,000 (£531 per ft2), with **net achievable sales @ £14,375,000 (£497 per ft2)** reflecting a 5% discount from marketing prices.

18. The mean average of all three agents' current net achievable sales (as at 28 October 2025) = **£14,187,508 (equating to £490 per ft2).**

19. Note; all of the above GDV estimates are based on a scheme of 100% open market housing. For a scheme that includes affordable housing, (particularly Social Rent) – agents advise that both the net achievable, and marketing, prices would need to be reduced, depending on the likely impact of the affordable units on each open market unit).
20. The agents/Chartered Surveyors were advised that, because the roadways & drainage on the site were not being adopted, this would likely lead to an additional annual estate rent charge of circa £500³. However, they felt that this would not be a problem for purchasers, as long as the charge was apportioned fairly, by unit area, with the larger units 'taking more of the load.'

Affordable Housing Sales Revenue

21. The fact that the rented tenure in this instance is Social Rent, rather than Affordable Rent is significant from a viability perspective, as it will greatly reduce the affordable housing premiums that will be paid by a Registered Provider ('RP') for these dwellings.
22. In this case, RPs have confirmed to the Applicant that the difference between Social and Affordable Rents is more than £100 per week (for a 2 bed flat). This is noted to translate to a halving of the capitalised value of the rental stream for the dwelling over a 40 year period, which has resulted in very low Social Rented sales premiums of circa 39% of equivalent open market value. This contrasts sharply with the Applicant's normal expectation of purchase premiums for affordable units of between 55 and 60% of open market value.
23. As of 30 October 2025, the Applicant has confirmed the latest position in terms of updated offers from Registered Providers ('RPs') for the Approved Development; included 2 offers at £950,000 and £900,000 respectively. The highest of these offers (i.e. £950,000) has been applied within BVL's viability modelling. BVL has analysed this below;
24. As noted above, the Approved Development comprises a total of 28,943 ft². This is split as follows;
- 24.1. 8 x detached units currently designated as open market housing comprising 24,006 ft².

³ As assessed by TCL and in addition to the standard figure of £300-£400 per annum.

24.2. 5 x terraced units currently designated as affordable housing comprising 4,937 ft2.

25. Based on the currently designated affordable housing GIA of 4,937 ft2, the highest offer of £950,000 therefore represents an average blended⁴ affordable housing premium rate of £192.42 per ft2. This per ft2 rate has been included, as appropriate, within BVL's financial modelling.

26. As also noted above, the mean average of all three agent's net achievable sales (as at 28 October 2025) is £14,187,508, equating to £490 per ft2 overall. Thus, the blended affordable housing premium rate of £192.42 per ft2 represents just over 39% of the estimated current net achievable open market sales rate.

Construction Costs.

27. As noted above, to inform the IFVR, BVL asked Jonathan White of expert Chartered Quantity Surveyors and Construction Cost Consultants, TCL, to provide a comprehensive, independent, and objective, assessment of construction costs for the Approved Development.

28. Based on the comprehensive amount of information that is available at this stage, TCL undertook a detailed analysis of the construction costs associated with the plans that form the basis for the Approved Development, based on an RICS 'Red Book' approach.

29. TCL separates construction costs into two main areas;

29.1. Development Infrastructure Costs.

29.2. Standard Plot Build Costs.

30. Following its review of the information supporting the Approved Development, TCL has produced two reports as noted below. As these reports include commercially sensitive information, they are confidential. However, key (non-sensitive) elements are noted below;

TCL Standard Build Cost Report – 20 October 2025

31. TCL paragraphs 1.5 & 1.6 say;

⁴ i.e. combined rate for both Shared Ownership and Social Rent, in this case.

31.1. *"The costs of the permitted scheme have been considered within this report. 1.6.....This Build Cost report considers the 13-dwelling application scheme, which comprises:*

31.2. *13 dwellings.*

31.3. *A network of open spaces including parkland and footpaths for informal recreation.*

31.4. *New roads, parking areas, accesses, and paths.*

31.5. *Other ancillary activities; Including engineering operations, site preparation, groundwork, the installation or improvement of services and infrastructure; the creation of drainage attenuation tanks, improvements/works to the highway network and other ancillary works and activities."*

32. At paragraph 1.8, TCL notes that; *"The site covers an area of 0.770 ha and comprises an unused section of the Sonning Golf Club, and the parcel is proposed to be accessed by a new junction from Pound Lane, with improvements to the nearby junction with Duffield Road."*

33. Paragraph 1.9 states that; *"The Build Cost Plan contains the following:*

33.1. *Standard BCIS Build Cost plus allowance for plot externals, to be read in conjunction with the Terrus Red Book Cost Plan for Abnormal Site Infrastructure*

33.2. *Enhanced finishes.*

33.3. *Where relevant the above includes contingency Infrastructure and site-specific Abnormal Costs are covered in a separate report."*

34. Under the heading 'Assumptions, TCL notes at paragraphs 2.1 and 2.2: *"Costs assume works are completed in a single phase, with free access to all working areas along a continuous work front..... All costs are at present day without indexation."*

35. TCL paragraphs 4.1 to 4.3 say;

35.1. *"This report should be read in conjunction with the Terrus Abnormal Infrastructure Cost Plan which has been prepared on an RICS Red Book basis..... This report covers the Build Cost of the dwelling itself, with an allowance for its own plot costs, such as private drives, paths, patios, fencing, plot drainage, and landscaping. In addition, where*

appropriate, the plot cost will also cover the applicable costs of the estate road onto which the dwelling faces along with the relevant foul-, surface-water drainage and utilities distribution infrastructure associated with that fronted road.....When read in conjunction with the Terrus Infrastructure Abnormal Cost Plan this gives an indication of the costs associated with developing the site for site valuation and viability purposes.”

36. Under the heading ‘Cost Heading Commentary (Section 4.4) TCL say under number 2 (paragraphs 1 & 2);

36.1. Page 4 of 5 Build Cost: *“BCIS Build Costs have been obtained for the locality of the development and are based on 3rd Quarter 2025, which is being taken as the valuation date for the purposes of this report. The BCIS output is included at Appendix 4.....*

36.2. *Both the Lower Quartile, Median and Upper Quartile values have been taken from the BCIS schedule. This is a small development being delivered by a non-plc volume housebuilder and therefore the median rate is considered to an applicable base Build Cost for a development of this nature. However, for comparison purposes, the equivalent BCIS Lower Quartile values have also been considered, however these are not considered applicable due to the small size of the site and the SME developer undertaking the works.”*

37. TCL’s Paragraphs 3 to 5, under this section go on to say;

37.1. *“The BCIS dataset selected is the ‘default’ age of data, for the reasons set out below. Unusually, a previous Viability review suggested the use of Upper Quartile values and was based on the dataset utilising the maximum ‘5 year’ age of data, it is understood that this data set was selected in order to allow for the impact of recent Building Regulation changes, although the BCIS themselves have previously noted that the latest Building Regulation changes are not yet fully recognised within their Average Build Costs.....In addition, the ‘5 year’ maximum age data set is limited in that some of the categories of costs have insufficient data for the BCIS to publish data for that particular category. For this reason, we have selected the BCIS ‘default’ data set which being based on 15 years of data, has a full data set and we have countered the previous viability comment regarding coverage for the latest Building Regulation impacts by making suitable allowances within the Infrastructure Abnormals Cost Plan”.*

38. In view of TCL’s comments above, the standard build (plot) cost allowance used in BVL’s financial modelling is based on the BCIS Median (Default) rates for the locality, as of Q3 2025, as per TCL’s Appendix 1, providing a total base standard build cost figure of £5,420,769, net of fees and contingency.

39. TCL paragraph 6 under this heading says; *“An uplift is then added to the BCIS base Build Cost to account for as private drives, paths, patios, fencing, plot drainage, and landscaping. In addition, where appropriate, the plot cost will also cover the applicable costs of the estate road onto which the dwelling faces along with the relevant foul-, surface water drainage and utilities distribution infrastructure associated with that fronted road. A 15% uplift is usually applied to the Lower Quartile and Median rate, on smaller developments, and a 10% uplift is applied to the higher values of the Upper Quartile rate. Both levels of uplift are shown on the attached Build Cost Schedule, with 15% being appropriate for the Median rate”.*
40. Taking TCL’s comments into account, an allowance for External costs @ 15% of plot costs (£813,115) is also applied within BVL’s financial modelling
41. At paragraph 1 of Section 4.4, TCL says; Garages: *“The Proposed Site Layout details the proposed house types and anticipated quantum of each house type and details whether each house type has an associated garage”.* In line with TCL’s net figure at its Appendix 1, an allowance for £122,728 has been made within BVL’s financial modelling, for garages.

TCL Infrastructure Cost Report dated 20 October 2025

42. Under the heading ‘Introduction,’ paragraphs 1.2 and 1.3 say; *“Terrus Consulting is commissioned to provide an objective construction cost report for a development at Land at Sonning Golf Club, Reading to inform an Independent Financial Viability Assessment.. which is being prepared by Belvedere Vantage Ltd (BVL) in relation to the above development which is being undertaken by Country Estates Ltd.....The Infrastructure Cost Plan identifies the infrastructure and abnormal costs to service the site on a typical ‘Red Book’ basis. These costs include land preparation, S278 highways works, S38 primary routes, associated drainage, utilities, archaeology, ecology, and plot specific abnormals”.*
43. Paragraph 1.10 of the TCL Infrastructure Cost report says;
- 43.1. *“The Cost Plan contains the following:*
- 43.1.1. *Vegetation clearance, protection, and management*
- 43.1.2. *Earthworks*
- 43.1.3. *General site clearance & enabling works.*
- 43.1.4. *On-site highway infrastructure*

43.1.5. *Off-site highway works.*

43.1.6. *Foul and surface drainage along the development roads*

43.1.7. *Foul water strategy*

43.1.8. *Surface water / SuDs strategy*

43.1.9. *Service supply connections, diversions, and distribution.*

43.1.10. *Landscaping*

43.1.11. *Archaeological and ecological mitigation*

43.1.12. *Fees & contingency"*

44. At paragraph 1.11, TCL notes that *"All rates within the Cost Plan include preliminaries, profits & overheads at a total of 20%".*

45. Paragraph 4.1 explains the basis of the report; *"While standard plot build costs include the roads and services along the frontage of the individual properties together with all associated works within the curtilage of the property, it is necessary to include the other development costs in order to provide an accurate assessment of overall construction costs. Accordingly, this section of the report outlines infrastructure and abnormal costs for the proposed development. As such, this section includes costs that lie out with standard house building costs. When read in conjunction with the Terrus Standard Build Cost report also dated 20th October 2025, this report gives an indication of the costs associated with developing the site for viability purposes".*

46. TCL's Infrastructure costs as per the following headings (net of fees and contingency;

46.1. Preparation and enabling works - £178,111.

46.2. Highways - £437,057.

46.3. Drainage - £354,865.

46.4. Services - £84,738.

46.5. Landscaping - £95,990.

46.6. Archaeology and Ecology - £34,076.

46.7. Plot Abnormals - £779,955.

47. Total TCL Infrastructure costs (net) - £1,964,792.

Summary – TCL Construction Costs (as applied in BVL’s financial modelling)

48. The construction costs included in both of TCL Cost Plans total £8,321,364.

49. Note; the TCL Cost plans also take account of the long term costs of the 4th Schedule of the S.106 DoV of 14 Dec 2020 *“To produce estate roads in accordance with plans/spec to be approved by the Council, to transfer to Manco & manage/maintain in perpetuity – not to seek to have estate roads adopted in the future”.*

50. At paragraphs 4.4 & 4.5, TCL states that;

50.1. *“At £183,432⁵ per plot, the total of infrastructure works requirements, and abnormal costs lie at the upper end of the range typical for a development of this nature, given the additional infrastructure carried by each plot.....*

50.2. *The abnormal elements on this which are over and above ‘typical abnormals’ on this site include the site clearance, including demolition, earthworks, contamination remediation, gravity foul drainage to the off-site Points of Connection (PoC) in Pound Lane, surface water attenuation system, abnormal foundations and working to Future Homes Standards. A further element above ‘typical abnormals’ is the high-quality palette of materials that are being used on both the dwellings themselves and also the street scene to meet the aspirations of the local planning authority.”*

51. BVL has applied TCL’s construction cost figures within its financial modelling.

Other Costs and VAT etc.

52. In addition to the above, BVL has applied other costs and allowances within its appraisals, in line with good practice in objective viability modelling.

53. It should be noted that the IFVA does not include any costs relating to promotion of the

⁵ Inclusive of fees and contingency etc.

site or other enabling/historic site infrastructure costs that are not specifically included within the TCL cost reports.

54. VAT was ignored for the purposes of the financial modelling.

The Total Cost of all Relevant Policy Requirements.

55. The Approved Development is understood to be subject to total s.106 Contributions of £47,296.16. This has been applied in BVL's financial modelling.

56. Community Infrastructure Levy (CIL) - the Applicant has provided BVL with evidence to demonstrate that that CIL for the Approved Development has already been paid in full, comprising total payments of £1,134,516.12⁶. the Applicant has also advised that the current additional CIL liability that would be generated for a 100% open market scheme (i.e. assuming that the 5 units currently designated as affordable housing are redesignated as open market dwellings) would be £252,730.

Developer Return

57. PPG Viability paragraph 018 provides more detail on the issue of the level/amount of developer return that it is appropriate to include within an objective appraisal for viability modelling purposes; *"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 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%⁷ 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 the 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."*

58. Historically, there have been various different approaches to the quantification of an appropriate level of developer return. This is not a 'one size fits all' allowance and the correct level will depend on a range of factors, including risk, location, development

⁶ Based on the open market and affordable mix within the Approved Development.

⁷ Nationally.

logistics, timescale, the local market and the level of 'unknowns' (for example). Generally, the over-riding consideration should be that amount/level of developer return applied is appropriate, both to satisfy the requirements of commercial funders, and also to take objective account of the risks of undertaking the development, so that development in general, is not stifled in the longer term.

59. In the national context, individual profit levels of 20% of GDV for open market housing and 6% for affordable housing, and blended (combined) rates, for development projects in the south of the UK, of around 18% of GDV⁸, have been supported generally within viability modelling, at appeal and by the Secretary of State for Communities and Local Government⁹. In contrast, there is evidence of lower profit levels having been found acceptable by Planning Inspectors, typically for development projects in the north of the country, which can experience very different market conditions..
60. Generally speaking, when undertaking an IFVA, BVL would apply a profit benchmark/target in line with NPPG/RICS guidance at circa 20% of GDV in relation to open market OM dwellings, and 6% for the affordable dwellings. However, the risk associated with undertaking a development (in the face of levelling sales values and rising construction costs) is arguably now greater than over the last few years. Therefore, before considering supporting a new project of this nature at the current time, it is likely that funders would require a minimum forecast return from the development that significantly exceed these levels (potentially 25% of GDV, or even higher).
61. However, for the purposes of IFVR, BVL has applied a modest developer profit benchmark of 17.5% of GDV on market housing and 6% of GDV on affordable housing.
62. A further consideration is that (in line with the NPPF methodology set out above) in setting the developer profit level, it is important to consider the level of construction contingency applied in the IFVR appraisals. As noted above, given the nature of the Application Site, the contingency/risk levels that have been applied are felt to be appropriate, when considered as a stand-alone allowance. Accordingly, in BVL's view, these levels of contingency should not, in this instance, impact on the developer profit benchmark/target that has been applied within the BVL modelling.

Land Allowance

63. In line with Government Guidance, the price paid for the Application Site has not been included as a cost within the BVL appraisals. Rather, in line with requirements of the NPPG, and good practice, an objective 'Benchmark Land Value' ('or BLV') has been applied.

⁸ Depending on the level of affordable housing included within the mix.

⁹ Title now updated..

64. Under the heading 'Viability and Decision Taking,' PPG Viability paragraph 013 clarifies how this should operate; *"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 fully 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+).*

65. Paragraph: 014 is entitled; *"What factors should be considered to establish benchmark land value?"* and states that;

66. *"Benchmark land value should:*

66.1. *be based upon existing use value*

66.2. *allow for a premium to landowners (including equity resulting from those building their own homes)*

66.3. *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees*

66.4. *Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance."*

67. PPG Paragraph 017 refers to Alternative Use Value; *"Can alternative uses be used in establishing benchmark land value?.....For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.....Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted."* BVL is not aware of any established alternative uses that would provide the basis for an alternative use value in this instance.

68. Of assistance in terms of establishing a BLV, is local viability evidence in the form of the *'Wokingham Borough Council: Local Plan and Community Infrastructure Levy Viability Study by Anthony Lee of BNP Paribas Real Estate, dated August 2024'*).
69. It is acknowledged that this modelling was undertaken to inform consideration of the viable level of CIL in the locality. However, as this evidence is relatively recent, and as CIL impacts on the Approved Development, arguably this research can help to inform the IFVR.
70. Within their Appendix 7, BNP Paribas set out their BLV assumptions; These provide indicative BLV levels ranging from Greenfield Land @ between £247k-£370k per Ha (£100k to £150k per acre), to Secondary Industrial @ £2.24m per Ha and Secondary Offices @ £3.4m per Ha.
71. Given the location of the subject site, BVL has applied a notional BLV of £150k per acre to determine the impacts on the appraisals. This results in a notional (and very modest) BLV of £285,000.¹⁰ Note; BVL has not sought to update the BNP Paribas BLV rate to allow for the fact that it was derived prior to August 2024 (over a year ago).

Stamp Duty Land Tax (SDLT)

72. Stamp Duty Land Tax ('SDLT') within the appraisal was calculated based on current Land Registry rates, totalling **£8,000**.

BVL VIABILITY MODELLING AND CONCLUSIONS

73. The viability scenarios modelled by BVL are as follows;

- 73.1. Scenario 1 – Current s106 Obligations - This includes 38.46% affordable housing together with full agreed s.106 financial contributions, including a financial contribution towards affordable housing to make the provision up to the Council's target of 40%. As noted above, the established profit benchmark for Scenario 1 is based on 17.5% of GDV for open market units, and 6% for affordable units, which equates to a blended 16.63% of GDV overall. The forecast developer profit generated by the Scenario 1 appraisal equates to only 5.16% of GDV, which falls well short of this benchmark, clearly demonstrating that this scenario is not viable, or deliverable.

¹⁰ Based on gross site area of 0.77 Ha (1.902 acres) as shown in Box 21 of the application form associated with the Outline Planning Application, dated 3 June 2016.

73.2. Scenario 2 - This is identical to the Scenario 1 appraisal, except that the units currently designated as affordable housing (Plots 9-13) are now assumed to be open market units. The Scenario 2 Appraisal produces an improved developer profit forecast equating to just under 14% of GDV. This outcome demonstrates that, even with the removal of the affordable housing from the Approved Development (which significantly increases the GDV), this scenario does not quite allow the scheme to meet the well-established benchmark developer profit for a development of 100% open market housing, of 17.5% of GDV.

74. However, the key difference between Scenario 1 and Scenario 2 (as demonstrated by a sensitivity analysis undertaken by BVL) is that Scenario 2 has the potential to be viable and deliverable. Indeed, the Applicant has confirmed that it would be prepared to undertake to deliver the Approved Development on this basis, and therefore, Scenario 2 (redesignating the 5 current affordable housing units as open market housing) is a deliverable scenario. However, the financial modelling has clearly demonstrated (via Scenario 1) that, without the removal of the affordable units, the Approved Development will remain unviable and undeliverable.

75. The findings of the IFVR support the Applicant's contention that, having progressed the Approved Development as far as it is able to for the time being, the scheme is rapidly approaching the point where it will have to be put on hold, unless a suitable reduction can be agreed to the current s.106 Obligations.

76. Based on the detailed evidence examined in the preparation of this report, the results are very clear;

76.1. Even if the market improves significantly, during the course of construction, the Approved Development has no capacity to subsidise on-site, or off-site affordable housing, beyond the s.106 Contributions that have already been paid.

76.2. The scheme *is* immediately deliverable, but only if the removal of the affordable housing element of the Approved Development is expeditiously allowed. If not, then the development, as approved, will remain unviable and undeliverable.

76.3. The Applicant has confirmed that it will commit to delivering the scheme, subject to the Council agreeing to remove the affordable housing element of the Approved Development in an expeditious manner.

Andrew Chamen B.Sc. Hons MRICS

Belvedere Vantage Ltd

November 2025.