

Local Plan Viability (Residential)

Derby City Council

April 2026

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For and on behalf of Avison Young (UK) Limited

1. Executive Summary

- 1.1 Avison Young has been commissioned by Derby City Council to undertake a residential viability assessment in support of the emerging Derby Local Plan (Regulation 18). The assessment considers whether residential development across Derby can viably accommodate the cumulative impact of emerging Local Plan policies, existing SPD financial contributions and forthcoming national requirements, including the Building Safety Levy (BSL) and Future Homes Standard (FHS). The assessment has been prepared in accordance with the National Planning Policy Framework (NPPF), Planning Practice Guidance (PPG) and RICS viability guidance, adopting a typology-based approach consistent with plan-making best practice.
- 1.2 A broad range of residential development typologies has been tested, reflecting the forms of development expected to come forward during the plan period. These include schemes within the City Centre and across low, medium and high value housing markets, on both brownfield and greenfield sites, ranging from small infill developments to strategic allocations. The assessment also considers both traditional open market housing and Build to Rent (BtR) development. Viability has been assessed using a residual land value methodology benchmarked against Existing Use Value plus a landowner premium (EUV+), with a 10% viability buffer applied to reflect the strategic nature of the exercise.
- 1.3 The findings demonstrate a clear variation in viability across Derby, with market strength being the principal determinant of a scheme's ability to absorb policy costs and financial obligations.
- 1.4 The assessment concludes that the emerging Local Plan is broadly deliverable within Derby's strongest housing markets but that significant viability challenges exist within the City Centre, low value areas and parts of the medium value market. Affordable housing policy, developer contributions, accessibility requirements and the additional costs associated with the Building Safety Levy and Future Homes Standard collectively place considerable pressure on scheme viability. As a result, the Council should maintain flexibility in the application of policy requirements and continue to allow for site-specific viability considerations where justified. Doing so will help ensure that policy aspirations are balanced against the need to maintain development viability, support housing delivery and achieve the wider objectives of the emerging Local Plan.

2. Introduction

- 2.1 Avison Young (AY) has been appointed by Derby City Council (The Council) to undertake a viability assessment of its Draft Local Plan for Derby (Reg 18 Consultation Document).
- 2.2 The purpose of the assessment is to understand the impact of the policies, included within the Draft Local Plan, on the viability of residential development across the City, both from an individual policy basis and cumulatively and also taking into account the upcoming impact of new legislation, including the Building Safety Levy (BSL) and Future Homes Standard (FHS).
- 2.3 This assessment supersedes our previous assessment¹ which was used to inform the development of policies for inclusion in the Draft Local Plan.
- 2.4 This assessment is based on the same 'typologies' that were used within our previous scoping report and for ease of reference we have summarised these again within Section 3.
- 2.5 Our methodology is also the same as that which informed our previous assessment. Once again, for ease of reference, this is set out within Section 4.
- 2.6 The assumptions which have informed this assessment have been updated, and further detail is provided in Section 5.
- 2.7 The results from the appraisals and sensitivity analysis are presented in Section 6 and section 7 concludes this report.

Basis of Reporting

- 2.8 Our report has been prepared in accordance with the RICS Professional Statement Financial Viability in Planning: Conduct, and Reporting, 1st edition, May 2019².
- 2.9 Further to the mandatory RICS reporting requirements the assessment has also been undertaken with due regard to the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019³ for England, 1st edition March 2021 and the latest Planning Policy guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to viability⁴.
- 2.10 The advice contained within this report does not constitute a valuation of the site in accordance with RICS Valuation – Global Standards 2022 and should not be relied upon as such⁵.
- 2.11 This assessment has been carried out by an RICS member who has acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. Furthermore, the RICS member who has undertaken this report is a suitably qualified practitioner and

¹ Local Plan Viability Scoping (Residential) – April 2025

² This document sets out mandatory requirements on conduct and reporting in relation to viability assessments for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at.

³ It should be noted that although the latest version of the NPPF is December 2024 the guidance remains valid.

⁴ Within this assessment we have not considered any of the proposed reforms that may impact on viability, set out in the closed consultation – '*National Planning Policy Framework: proposed reforms and other changes to the planning system*'.

⁵ The assessment is prepared for assessing the viability of development to assist with planning matters, either plan/policy making, or decision taking. The assessment therefore constitutes an exception from valuation technical and performance standards ('VPS') 1 – 5 of the Red Book and is not a formal valuation and should not be relied upon as such.

RICS Registered Valuer with sufficient skills, expertise and knowledge to provide a robust and objective assessment.

- 2.12 The RICS member has extensive experience in advising on financial viability assessments and up-to-date knowledge of the planning system gained through previous viability experience and working alongside Avison Young's local and national planning teams.
- 2.13 This report has been prepared for the sole use of our client, based on the scope of work and on the terms and conditions agreed with our client. Whilst facts have been rigorously checked, Avison Young can take no responsibility for any damage or loss suffered because of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced, or referred to without prior approval. Any such reproduction should be credited to Avison Young.

3. Residential Development Typologies

- 3.1 Para 003⁶ of Planning Policy Guidance (NPPG) states that assessing the viability of local plans does not require individual testing of every site or assurance that individual sites are viable. Instead, PPG states that plan makers can use site typologies to determine viability at the plan making stage. PPG further states⁷ that plan makers can follow a typology approach 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.
- 3.2 The Draft Local Plan includes numerous housing allocations but there is limited / sufficiently detailed information upon which to appraise the viability of each of these allocations.
- 3.3 Instead this assessment has tested viability based on several hypothetical development schemes / typologies which reflect the main types of development likely to come forward over the plan period.

Residential Typologies

- 3.4 The typologies to be tested in this assessment have been agreed with the Council⁸ and are summarised in the table below. For this exercise we have assumed that all typologies within the City Centre will be on Brownfield land, whereas both greenfield and brownfield typologies occur outside of the city centre.

Table 3.1 – Residential Development Typologies

Location	Land Status	Description	No Dwgs	House Types	Site Area (ha)	Tenure	dph ⁹
City Centre	CoU ¹⁰	Conversion	9	Apartments	0.11	Open Market	80
City Centre	Brownfield	Small site/infill	5	Houses ¹¹	0.13	Open Market	40
City Centre	Brownfield	Small site/infill	10	Houses	0.25	Open Market	40
City Centre	Brownfield	Small site /Infill	15	Houses	0.38	Open Market	40
City Centre	Brownfield	Low Rise	55	Apartments	0.7	Open Market	80
City Centre	Brownfield	Medium Rise	105	Apartments	1.3	Open Market	80
City Centre	Brownfield	Medium Rise	150	Apartments	1.0	Build to Rent	150
City Centre	Brownfield	High Rise	200	Apartments	1.3	Build to Rent	150
Low Value	Brownfield	Small Site	9	Housing	0.23	Open Market	40
Low Value	Brownfield	Small Site	10	Housing	0.3	Open Market	40

⁶ Reference ID: 10-003-201807245.0

⁷ Para 004 (Ref ID: 10-004-20190509)

⁸ As part of the previous scoping exercise.

⁹ Policy H2 (Residential Development Density) of the Reg 18 Local Plan states that a minimum average density of 35 dwellings per ha [should be] achieved on all developments, unless there are clear environmental reasons for a lower density. The policy further states that in the City Centre a minimum density of 80 dwellings per ha will be required and in other locations close to transport hubs and within local shopping centres densities should be increased where possible. The Council is looking to optimise density so for the purpose of this assessment it has been agreed to proceed based on an average density of 40 dwellings per ha for traditional housing, which is above the minimum density of 35dph. Within the City Centre a density of 80dph, in line with the requirements of Policy H2, has been applied except for medium and high rise BtR typologies for which higher densities of 150dph are assumed to be more realistic for this type of development.

¹⁰ Change of Use

¹¹ It is anticipated that most of the residential development in the city centre will be apartments and whilst the Council don't expect traditional housing types to come forward in the city centre, they can't be ruled out. Therefore, this assessment has included city centre housing typologies.

Location	Land Status	Description	No Dwgs	House Types	Site Area (ha)	Tenure	dph ⁹
Low Value	Brownfield	Small Site	15	Housing	0.4	Open Market	40
Low Value	Brownfield	Small Site	25	Housing	0.6	Open Market	40
Low Value	Brownfield	Medium Site	50	Housing	1.3	Open Market	40
Low Value	Brownfield	Upper Medium / Large Site	100	Housing	2.5	Open Market	40
Low Value	Brownfield	Large Site	200	Housing	5.0	Open Market	40
Medium Value	Brownfield	Small Site	9	Housing	0.23	Open Market	40
Medium Value	Brownfield	Small Site	10	Housing	0.3	Open Market	40
Medium Value	Brownfield	Small Site	15	Housing	0.4	Open Market	40
Medium Value	Brownfield	Small Site	25	Housing	0.6	Open Market	40
Medium Value	Brownfield	Medium Site	50	Housing	1.3	Open Market	40
Medium Value	Brownfield	Upper Medium / Large Site	100	Housing	2.5	Open Market	40
Medium Value	Brownfield	Large Site	200	Housing	5.0	Open Market	40
High Value	Brownfield	Small Site	9	Housing	0.23	Open Market	40
High Value	Brownfield	Small Site	10	Housing	0.3	Open Market	40
High Value	Brownfield	Small Site	15	Housing	0.4	Open Market	40
High Value	Brownfield	Small Site	25	Housing	0.6	Open Market	40
High Value	Brownfield	Medium Site	50	Housing	1.3	Open Market	40
High Value	Brownfield	Upper Medium / Large Site	100	Housing	2.5	Open Market	40
High Value	Brownfield	Large Site	200	Housing	5.0	Open Market	40
Low Value	Greenfield	Small Site	9	Housing	0.23	Open Market	40
Low Value	Greenfield	Small Site	10	Housing	0.3	Open Market	40
Low Value	Greenfield	Small Site	15	Housing	0.4	Open Market	40
Low Value	Greenfield	Small Site	25	Housing	0.6	Open Market	40
Low Value	Greenfield	Medium Site	50	Housing	1.3	Open Market	40
Low Value	Greenfield	Upper Medium / Large site	100	Housing	2.5	Open Market	40
Low Value	Greenfield	Large Site	200	Housing	5.0	Open Market	40
Low Value	Greenfield	Strategic Site	400	Housing	10.0	Open Market	40
Low Value	Greenfield	Strategic Green Belt Site	400	Housing	10.0	Open Market	40
Medium Value	Greenfield	Small Site	9	Housing	0.23	Open Market	40
Medium Value	Greenfield	Small Site	10	Housing	0.3	Open Market	40
Medium Value	Greenfield	Small Site	15	Housing	0.4	Open Market	40
Medium Value	Greenfield	Small Site	25	Housing	0.6	Open Market	40
Medium Value	Greenfield	Medium Site	50	Housing	1.3	Open Market	40
Medium Value	Greenfield	Upper Medium / Large site	100	Housing	2.5	Open Market	40
Medium Value	Greenfield	Large Site	200	Housing	5.0	Open Market	40
Medium Value	Greenfield	Strategic Site	400	Housing	10.0	Open Market	40
Medium Value	Greenfield	Strategic Green Belt Site	400	Housing	10.0	Open Market	40
High Value	Greenfield	Small Site	9	Housing	9	Open Market	40
High Value	Greenfield	Small Site	10	Housing	0.3	Open Market	40
High Value	Greenfield	Small Site	15	Housing	0.4	Open Market	40
High Value	Greenfield	Small Site	25	Housing	0.6	Open Market	40
High Value	Greenfield	Medium Site	50	Housing	1.3	Open Market	40

Location	Land Status	Description	No Dwgs	House Types	Site Area (ha)	Tenure	dph ⁹
High Value	Greenfield	Upper Medium / Large site	100	Housing	2.5	Open Market	40
High Value	Greenfield	Large Site	200	Housing	5.0	Open Market	40
High Value	Greenfield	Strategic Site	400	Housing	10.0	Open Market	40
High Value	Greenfield	Strategic Green Belt Site	400	Housing	10.0	Open Market	40

Source: Derby City Council and Avison Young

House Types

- 3.5 Within strategic viability exercises such as this, it is difficult to identify an appropriate housing mix that is suitable for every site/typology. Our assessment is, therefore, based on the following average unit sizes. These same assumptions were used within our previous scoping exercise.

Table 3.2 – Average Unit Sizes

	Housing	Apartments	BtR Apartments
Average unit size (gross)	94sq.m (1,011sq.ft)	72sq.m (777sq.ft)	65sq.m (700sq.ft)
Gross to Net	100%	90%	85%
Average unit size (net)	94sq.m (1,011sq.ft)	65sq.m (700sq.ft)	55sq.m (588sq.ft)

Source: Avison Young

Affordable Housing

- 3.6 The Council currently requires a maximum of 30% of all new homes to be affordable on sites with 15 or more dwellings¹².
- 3.7 Policy H4 of the Draft Local Plan requires different proportions of affordable housing, on sites with 10 or more dwellings, based on the following locations.

Table 3.3 – Affordable Housing Requirements

Site Location	Required Affordable Housing %
Green Belt Land	Up to 40% ¹³
City Centre Sites	Up to 5%
Sites Outside of the City Centre	Up to 25%

- 3.8 Policy H4 states that affordable housing should be provided on site¹⁴ and that 80% of the affordable dwellings should be made available for social rent unless it can be justified that this is not achievable.

¹² Policy CP7 – Affordable and Specialist Housing (Part 1 Derby City Local Plan – Jan 2017).

¹³ Within our previous scoping report affordable housing was included at 50% for the Green Belt typologies in line with the Golden Rules introduced by the new NPPF.

¹⁴ Policy H4 of the Draft Local Plan states that in exceptional circumstances the Council will allow off-site provision or financial contributions to be made for the Council to provide new affordable homes in off-site locations. Exceptional circumstances include, but are not limited to, where it has been clearly demonstrated by the applicant that it is not possible or viable to provide the new affordable homes on-site. Sites of less than 25 dwellings are considered to provide exceptional circumstances where financial contributions will be sought rather than on-site affordable housing provision, unless the applicant wishes to provide the affordable housing on site, or the site is Green Belt land. Where financial contributions are to be provided in lieu of on-site affordable homes, the Council will set out a charging schedule to clarify the financial sums which certain development types will be required to pay. The charges for financial contributions to be made in lieu of on-site affordable housing will be index linked so that they remain appropriate over time. These will be set out in a separate document to the Local Plan which can be updated as necessary. In the absence of further guidance this assessment assumes on site delivery across all the typologies.

Within our previous assessment the Council requested an 80:20 split between social rent and shared ownership be applied, which we have replicated in this assessment.

- 3.9 With respect to the BtR typologies; The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided, by default, in the form of affordable private rent, a class of affordable housing specifically designed for build to rent and 20% of the total number of dwellings, is generally supported as a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. However, local authorities are permitted to set a different proportion, based on evidence from their local housing need assessment, and set this out in their local plan policies.
- 3.10 The Council has confirmed that despite the default position, set out within the NPPF, for 20% of all BtR units to be provided as affordable the Council will seek affordable housing on BtR schemes, in line with the requirements of Policy H4 of the Reg 18 Local Plan (see Table 3.3).

4. Methodology

- 4.1 There is no standard answer to questions of viability, nor is there a single approach for assessing viability.
- 4.2 For the purpose of this assessment we have referred to guidance issued by the Royal Institution of Chartered Surveyors (RICS) and the latest Planning Practice Guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to viability. In the first instance we have referred to the 'RICS Professional Statement Financial Viability in Planning: Conduct, and Reporting, 1st edition, May 2019. The Guidance provides recommended good practice when assessing financial viability for planning purposes and is grounded in the statutory and regulatory planning regime that currently operates in England.
- 4.3 Financial viability for planning purposes is defined as:
- 'An objective financial viability test of the ability of a development project to meet its costs, including the cost of planning obligations, while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project'.*
- 4.4 An accepted method of valuation of development land is the 'residual method'. This is explained further in the RICS Valuation Information Paper (VIP) 12. In summary this valuation approach recognises that the value of a development scheme is a function of several elements. These include:
- The value of the completed development (GDV¹⁵).
 - The direct costs of developing the scheme (TCC¹⁶).
 - The return (profit) to the developer for taking the development risk and delivering the scheme.
 - The cost of any planning obligations; and
 - The cost or value of the land.
- 4.5 The residual approach can be expressed through the following simple calculation.

$$\text{Gross Development Value (GDV) (minus) Total Costs (including Developers Profit) = Residual Site Value}$$

- Gross Development Value includes all sales income generated by the development, including income from affordable housing.
- Total Development Costs include construction costs, professional fees, planning/S106, finance / interest charges etc.
- Developer's profit is expressed by reference to a percentage of the Total Development Costs or Gross Development Value. It can also be expressed by reference to an Internal Rate of Return (IRR)¹⁷ or Return on Capital Employed (ROCE)¹⁸. IRR and ROCE are not generally used in strategic

¹⁵ Gross Development Value

¹⁶ Total Construction Costs

¹⁷ Internal Rate of Return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment. If the IRR of a new project exceeds a company's required rate of return, that project is desirable. If the IRR falls below the required rate of return, the project is normally rejected.

¹⁸ Return on Capital Employed (ROCE) is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed.

viability assessment as they are a relative unstable metric compared to the traditional profit as a proportion of GDV or Development Costs. They are reliant on accurate forecasts of expenditure and revenue and small changes can significantly impact these calculations. As a result, in strategic exercises such as this where timing of costs and income are uncertain or likely to change the approach is less reliable.

- 4.6 The consequential output from the appraisal can then be compared to a benchmark land value to assess the viability of the scheme.
- 4.7 In terms of the process, land value is a key component of a development appraisal, albeit (as explained previously) it can often be the 'outcome' of the appraisal rather than being a fixed figure, hence why appraisals are often referred to as being 'residual', because once all the inputs are included the 'residue' (if there is any) is the amount that the developer can afford to pay for the site.
- 4.8 However, the 'residue' from the appraisal (as a land value) does not always meet the expectations of the landowner. If a developer is only able to pay a significantly reduced sum below the landowners' expectations, or the costs of the scheme exceed the values generated resulting in a negative land value, then the outcome is straight forward. The land will not be sold / released for development.
- 4.9 Therefore, when undertaking a viability assessment, a minimum land value (aka benchmark land value) needs to be identified.

Benchmark Land Value.

- 4.10 Para 013 (Reference ID: 10-013-20190509], of the PPG provides guidance on the issue of benchmark land values and states that a benchmark... should be established based on 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+).
- 4.11 In determining the benchmark PPG states at Para 014 (Ref ID: 10-014-20190509] what factors should be considered. It states that the benchmark land value should:
- Be based upon Existing Use Value (EUV).
 - Allow for a premium to landowners (including equity resulting from those building their own homes.
 - Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees; and
 - Be informed by market evidence including current uses, costs and values. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.
- 4.12 PPG defines Existing Use Value at Para 015 (Reference ID: 10 - 015-20180724]. It states that Existing Use Value (EUV) is the first component of calculating benchmark land value. It goes on to state that EUV is the value of the land in its existing use, which will vary depending on the type of site and development types. Para 015 of PPG is also clear in that Existing Use Value is not the price paid for the land and should also disregard hope value.

- 4.13 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. Para 016 of PPG (Ref: 10-016-20190509) states that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a contribution to fully comply with policy requirements. Para 016 states that the process for establishing the premium 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. PPG states that policy compliance means that the development complies fully with up-to-date plan policies including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. PPG also confirms that a decision maker can give appropriate weight to emerging policies.
- 4.14 PPG (para 173¹⁹) also states that for the purpose of viability assessment alternative use value (AUV) of the land may be informative in establishing benchmark land value. This refers to the value of land for uses other than its existing use. If applying alternative uses when establishing benchmark land value PPG states that 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. It further states that plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.
- 4.15 The RICS professional Statement²⁰ also provides guidance on the issue of benchmark land value. It states:

In the interest of transparency, when providing benchmark land values in accordance with the PPG for an FVA, RICS members must report the:

- **Current Use Value.** CUV referred to as EUV or first component in the PPG²¹. This equivalent use of terms (i.e. that CUV and EUV are often interchangeable) is dealt with in paragraph 150.1 of IVS 104 Bases of Value (2017).
- **Premium.** Second component as set out in the PPG²²
- **Market Evidence** as adjusted in accordance with the PPG²³
- **All supporting considerations, assumptions and justifications adopted** including valuation reports, where available²⁴.
- **Alternative Use Value** as appropriate (market value on the special assumption of a specified alternative use²⁵). It will not be appropriate to report an alternative use value where it does not exist.

¹⁹ Ref: 10-017-20190509

²⁰ Financial Viability in Planning Conduct and Reporting, 1st Edition, May 2019

²¹ Para 015 (Reference ID: 10 – 015-20190509)

²² Para 016 (Ref: 10-016-20190509)

²³ Para 016 (Ref: 10-016-20190509)

²⁴ Para 014 (Ref 10-014-20190509, Para 15 (Ref: 10-15-20190509, Para 16 (Ref: 10-016-20190509)

²⁵ Para 17 (Ref 10-017-20190509)

A statement must be included in the FVA or review of the applicant's FVA or area wide FVA that explains how market evidence and other supporting information has been analysed and, as appropriate, adjusted to reflect existing or emerging planning policy and other relevant considerations. If a market value report has recently been prepared, this should be stated with the reason for the report, assumptions adopted and reported valuation.

In addition, the price paid for the land (or the price expected to be paid through an option or conditional agreement), should be reported as appropriate²⁶ to improve transparency. Price paid is not allowable evidence for the assessment of BLV and cannot be used to justify failing to comply with policy.

4.16 Within this context the benchmark land values applied within this assessment are based on the EUV + approach²⁷. For consistency of approach, we have replicated the benchmark Land Values used within our previous scoping assessment. These are summarised below.

- For brownfield sites in the city centre a BLV of £617,775 per ha (£250,000 per acre).
- For brownfield sites outside of the city centre a BLV of £185,332 per ha (£75,000 per acre).
- For greenfield sites a range of BLV's have been assumed, as presented in the table below.

Table 4.1 – Greenfield Benchmark Land Values

Site Typology		EUV (£ per acre)	Premium	BLV (£per acre)	BLV (£ per ha)
Greenfield	Small Sites	£9,500	X20	£190,000	£469,509
Greenfield	Medium Sites	£9,500	X15	£142,500	£352,132
Greenfield	Upper Medium / Large sites	£9,500	X15	£142,500	£352,132
Greenfield	Large Sites	£9,500	X10	£95,000	£234,754
Greenfield	Strategic Sites	£9,500	X10	£95,000	£234,754
Greenfield	Strategic Green Belt Sites	£9,500	X10	£95,000	£234,754

Source: Avison Young

²⁶ Para 16 (Ref 10-016-20190509)

²⁷ Alternative Use Values are not relevant for the purpose of this exercise.

5. Appraisal Assumptions

- 5.1 Assessing viability requires judgements which are informed by the relevant available information /evidence. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market.
- 5.2 The development cost and value assumptions applied within this assessment are set out below. Some of the assumptions have been updated from those in our previous scoping assessment due to the variability of costs over time. All inputs into this assessment have been reasonably justified, as explained in further detail throughout this section of our report.
- 5.3 However, even at this stage, it must be recognised that whilst our assumptions will generally align with normal or usual figures expected in most developments, they may differ, in some cases, from the figures that may be used in actual development schemes.

Developments Costs

Construction Costs

- 5.4 Planning Practice Guidance (PPG) states that build costs should be based on appropriate data, for example that of the Building Cost Information Service. Our assessment of new build construction costs is based on cost data obtained from BCIS (Building Cost Information Service) rebased to the 1st Quarter 2026 and adjusted to reflect local sensitivities in Derby.
- 5.5 Most of the data used in the BCIS analysis when determining rates is from small scheme developments implemented by either local or relatively small contractors. Medium to large housebuilders do not contribute to the sample and the efficiency savings that they are able to make both for labour and material are not, therefore, reflected in the figures. On this basis, the BCIS rates can be regarded as being high compared to the costs likely to be incurred. For this reason, the BCIS median and average rates are not generally used and instead the lower quartile rate from BCIS is typically applied.
- 5.6 The costs are inclusive of preliminaries but exclude external works. Because the data from BCIS excludes costs associated with external works an additional allowance has been included for these items.
- 5.7 For clarity the base construction costs that have been included in this assessment are summarised in the table below.

Table 5.1 – Base Construction Costs

Description	Costs Rates	External Works	Total Costs)
Housing ²⁸	£1,333psm (£124psf)	15%	£1,533psm (£142psf)
Apartments – Change of Use (Conversions) ²⁹	£1,486psm (£138psf)	-	£1,486psm (£138psf)
Apartments – Open Market (low and medium rise) ³⁰	£1,740psm (£162psf)	10%	£1,914psm (£178psf)

²⁸ Based on lower quartile rates from BCIS for estate housing generally.

²⁹ Based on median rates from BCIS for apartments generally (conversion).

³⁰ Based on median rates from BCIS for apartments of 3 to 5 storey construction.

Description	Costs Rates	External Works	Total Costs)
Apartments – Build to Rent (medium and high rise)	-	-%	£2,500psm (£232psf) ³¹

Source: BCIS and Avison Young

Remediation / Ground Conditions (Brownfield sites only)

- 5.8 In exercises such as this it is very difficult to make allowances for such costs, which are invariably subject to intrusive / detailed ground investigations etc. For this assessment we have referred to guidance issued by Homes England on dereliction, demolition and remediation costs (March 2015). This evidence has limited validity given how dated and geographically generalised it is. However, it is the best available source of general evidence and it is important to have regard to this and make an allowance for remediation costs.
- 5.9 We have assumed that most Brownfield sites will fall under Category A, which comprise small scale and general industrial sites, miscellaneous factories and works (not heavy industry) and sites with very small to small fuel tanks³². We appreciate that these definitions do not directly relate to the surface level car parks in the city centre, but we have taken a cautious approach in this assessment.
- 5.10 Within our assessment we make a second assumption that all Brownfield sites fall within the low water risk category³³.
- 5.11 Based on these assumptions the remediation costs are:
- Flats / apartments with limited soft landscaping– between £50,000 and £130,000 per hectare; and
 - Residential with private gardens – between £75,000 and £205,000 per ha.
- 5.12 We have adopted the median costs, which we have then adjusted for inflation (using the BCIS all in Tender Price Index) and location. On this basis the costs set out within the table below have been incorporated into our assessment.

Table 5.2 – Remediation Costs (Brownfield sites only)

Description	Cost £per ha (March 2015)	Adjusted Cost £per Ha (Q1 2026)	Location Adjustment	Cost £ per Ha (Q1 2026)
Flats / Apartments	£90,000	£139,000	0.92 ³⁴	£128,000 ³⁵
Residential with private gardens	£140,000	£216,315	0.92	£199,000

Source: Homes and Communities Agency (now Homes England) - Dereliction, demolition and remediation costs (March 2015).

³¹ These costs are typical for what we see on BtR schemes currently and equate to the upper quartile quarter rates from BCIS for 6 storey and above construction plus £108psm (£10psf) for furniture and set up costs.

³² Other categories include; Category B, which includes garages, workshops, pithead sites, railway lines, textiles, small scale timber treatment, sewage works, smaller chemical works, sites with small to mid-sized fuel tanks; Category C, which includes metal workings, scrap yards and shipyards, paints and solvents, small gasworks/gas holder sites, smaller power stations, rail depots (maintenance and refuelling) and site with large fuel tanks; and Category D, which includes major gasworks, iron and steel works, large chemical works, refineries and major fuel depots, ship breaking and building, larger power stations and sites with large tank farms.

³³ The guidance states that if the potentially contaminated site is in an area where there is a sensitive water receptor on, adjacent to or under the land, then it may be necessary to perform additional remediation of soils or water over and above than required to deliver a development suitable for the proposed end use. Low risk is defined as perched water in made ground and unproductive strata (e.g. associated with low permeability deposits).

³⁴ Location adjustment for East Midlands.

³⁵ Rounded down to £000

- 5.13 Our assessment has assumed a worst-case scenario and is applying these costs to 100% of the site areas. However, the reality could be very different, and not all the sites will be contaminated, and some may only have contamination present in limited areas.

Site Preparation (Brownfield sites only)

- 5.14 It is also assumed that the Brownfield sites will require an element of site preparation/clearance, including removal of redundant services, to facilitate redevelopment etc.
- 5.15 Assuming non-complex sites, the guidance published by Homes England states that costs range between £20,000 and £100,000 for removal of redundant services and between £5psm and £25psm of site area for site clearance. With respect to removal of redundant services, we have assumed a midpoint (£60,000) and after adjusting for inflation³⁶ and location we have included a cost of c£85,000 per site.
- 5.16 We have also assumed a midpoint cost for site clearance (£15psm), which after adjusting for inflation and location the overall cost for site clearance equates to £213,000 per ha.
- 5.17 Reflecting the fact that most brownfield sites in the City Centre are expected to be surface level car parks we have not included any allowance for site clearance.

Bio Diversity Net Gain

- 5.18 For the purpose of this assessment we have assumed that developments will need to provide a minimum of 10% Biodiversity Net Gain (BNG) and ensure delivery for at least 30 years, in line with the Environment Act 2021. The DEFRA impact assessment (2022)³⁷ estimated that the cost of meeting BNG obligations for developers was £21,672 per hectare to create and maintain sites over a 30-year lifecycle. The costs have been adjusted for inflation, which results in a total cost of c£25,500 per ha. These costs have been applied to all the typologies with 'greenfield status'.
- 5.19 These costs have not been applied to the city centre Brownfield development typologies as it is assumed they would be exempt under the "low impact test" where the baseline biodiversity score is zero, such as development which is wholly on hard standing or sealed surfaces (i.e. car park sites)³⁸.
- 5.20 Brownfield sites outside of the city centre could also be exempt under the "low impact test" but there is greater scope that sites may not be exempt. For these sites we have assumed a cost of £12,750 per ha (half the cost included for the typologies with greenfield status).

EV Charging

- 5.21 Building Regulation Approved Document S requires a new residential building with associated parking to have access to an electric vehicle charge point, as well as the supporting infrastructure to sustain the installation of future charge points. It is assumed that during the construction phase of the development the below ground base infrastructure for charge points would be installed at relatively little extra cost, typically included in our allowance for external works³⁹. Upon installation of the infrastructure the scheme is EV ready and it is assumed that the cost of installing the charge points will be built into the developer's sales process, meaning the cost will be passed onto the home buyer.

³⁶ Up to Q1 2027.

³⁷ The DEFRA impact assessment on BNG and nature recovery strategies (NRS's)

³⁸ However, it is acknowledged that a BNG payment may be required on city centre sites in some instances.

³⁹ Refer to Table 4.1.

Project Fees

- 5.22 Many viability studies incorporate an assessment of fees based upon a percentage of the base construction costs⁴⁰. Expenditure on fees will vary with the complexity of the site. They will also vary depending on the type of developer, with volume house builders often able to realise some savings from in-house provision. Figures for fees relating to design, planning and other professional fees can range between 6% and 8% for straight forward sites but can be a lot of higher for complex multi-phased sites. For this assessment we have included an allowance for project fees based on 6% of the construction costs, expect for the Build to Rent and large/strategic sites where fees are included at 8%.

Contingency

- 5.23 Contingencies are an allowance for unexpected development costs and within this assessment allowances have been included at 3% for Greenfield sites and 5% for the Brownfield sites.

Planning Contributions

- 5.24 The Council has a financial contributions matrix setting out the sums expected for the 2024/25 financial year. The table below highlights the financial contributions that are additional to the emerging policy requirements in the Draft Local Plan⁴¹. The Council acknowledge that these requirements may need to be reviewed when the new local plan is in place⁴².

Table 5.3 – S106 Costs

Item	2025/2026 ⁴³
Transport – Houses	£2,139 per dwg ⁴⁴ .
Transport Flats	£1,113 per dwg ⁴⁵ .
Amenity Open Space – Houses	£2,647 per dwg ⁴⁶ .
Amenity Open Space - Flats	£1,853 per dwg ⁴⁷ .
Public Open Space - Houses	£3,718 per dwg ⁴⁸ .
Public Open Space - Flats	£2,600 ⁴⁹ per dwg.
Education – Primary ⁵⁰	£20,828 per school place generated ⁵¹ .

⁴⁰ Professional institutes used to publish recommended fee scales as a percentage of construction; however, legislation aimed at preventing anti-competitive behaviour forced the abolition of these scales. Despite the demise of fee scales, developers are still inclined to use percentages of building costs for early calculation of likely fees. However, they will then generally negotiate a fixed price lump sum.

⁴¹ These have been agreed with the Council.

⁴² Any subsequent changes to these S106 costs may necessitate an update of the viability assessment.

⁴³ The 2024/2025 costs have been uplifted by 2.3% to derive the 2025/2026 costs, in line with the latest RPI figures.

⁴⁴ Contributions are paid on developments of 11 or more dwellings.

⁴⁵ Contributions are paid on developments of 11 or more dwellings.

⁴⁶ The SPD stipulates a cost of £1,059 per person and assumes 2.5 people for 1 to 4 bed houses. This results in a cost of £2,647 per dwg. Contributions are paid on developments of 10 dwellings or more.

⁴⁷ The SPD stipulates a cost of £1,059 per person and 1.5 people per 1 bed flat and 2 people per 2 bed flat. This results in costs per flat of £1,588 (1 bed flat) and £2,118 (2 bed flat). For this assessment we have adopted the median cost of c£1,853 per flat, assuming most flats will be 1 and 2 beds. Contributions are paid on developments of 10 dwellings or more.

⁴⁸ The SPD stipulates a cost of £1,487 per person and assumes 2.5 people for 1 to 4 beds houses. This results in a cost of £3,718 per dwg. Contributions are paid on developments of 25 dwellings or more.

⁴⁹ The SPD stipulates a cost of £1,487 per person and 1.5 people per 1 bed flat and 2 people per 2 bed flat. This results in costs per flat of £2,230 (1 bed flat) and £2,974 (2 bed flat). For this assessment we have adopted the median cost of c£2,600 per flat, assuming most flats will be 1 and 2 beds. Contributions are paid on developments of 25 dwellings or more.

⁵⁰ The Council has confirmed that there is a need and a policy requirement, within the emerging Local Plan, for a new primary school in the city centre. However, it is anticipated that a lot of the planned residential development in the city centre will be permitted before the Local Plan is adopted. For this assessment, it was agreed to proceed based on the standard costs within the SPD (table 5.3). The costs and funding of the new primary school will need to be considered in greater detail, following adoption of the Local Plan.

⁵¹ The formula is based on 28 pupils per 100 houses and 7 pupils per 100 flats. The Draft Local Plan proposes to use the DFE formula which is 32 pupils per 100 houses and 6 pupils per 100 flats. Contributions only sought on developments of 25 dwellings or more.

Item	2025/2026 ⁴³
Education – Secondary	£31,345 per school place generated ⁵² .
Community Centres – Houses	£995 per dwg ⁵³ .
Community Centres- Flats	£697 per dwg ⁵⁴ .
Sports Facilities Houses	£1,455per dwg ⁵⁵ .
Sports Facilities – Flats	£1,018 per dwg ⁵⁶ .
Health	£1,000 per dwg ⁵⁷ .
Administration Fees	£98 per dwg ⁵⁸ .

Community Infrastructure Levy (CIL)

- 5.25 The Council is not a CIL charging authority, so no costs have been included in our assessment.

Marketing, Agents and Legal Fees

- 5.26 For open market housing we have included marketing, agents and legal fees at 3% of Gross Development Value (GDV) of the private for sale units.
- 5.27 For the BtR development typologies allowances for Purchasers Costs (sale agents and legal fees) have been included at c1.8% of Gross Development Value.

Profit

- 5.28 Para 018 of PPG (Ref: ID-018-20190509) states that for the purpose of plan making an assumption of 15% to 20% of gross development value (GDV) may be considered a suitable return to developers to establish the viability of plan policies. It goes on to state that 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. It further states that 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.
- 5.29 Another factor to consider is stricter lending criteria and high interest rates meaning it is now becoming increasingly difficult for developers (particularly SME's) to secure funding unless there is a sufficient buffer. Within this context a typical margin for an SME, which satisfies a funders criteria, may be in the range of 20 to 25% perhaps as high at 30%.
- 5.30 Within this context, our opinion of a reasonable return for the developer, is a profit of 25% on GDV for small sites typologies and 20% for the remaining typologies. For the BtR typologies we have applied a profit equal to 10% of the total project cost, based on a forward fund commitment

⁵² The formula is based on 20 pupils per 100 houses. The Draft Local Plan proposes to use the DFE formula which is 18 pupils per 100 houses and 2 pupils per 100 flats. Contributions only sought on 25 dwellings or more.

⁵³ The per person rate for community centres is £398 per person. The SPD assumes 2.5 people for 1 to 4 bed houses and 3 people per 5 bed house. This equates to a cost of £995 per house (assuming most houses will be 1 to 4 beds). Contributions sought on 50 dwellings or more.

⁵⁴ The per person rate for community centres is £398 per person. The SPD assumes 1.5 people per 1 bed flat, 2 people per 2 bed flat and 2.5 people per 3 bed flats. This results in costs per flat of £597 (1 bed flat) and £796 (2 bed flat), equating to a median cost of £697 per flat (assuming most flats are 1 and 2 bed). Contributions sought on 50 dwellings or more.

⁵⁵ The SPD seeks the following contributions for sports facilities. £124 per person for health and fitness, £238 per person for swimming pools and £220 per person for sports halls. The SPD assumes 2.5 people for 1 to 4 bed houses and 3 people per 5 bed houses. This equates to a cost of £1,455 per house (assuming most houses will be 1 to 4 beds). Contributions sought on 50 dwellings or more.

⁵⁶ The SPD seeks the following contributions for sports facilities. £124 per person for health and fitness, £238 per person for swimming pools and £220 per person for sports halls. The SPD assumes 1.5 people per 1 bed flat, 2 people per 2 bed flat and 2.5 people per 3 bed flat. This results in costs per flat of £873 (1 bed flat) and £1,164 (2 bed flat), equating to a median cost of £1,018per flat (assuming most flats are 1 and 2 bed). Contributions sought on developments of more than 50 dwgs.

⁵⁷ Contributions sought on developments of more than 75 dwgs.

⁵⁸ Total cost capped at £9,800.

Stamp Duty and Purchasers Costs

- 5.31 For the BtR typologies we have assumed the method of transaction that carries the least risk for the developer. We have assumed that at land purchase the developer has a forward commitment agreed to fund or sell the product on practical completion. Within our modelling we have assumed that the land would be transferred to a fund or end buyer, as such no stamp duty would be paid on the residential elements to be built, only on the land purchase.
- 5.32 With respect to Stamp Duty on the land value/purchase the rates are in line with the prevailing HMRC rates. These are set out in the table below.

Table 5.4 - Stamp Duty Thresholds for Non-Residential Land and Mixed Land and Property⁵⁹

Purchase Price	SDLT Rate
Up to £150,000	0%
The next £100,000 (the portion from £150,001 to £250,000)	2%
The remaining amount (the portion over £250,000)	5%

Source: HM Customs and Revenue

- 5.33 In addition to the stamp duty rates an extra allowance of 1.8% has been applied to purchasers' costs associated with the transaction.

Finance

- 5.34 Over the past year, the UK's interest rate environment has undergone significant changes. The Bank of England has gradually reduced the base rate from a peak of 5.25% in August 2023 to 3.75% as of February 2026. Despite these cuts, the cost of capital remains elevated across all layers of development finance — from senior debt through to preferred equity.
- 5.35 Most development loans are now priced over SONIA⁶⁰, which closely tracks the base rate. The current SONIA rate is 3.73%. Typical senior debt margins are between 2.5% and 4.5%, resulting in all in rates of 6.23% to 8.23%.
- 5.36 It is also widely recognised that the approach to development varies widely and is influenced by the equity invested in the site along with the financial organisation / strength of the developer. In addition some residential developers will have rolling credit facilities across multiple schemes/sites whereby they can offset borrowing costs on one scheme through positive cashflows on another, thereby minimising finance costs.
- 5.37 The interest rates can, therefore, differ widely between these approaches.

Finance for Market Housing

- 5.38 Loans to an experienced developer, at a loan to GDV below 70% would most likely be charged between 6.25% and 7.5% per annum depending on demand and quality and size of the scheme. For our appraisal we assumed an interest rate of 6.5% and applied finance to 70% of the development costs.

⁵⁹ The HMRC Guidance states that non – residential properties include commercial property such as shops or offices, agricultural land, forests, and any other land or property transaction which is not used as a dwelling and six or more residential properties bought in a single transaction.

⁶⁰ Previously this was LIBOR but this disappeared in 2021 and most UK lenders have transitioned to a new “risk free rate” known as SONIA, the “sterling overnight index average.”

Finance for Build to Rent

- 5.39 For the BtR typologies we have assumed a forward fund arrangement for financing the project. Under a forward funding agreement, the developer and investor agree on the specification, cost plan, and value of the completed project. Once due diligence is completed, the investor commits to purchasing the asset at a fixed price, paying in tranches throughout the construction phase.
- 5.40 During the build out, the investor advances stage payments to cover construction costs, typically verified by an independent quantity surveyor. The developer receives these funds progressively, often removing the need for any senior or mezzanine debt. Upon completion, ownership transfers automatically to the investor, and the developer receives their agreed profit or residual share.
- 5.41 The investors costs of financing the project are reflected /embedded in the net initial yield, which will be higher for forward funding arrangements than for stabilised assets. The higher net initial yield provides the purchaser / investor with a discount on the open market sales value of the asset. This discount compensates investors for the increased risk of funding the construction upfront and providing the necessary development funding/finance.

Visibility Cushion

- 5.42 We have applied a 'viability cushion' of 10%⁶¹ on the residual land values to reflect the fact this is a strategic viability exercise and can't necessarily consider all known development costs.

Proposed National Related Development Costs

- 5.43 The following costs have been reflected and tested alongside Draft Local Plan policies.

Building Safety Levy

- 5.44 This is a tax on new residential buildings in England, aimed at enhancing building safety. It will come into effect on 1st October 2026 and anyone applying for building control approval relating to the provision of one or more dwellings on or after that date will be liable to pay the levy, save where an exemption applies. The following residential developments are exempt from the charge:
- Most affordable rent, social rent and intermediate rent dwellings provided by a local authority or registered provider of social housing.
 - Shared ownership dwellings.
 - Subject to meeting specific conditions, discounted rental properties provided by bodies which are neither a local authority nor a registered provider of social housing.
 - Dwellings where the first and subsequent sales are for no more than 70% of their market value ("First Homes"). To be eligible, a planning obligation must be entered into prior to the first sale of the dwelling designed to ensure that any subsequent sale of the dwelling is for no more than 70 per cent of its market value.
- 5.45 Within this context we have assumed that all affordable housing is exempt from the charge. We have also assumed that all market dwellings will be liable for the charge. The rates for the Derby local authority area are set out in the table below.

Previously developed land ⁶²	£11.21psm (£1.04psf)
Non previously developed land ⁶³	£22.42 psm (£2.08psf)

⁶¹ Our previous scoping report included a cushion of 25% but we have reduced the allowance as this assessment has sought to capture many of the previous unknown costs, including planning obligations etc.

⁶² Applied to the Brownfield typologies (refer to Table 3.1)

⁶³ Applied to the Greenfield typologies (refer to Table 3.1)

Future Homes and Building Standard

- 5.46 The Future Homes Standard (FHS) is the forthcoming update to Part L (Conservation of Fuel and Power) of the Building Regulations for England. It will require all new homes to produce 75–80% less carbon emissions than homes built to the 2013 standards, making them zero carbon ready — designed so they reach net zero as the electricity grid continues to decarbonise.
- 5.47 The FHS was first consulted on in October 2019, with a further consultation in 2023 setting out the detailed technical requirements. The government response to the 2023 consultation is expected in early 2026, with the regulations anticipated to come into force by late 2026.
- 5.48 It is also anticipated that a 12-month Transitional Arrangement Period will run to Dec 2027, after which all new homes commenced will be to the Future Homes Standard.
- 5.49 The target is to be achieved through a combination of low-carbon heating, improved fabric performance, and on-site renewable generation.
- *Low-Carbon Heating.* The FHS carbon targets are set at a level that fossil fuel heating cannot meet. In practice, this means: Air source heat pumps (ASHPs) or ground source heat pumps (GSHPs) will be the primary heating technology for the vast majority of new homes.
 - *Mandatory solar PV.* In June 2025, the government announced that solar panels will become a mandatory requirement of Building Regulations under the FHS. Developers must achieve 40% solar coverage of the building's floor area where feasible, or install a “reasonable amount” where shade or orientation constraints apply
 - *Improved Fabric Performance.* The FHS uses a whole-building performance approach, meaning builders can trade-off between different fabric elements and systems. However, the notional dwelling specification (the reference building that sets the performance target) uses significantly improved fabric values compared to current standards.
- 5.50 The Consultation Stage Impact Assessment (December 2023) considered the cost impact of the FHS. Option1 (as presented in the report) closely aligns to the current requirements and the cost assessment was based on a notional building with: a high-efficiency air-source heat pump, solar PV (photovoltaic) panels; a wastewater heat recovery system; increased airtightness; a decentralised mechanical ventilation (dMEV) system; high fabric standards to minimise heat loss from windows, walls, floors and roofs (the same as the standards set in the 2021 uplift to Part L); and a significant increase in performance standards for domestic hot water storage. The capital costs associated with Option1 are presented in the table below.
- The average cost per house is £6,173, which when adjusted for inflation is £6,766.
 - The average cost per flat (low rise) is £4,460, which increases to £4,888 after adjusting for inflation.
 - The average cost per flat (medium and high rise) is £190 which increases to £208 after inflation. However, the costs assume that for mid to high rise flats the main route to compliance will be for dwellings to be connected to district heat networks⁶⁴, differing from low rise flats which may use heat pumps. The mid-high-rise flats within Option 1 uses fabric, improved airtightness, dMEV, wastewater heat recovery, and an improved PV specification.
- 5.51 In most cases, these additional costs will fall to developers, but these cost premiums are expected to narrow as heat pump and solar PV supply chains mature. While some uplift may be reflected in house prices, that's not always possible in a competitive market, particularly where affordability is already a concern for buyers.

⁶⁴ We understand that 1Energy are about to start construction of a new city-wide low carbon heat network.

Table 5.5 – FHS Total Additional Costs

Item	From
Detached House	£6,390
Semi Detached House	£6,170
Mid Terrace House	£5,960
Lower Rise Flats (<11m)	£4,460
High Rise Flats (>11m)	£190

Source: Consultation Stage Impact Assessment (December 2023)

Draft Local Policy Related Development Costs

- 5.52 The policies within the Draft Local Plan have been reviewed with the Council and those which are likely to result in additional costs - over and above what is typically expected in residential development - or impact on viability are summarised in the table below.

Table 5.6 – Local Policy Related Development Costs

Policy	Description	Comments
GD9	Infrastructure and developer contributions	The policy states that proposals for major new development will only be permitted where a comprehensive and coordinated approach to both phasing and infrastructure can be demonstrated. The policy doesn't mention anything specific that can be tested and is more a hook for other policies and the Planning Obligations SPD. The cost impact of this policy is therefore captured through our cost assumptions for the SPD requirements.
H2	Residential Development – Density	The policy states that a minimum average density of 35 dwellings per ha [should be] achieved on all developments, unless there are clear environmental reasons for a lower density. Within the City Centre a minimum density of 80 dwellings per ha ⁶⁵ will be required and in other locations close to transport hubs and within local shopping centres densities should be increased where possible. Most of the typologies ⁶⁶ which have been tested, within this assessment, conform with these requirements.
H2	Residential Development – Space Standards	The policy states that the Governments Nationally Described Space Standards [should be] met where applicable. This is a strategic viability assessment, and our assessment is based on a limited number of house types ⁶⁷ albeit the average sizes for each of these units are in broad alignment with national space standards.
H2	Residential Development – Accessible and Adaptable Dwellings	The policy requires: All new build dwellings to be constructed to comply with Part M4(2) 'Accessible and Adaptable dwellings' of the Building Regulations. An average cost of c£1,500per

⁶⁵ This is also a policy requirement of GD1 – Placemaking principles.

⁶⁶ Refer to Section 3

⁶⁷ Further details on house types included in Section 3.

Policy	Description	Comments
		apartment and £1,600 per house have been included in this assessment. - On sites of over 25 dwellings, 5% of all newly erected market homes should be constructed to Building Regulations Part M4(3)a 'Wheelchair adaptable' dwellings. An average cost of £13,500 per flat and £20,835 per house has been for adaptable standards; and - On sites of over 25 dwellings 10% of all new affordable homes should be constructed to Building Regulations Part M4(3)b 'Wheelchair Accessible' dwellings. An average cost of £13,702 per flat and £36,265 per house has been included for accessible standards.
H4	Affordable Housing	The policy requires the following provision of affordable housing on sites with 10 or more dwellings: 5% on sites within the city centre. 25% on sites outside of the city centre 40% on Green Belt land. (also refer to section 3 for further detail on tenure).
EN3	Open Space	The policy requires that new development outside of the city centre will provide open space [equivalent] to 3.8ha per 1,000 people as a minimum of equivalent financial contribution. The current SPD stipulates a financial contribution of £1,487 per person for POS, which equates to £3,718 per house. The cost impact of this policy is, therefore, captured through our cost assumptions for the SPD requirements.
EN8	Biodiversity and Geodiversity	The policy is focussed on protecting and enhancing biodiversity and geo diversity and includes a requirement to deliver measurable and proportionate net gain in biodiversity. A particular target isn't specified but we note Policy EN10 (see below) requires at least a 10% measurable Biodiversity Net Gain. The cost impact of this is therefore captured through consideration of Policy EN10.
EN10	BioDiversity Net Gain	The policy requires that all qualifying development must deliver at least a 10% measurable Biodiversity Net Gain (or any percentage mandated through national policy / guidance). This requirement is mandated through national legislation, and a cost allowance has already been included within 'standard' / non policy related costs.
EN23	Land Contamination	The policy requires development of sensitive uses to provide appropriate mitigation / remediation of contaminated land. Our assessment already includes costs for the treating contamination on Brownfield sites. This policy aspiration is

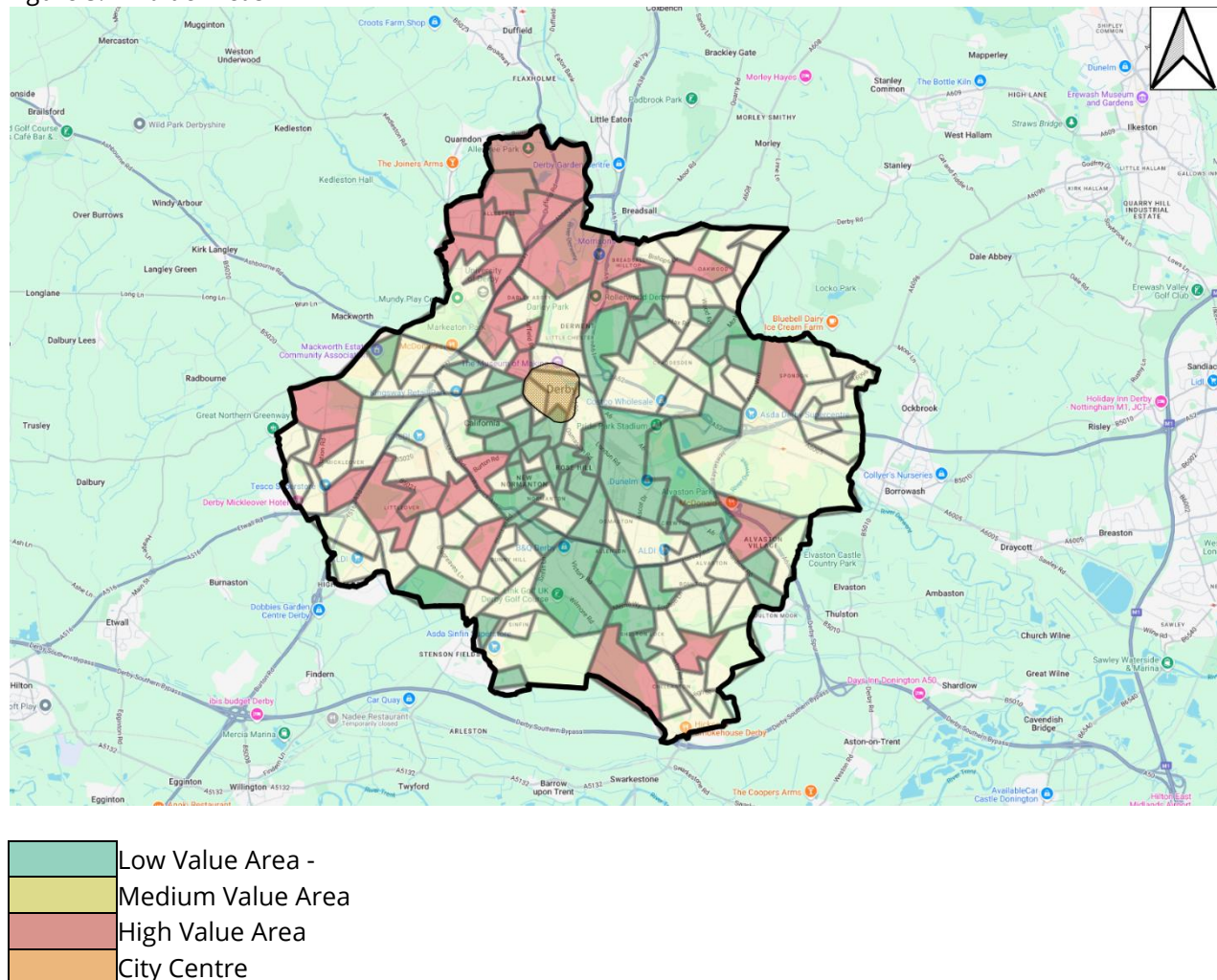
Policy	Description	Comments
		therefore already accounted for in our non-policy related costs
CL3	Sustainable Design and Construction	. The policy requires that residential schemes, comprising more than 10 dwellings will require a BREEAM communities' assessment, where requested by the Council. If requested a minimum Excellent rating will be required. The cost of the assessment and certification/registration fees would be captured within the allowance for project fees. It is not considered that this requirement will result in significant additional development costs.
CC10	Streets and Spaces	The policy requires major development in the city centre to contribute to transformation of the public realm, through the provision of new, and enhancement of existing streets and open spaces. The current SPD stipulates a financial contribution of £1,487 per person for POS, including within the city centre, which equates to £3,718 per house and £2,600 per flat. The cost impact of this policy is, therefore, captured through our cost assumptions for the current SPD requirements.

Value Assumptions

Open Market Sales

- 5.53 For this assessment, we have split the City into four broad value zones, based on Lower Super Output Areas (LSOA's), as shown in figure 4.1, which reflect the current values of new build properties⁶⁸.

Figure 5.1- Value Areas



New Build Sales Values

- 5.54 The market values, relative to each zone/area that have been incorporated within our assessment are set out in the table below. These values have been determined through our analysis of comparable sales evidence.

Table 5.7 – Average Sales Values

Value Area	Average Value £psm	Average Value £psf
City Centre – Flats	£3,122	£290
City Centre – Houses	£2,314	£215
Low	£2,045	£190
Medium	£2,583	£240
High	£3,552	£330

Source: Avison Young

⁶⁸ As outlined in Section 2 the hypothetical development typologies tested have also been established based on these values areas.

Affordable Housing Values

- 5.55 Policy H4 states that that 80% of the affordable dwellings should be made available for social rent unless it can be justified that this is not achievable. Within our previous assessment the Council requested an 80:20 split between social rent and shared ownership be applied, which we have replicated in this assessment.
- 5.56 For the purpose of this assessment, we have assumed that the affordable homes will be sold to a Registered Provider (RP).
- 5.57 For this assessment the affordable housing (excluding BtR) has been valued on the following basis.

Social Rent

- 5.58 With respect to the affordable rented dwellings, we have capped the rents in line with the average Local Housing Allowance (LHA) rates applicable to the Derby Broad Market Area'. This is so that the Council can be assured that the rent levels proposed can meet the needs of those in the greatest housing need, albeit with assistance from Housing Benefit. We have applied a rental value of £51pcm for the flats⁶⁹ and £698pcm⁷⁰
- 5.59 Capital values have been determined by applying operational expenditure at 30% (including service charge) and then capitalising the net income at 5%. The average value for the affordable rented units on this basis is c£87,500 for flats and £117,250 for houses.
- 5.60 For the shared ownership dwellings, we have applied a 30% discount to the open market sales.

Build to Rent***Rental Values***

- 5.61 Derby has one operational Built to Rent scheme in the City Centre. The scheme known as Condor was forward funded by Grainger. There are currently 7 flats listed as being available for rent, with values ranging between £955pcm and £1,250pcm. The average rent equates to c270psm (£25psf) which is the rent we have applied in our assessment. This equates to a rent of £1,230pcm.
- 5.62 In line with national guidance, for the purpose of this assessment, we have included affordable rents at a 20% discount to market rents.

Management / Operating Expenditure (OPEX)

- 5.63 OPEX is the key metric used to run a Build to Rent scheme, and is dictated by a building's height, the plant installed, its amenity offering, staffing strategy and the rents that can be achieved, incorporating elements like facilities management, individual unit expenditure, tenancy changeover costs and any on-site staffing costs and operator/letting agent costs. These costs are often significant for Build to Rent assets, which rely on their breadth of amenities and community offering to attract tenants, drive rent premium and limit voids. There is little real data available as to the actual costs of operating purpose build BTR schemes and in reality, the costs will vary depending on unit numbers, amenity provision and scheme design. A figure of 25% quickly become the market norm in relation to the operational costs of multi occupancy (flats) BtR schemes.

Capital Value

- 5.64 There is a dearth of transactional evidence upon which to base pricing. We have, therefore, referred to Knight Franks residential investment yield guide (February 2026), which shows yields of 4.75% for Tier

⁶⁹ The median rate for one and two bed properties

⁷⁰ The median rate for two to four bed properties.

2 regional cities and described the market as stable. These yields are based on modern purpose built and fully stabilised schemes and suggest that once stabilised a yield of 4.75% could be achieved. We would apply a 25-bps differential between pre-stabilised and stabilised yields and a further 25bps differential to reflect the relatively immature BtR market in Derby. Within this context we have applied a yield of 5.25%.

6. Appraisal Results

6.1 The results of our viability analysis are presented in Table 6.1 for the following scenarios.

Scenario	Description
Base	Highlights the viability of development assuming no policy obligations referred to as the 'Baseline Position'.
Scenario 1 – Impacts of Building Safety Levy	The table then presents the impact on the baseline viability of layering on the cost of the Building Safety Levy, which is due to come into effect in October 2026.
Scenario 2 – Impact of Future Homes Standard	This scenario presents the impact on the baseline viability of layering on the cost of Future Homes Standards.
Scenario 3 – Cumulative Impacts of Building Safety Levy and Future Homes Standard	This scenario presents the cumulative impact on the baseline viability of layering on the cost of the Building Safety Levy and the Future Homes Standards.
Scenario 4 – Affordable Housing	This scenario examines the impact on the baseline viability by layering on the emerging policy for affordable housing (Policy H4).
Scenario 5 – Accessible and Adaptable Dwellings	This scenario examines the impact on the baseline viability by layering on the emerging policy for accessible housing (Policy H2).
Scenario 6 – SPD Financial Contributions for Transport	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for transport contributions.
Scenario 7 – SPD Financial Contributions for Amenity POS	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for Amenity POS. Also, a proxy for the impact of the emerging policy on the enhancement of streets and spaces in the City Centre (Policy CC10).
Scenario 8 – SPD Financial Contributions for Public Open Space	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for POS. Also, a proxy for the impact of the emerging policy on open space (Policy EN3).
Scenario 9 – SPD Financial Contributions for Community Facilities	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for community facilities.
Scenario 10 – SPD Financial Contributions for Sports Facilities	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for Sports Facilities.
Scenario 11 – SPD Financial Contributions for Health	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for Health.
Scenario 12 – SPD Financial Contributions for Education	Considers the impact on the baseline viability of layering on the SPD requirements (financial contributions) for Education.
Scenario 13 – SPD all financial contributions	Considers the impact on the baseline viability of layering on all the SPD requirements (financial contributions). Also, a proxy for emerging Policy GD9 (infrastructure and Developer Contributions)
Scenario 14 – SPD all financial contributions and Local Plan Requirements	Considers the impact on the baseline viability of layering on all the cumulative impact of the SPD requirements (financial contributions) and emerging policy requirements (including affordable housing).
Scenario 15 – Full SPD all financial contributions, Local Plan, BSL and FHS.	Considers the cumulative impact on the baseline viability of layering on all the SPD requirements (financial contributions), emerging policy requirements (including affordable housing) and national legislation (BSL and FHS).

6.2 A summary of the key observations relative to each value area⁷¹ is set out below.

Viability Results in the City Centre

- Development in the city centre is generally unviable, even in the base case scenario. Layering on the cost impact of local plan policies and national standards such as Building Safety Levy and Future Homes Standard simply compounds the viability challenges. The notable exception is small conversion / change of use developments, which are viable under all the scenario's tested.

Viability Results in Low Value Areas

- Greenfield (including Greenbelt sites) and Brownfield developments are unviable in low value areas, even when all policy obligations and upcoming national legislation (i.e. Building Safety Levy and Future Homes Standards) are excluded. The emerging policy and SPD requirements, alongside the cost impacts of BSL and FHS, simply compound the viability challenges in these areas.

Viability Results in Medium Value Areas

- Medium and upper medium / larger Brownfield developments are viable when all policy obligations and upcoming national legislation are excluded. However, these sites become unviable when layering on the impact of local plan and SPD requirements. The viability challenges are further compounded when considering the additional cost impacts of the SPD requirements (financial contributions), BSL and FHS. The remaining brownfield typologies are unviable under all scenarios tested.
- Most of the small Greenfield sites in medium value areas, do not achieve the benchmark land values and these sites become unviable when layering on the impact of affordable housing, the Building Safety Levy and Future Homes Standards.
- Medium, large and strategic greenfield sites are viable. However, once again, these sites become unviable when layering on the impact of Policy H4 (affordable housing) and SPD requirements (particularly education contributions) which is compounded further when considering the further cost impacts of accessible and adaptable dwellings (Policy H2) the SPD requirements⁷², BSL and FHS.

Viability Results in High Value Areas

- Greenfield development in high value areas is viable, and land values are generated which exceed the benchmark land values under most of the scenarios tested. The only exception is Strategic Green Belt sites, which fail to achieve the benchmark land value after layering on the full suite of SPD and Local Plan requirements. Strategic Green Belt sites become unviable with the added cost implication of Building Safety Levy and Future Homes Standard. The same is true for Brownfield sites in high value areas. Only in the scenario which considers the cumulative impact of layering on all the SPD requirements (financial contributions), emerging policy requirements (including affordable housing) and national legislation (BSL and FHS) is the benchmark land value not achieved, in many cases, apart from small sites (less than 10 dwellings), which remain viable.

⁷¹ Refer to Figure 4.1.

⁷² Including the related policies for open space (EN3), enhancements of streets and spaces in the City Centre (CC10) and infrastructure and developer contributions (GD9).

Table 6.1 – Viability Results

Location	Land	Description	Dwgs	Types	Ha	Tenure	Base	Sc 1	Sc2	Sc3	Sc4	Sc 5	Sc 6	Sc7	Sc8	Sc9	Sc10	Sc11	Sc12	Sc13	Sc14	Sc15
City Centre	Brownfield	Small site / CoU	9	Apartments	0.11	Open Market	2.43	2.33	1.79	1.68	2.43	2.24	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.42	2.22	1.47
City Centre	Brownfield	Small site/infill	5	Houses	0.13	Open Market	-2.49	-2.58	-3.05	-3.14	-2.49	-2.63	-2.49	-2.49	-2.49	-2.49	-2.49	-2.49	-2.49	-2.50	-2.63	-3.28
City Centre	Brownfield	Small site / Infill	10	Houses	0.25	Open Market	-1.83	-1.92	-2.39	-2.48	-2.32	-1.96	-1.83	-1.83	-1.83	-1.83	-1.83	-1.83	-1.83	-1.84	-2.46	-3.09
City Centre	Brownfield	Small site /Infill	15	Houses	0.38	Open Market	-1.61	-1.70	-2.17	-2.25	-1.93	-1.74	-1.77	-1.81	-1.61	-1.61	-1.61	-1.61	-1.61	-1.97	-2.43	-3.07
City Centre	Brownfield	Low Rise	55	Apartments	0.69	Open Market	-1.13	-1.26	-1.93	-2.07	-1.68	-1.48	-1.29	-1.40	-1.51	-1.23	-1.28	-1.13	-1.40	-2.50	-3.41	-4.35
City Centre	Brownfield	Medium Rise	10	Apartments	1.31	Open Market	-1.01	-1.14	-1.04	-1.18	-1.53	-1.35	-1.18	-1.29	-1.40	-1.11	-1.16	-1.16	-1.29	-2.54	-3.42	-3.58
City Centre	Brownfield	Medium Rise	150	Apartments	1.0	Build to Rent	-1.56	-1.81	-1.63	-1.88	-2.15	-2.30	-1.90	-2.13	-2.36	-1.77	-1.87	-1.86	-2.13	-4.70	-6.03	-6.34
City Centre	Brownfield	High Rise	200	Apartments	1.3	Build to Rent	-1.51	-1.76	-1.58	-1.84	-2.06	-2.24	-1.85	-2.08	-2.31	-1.73	-1.82	-1.82	-2.09	-4.65	-5.95	-6.26
Low Value	Brownfield	Small Site	9	Housing	0.23	Open Market	-12.13	-12.42	-13.99	-14.28	-12.13	-12.57	-12.13	-12.13	-12.13	-12.13	-12.13	-12.13	-12.13	-12.15	-12.59	-14.75
Low Value	Brownfield	Small Site	10	Housing	0.3	Open Market	-11.88	-12.17	-13.75	-14.04	-15.15	-12.32	-11.88	-11.88	-11.88	-11.88	-11.88	-11.88	-11.88	-11.91	-15.61	-17.68
Low Value	Brownfield	Small Site	15	Housing	0.4	Open Market	-11.14	-11.43	-13.01	-13.30	-14.12	-11.58	-11.67	-11.80	-11.14	-11.14	-11.14	-11.14	-11.14	-12.36	-15.77	-17.85
Low Value	Brownfield	Small Site	25	Housing	0.6	Open Market	-10.55	-10.84	-12.42	-12.71	-13.29	-10.99	-11.08	-11.21	-10.55	-10.55	-10.55	-10.55	-10.55	-11.76	-14.94	-17.03
Low Value	Brownfield	Medium Site	50	Housing	1.3	Open Market	-7.83	-8.12	-9.69	-9.98	-10.96	-8.59	-8.36	-8.48	-8.75	-7.83	-7.83	-7.83	-10.88	-13.02	-16.99	-19.07
Low Value	Brownfield	Upper Medium / Large Site	100	Housing	2.5	Open Market	-7.61	-7.90	-9.47	-9.76	-10.64	-8.31	-8.14	-8.26	-8.53	-7.85	-7.97	-7.85	-10.66	-13.65	-17.63	-19.71
Low Value	Brownfield	Large Site	200	Housing	5.0	Open Market	-8.21	-8.51	-10.11	-10.40	-11.25	-8.93	-8.74	-8.87	-9.13	-8.46	-8.57	-8.46	-11.26	-14.24	-18.19	-20.31
Medium Value	Brownfield	Small Site	9	Housing	0.23	Open Market	-3.50	-3.79	-5.36	-5.65	-3.50	-3.94	-3.50	-3.50	-3.50	-3.50	-3.50	-3.50	-3.50	-3.52	-3.96	-6.12
Medium Value	Brownfield	Small Site	10	Housing	0.3	Open Market	-3.25	-3.54	-5.11	-5.40	-8.48	-3.69	-3.25	-3.25	-3.25	-3.25	-3.25	-3.25	-3.25	-3.27	-8.94	-11.01
Medium Value	Brownfield	Small Site	15	Housing	0.4	Open Market	-2.51	-2.80	-4.38	-4.67	-7.37	-2.95	-3.04	-3.17	-2.51	-2.51	-2.51	-2.51	-2.51	-3.72	-9.02	-11.10
Medium Value	Brownfield	Small Site	25	Housing	0.6	Open Market	-1.92	-2.21	-3.78	-4.07	-6.48	-2.36	-2.45	-2.58	-1.92	-1.92	-1.92	-1.92	-1.92	-3.13	-8.13	-10.22
Medium Value	Brownfield	Medium Site	50	Housing	1.3	Open Market	1.12	0.89	-0.46	-0.75	-3.73	0.52	0.70	0.60	0.39	1.12	1.12	1.12	-1.65	-3.78	-9.76	-11.84
Medium Value	Brownfield	Upper Medium / Large Site	100	Housing	2.5	Open Market	1.26	1.04	-0.24	-0.53	-3.38	0.72	0.86	0.76	0.56	1.07	0.99	1.07	-1.43	-4.42	-10.37	-12.45
Medium Value	Brownfield	Large Site	200	Housing	5.0	Open Market	0.79	0.57	-0.88	-1.17	-3.99	0.24	0.39	0.29	0.08	0.60	0.52	0.60	-2.03	-5.01	-10.93	-13.05
High Value	Brownfield	Small Site	9	Housing	0.23		9.43	9.21	8.01	7.79	9.43	9.10	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.42	9.08	7.44
High Value	Brownfield	Small Site	10	Housing	0.3	Open Market	9.60	9.37	8.17	7.95	2.84	9.26	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.58	2.47	0.80
High Value	Brownfield	Small Site	15	Housing	0.4	Open Market	10.08	9.86	8.66	8.44	3.80	9.75	9.68	9.58	10.08	10.08	10.08	10.08	10.08	9.16	2.51	0.85
High Value	Brownfield	Small Site	25	Housing	0.6	Open Market	10.47	10.25	9.05	8.83	4.50	10.14	10.07	9.97	10.47	10.47	10.47	10.47	10.47	9.55	3.24	1.64
High Value	Brownfield	Medium Site	50	Housing	1.3	Open Market	13.79	13.57	12.37	12.15	7.14	13.21	13.38	13.29	13.09	13.79	13.79	13.79	11.46	9.83	2.53	0.95
High Value	Brownfield	Upper Medium / Large Site	100	Housing	2.5	Open Market	13.94	13.71	12.51	12.29	7.41	13.40	13.53	13.43	13.23	13.75	13.66	13.75	11.61	9.32	2.08	0.49
High Value	Brownfield	Large Site	200	Housing	5.0	Open Market	13.46	13.24	12.02	11.79	6.94	12.91	13.06	12.96	12.76	13.27	13.19	13.27	11.13	8.86	1.64	0.02
Low Value	Greenfield	Small Site	9	Housing	0.23	Open Market	-2.47	-2.70	-3.20	-3.42	-2.47	-2.64	-2.47	-2.47	-2.47	-2.47	-2.47	-2.47	-2.47	-2.48	-2.65	-3.60
Low Value	Greenfield	Small Site	10	Housing	0.3	Open Market	-2.47	-2.70	-3.20	-3.42	-3.76	-2.64	-2.47	-2.47	-2.47	-2.47	-2.47	-2.47	-2.47	-2.48	-3.94	-4.82
Low Value	Greenfield	Small Site	15	Housing	0.4	Open Market	-2.47	-2.70	-3.20	-3.42	-3.65	-2.64	-2.68	-2.73	-2.47	-2.47	-2.47	-2.47	-2.47	-2.95	-4.30	-5.18
Low Value	Greenfield	Small Site	25	Housing	0.6	Open Market	-2.47	-2.70	-3.20	-3.42	-3.55	-2.64	-2.68	-2.73	-2.47	-2.47	-2.47	-2.47	-2.47	-2.95	-4.20	-5.10
Low Value	Greenfield	Medium Site	50	Housing	1.3	Open Market	-2.10	-2.40	-3.06	-3.36	-3.75	-2.49	-2.38	-2.44	-2.58	-2.10	-2.10	-2.10	-3.70	-4.83	-6.91	-8.10
Low Value	Greenfield	Upper Medium / Large site	100	Housing	2.5	Open Market	-2.10	-2.40	-3.06	-3.36	-3.70	-2.46	-2.38	-2.44	-2.58	-2.23	-2.29	-2.23	-3.70	-5.28	-7.36	-8.55
Low Value	Greenfield	Large Site	200	Housing	5.0	Open Market	-3.71	-4.17	-5.18	-5.64	-6.11	-4.27	-4.13	-4.23	-4.44	-3.91	-4.00	-3.91	-6.12	-8.47	-11.58	-13.39
Low Value	Greenfield	Strategic Site	400	Housing	10.0	Open Market	-3.71	-4.17	-5.18	-5.64	-6.11	-4.27	-4.13	-4.23	-4.44	-3.91	-4.00	-3.91	-6.12	-8.47	-11.56	-13.38
Low Value	Greenfield	Strategic Green Belt Site	400	Housing	10.0	Open Market	-3.71	-4.17	-5.18	-5.64	-7.55	-4.27	-4.13	-4.23	-4.44	-3.91	-4.00	-3.91	-6.12	-8.47	-13.08	-14.83
Medium Value	Greenfield	Small Site	9	Housing	9	Open Market	0.75	0.57	0.17	-0.01	0.75	0.61	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.74	0.61	-0.19
Medium Value	Greenfield	Small Site	10	Housing	0.3	Open Market	0.75	0.57	0.17	-0.01	-1.13	0.61	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.74	-1.31	-2.19
Medium Value	Greenfield	Small Site	15	Housing	0.4	Open Market	0.75	0.57	0.17	-0.01	-0.98	0.61	0.58	0.54	0.75	0.75	0.75	0.75	0.75	0.37	-1.63	-2.52
Medium Value	Greenfield	Small Site	25	Housing	0.6	Open Market	0.75	0.57	0.17	-0.01	-0.87	0.61	0.58	0.54	0.75	0.75	0.75	0.75	0.75	0.37	-1.51	-2.41
Medium Value	Greenfield	Medium Site	50	Housing	1.3	Open Market	2.13	1.90	1.40	1.17	0.05	1.83	1.92	1.87	1.76	2.13	2.13	2.13	0.90	0.02	-3.11	-4.29
Medium Value	Greenfield	Upper Medium / Large site	100	Housing	2.5	Open Market	2.12	1.89	1.38	1.15	0.10	1.84	1.91	1.85	1.75	2.02	1.97	2.02	0.89	-0.42	-3.54	-4.73
Medium Value	Greenfield	Large Site	200	Housing	5.0	Open Market	2.74	2.39	1.62	1.27	-0.38	2.31	2.42	2.34	2.18	2.59	2.52	2.59	0.90	-1.19	-5.84	-7.66
Medium Value	Greenfield	Strategic Site	400	Housing	10.0	Open Market	2.73	2.38	1.61	1.26	-0.38	2.31	2.41	2.34	2.18	2.58	2.52	2.58	0.89	-1.18	-5.83	-7.65
Medium Value	Greenfield	Strategic Green Belt Site	400	Housing	10.0	Open Market	2.73	2.38	1.61	1.26	-2.75	2.31	2.41	2.34	2.18	2.58	2.52	2.58	0.89	-1.18	-8.28	-10.03
High Value	Greenfield	Small Site	9	Housing	0.23	Open Market	5.49	5.32	4.94	4.77	5.49	5.36	5.49	5.49	5.49	5.49	5.49	5.49	5.49	5.48	5.35	4.63
High Value	Greenfield	Small Site	10	Housing	0.3	Open Market	5.48	5.31	4.93	4.76	2.84	5.35	5.48	5.48	5.48	5.48	5.48	5.48	5.48	5.47	2.71	2.03
High Value	Greenfield	Small Site	15	Housing	0.4	Open Market	5.45	5.28	4.90	4.73	2.97	5.32	5.29	5.25	5.45	5.45	5.45	5.45	5.45	5.08	2.47	1.80
High Value	Greenfield	Small Site	25	Housing	0.6	Open Market	5.42	5.25	4.87	4.70	3.07	5.29	5.26	5.23	5.42	5.42	5.42	5.42	5.42	5.06	2.57	1.89
High Value	Greenfield	Medium Site	50	Housing	1.3	Open Market	8.80	8.57	8.06	7.84	5.30	8.50	8.59	8.54	8.43	8.80	8.80	8.80	7.57	6.72	2.88	1.98

Location	Land	Description	Dwgs	Types	Ha	Tenure	Base	Sc 1	Sc2	Sc3	Sc4	Sc 5	Sc 6	Sc7	Sc8	Sc9	Sc10	Sc11	Sc12	Sc13	Sc14	Sc15
High Value	Greenfield	Upper Medium / Large site	100	Housing	2.5	Open Market	8.79	8.56	8.05	7.82	5.35	8.51	8.57	8.52	8.42	8.69	8.64	8.69	7.56	6.36	2.56	1.65
High Value	Greenfield	Large Site	200	Housing	5.0	Open Market	12.74	12.39	11.62	11.27	7.59	12.32	12.42	12.35	12.19	12.59	12.52	12.59	10.90	9.11	3.42	2.04
High Value	Greenfield	Strategic Site	400	Housing	10.0	Open Market	12.74	12.39	11.62	11.27	7.58	12.31	12.42	12.34	12.18	12.59	12.52	12.59	10.90	9.11	3.43	2.04
High Value	Greenfield	Strategic Green Belt Site	400	Housing	10.0	Open Market	12.74	12.39	11.62	11.27	4.49	12.31	12.42	12.34	12.18	12.59	12.52	12.59	10.90	9.11	0.27	-1.40

123	Benchmark Land Value is exceeded (viable). The numbers represent the amount by which the benchmark land value is exceeded. Equalling the Benchmark would result in a 1.
123	Positive Land Value generated but below the Benchmark Land Value (not viable). The numbers represent the amount by which residual value falls short of the benchmark land value. Equalling the Benchmark would result in a 1.
-123	Negative land values generated (not viable). The numbers represent how many times below the benchmark land value the residual land value is. Equalling the Benchmark would result in a 1.

7. Conclusions

- 7.1 Avison Young has been instructed by Derby City Council to undertake a whole plan residential viability assessment to inform the emerging Draft Local Plan. The purpose of the assessment was to test, at a strategic level, whether the cumulative impact of proposed local plan policies, SPD requirements (financial obligations) and forthcoming national legislation (Building Safety Level and Future Homes Standard) can be viably accommodated across the range of residential development typologies likely to come forward during the plan period.
- 7.2 The viability testing has been undertaken in accordance with Planning Practice Guidance, the National Planning Policy Framework and the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting*. The assessment uses a typology-based approach rather than testing individual sites and reflects accepted good practice at the plan-making stage.
- 7.3 This assessment demonstrates that the viability of residential development across Derby is highly dependent on location, site characteristics and development type. While several development typologies can accommodate the emerging Local Plan requirements, the cumulative effect of affordable housing, accessible housing standards, SPD financial contributions, the Building Safety Levy and the Future Homes Standard creates significant viability pressures across large parts of the city.
- 7.4 The strongest viability performance is evident within Derby's high value areas, where most brownfield and greenfield developments remain capable of supporting the proposed policy requirements. Conversely, development within low value areas and the City Centre is unviable even before policy obligations are applied, indicating that delivery in these locations is likely to remain reliant on public sector intervention, regeneration initiatives or site-specific flexibility. Medium value areas occupy a more marginal position, with many green development typologies and some brownfield capable of supporting delivery under baseline assumptions but becoming unviable once the full suite of policy and legislative requirements is introduced.
- 7.5 The results highlight the importance of maintaining flexibility in policy application at the decision-making stage, recognising that site circumstances, market conditions and abnormal costs will vary and cannot be fully captured in a strategic assessment.
- 7.6 It is therefore recommended that the Council continues to apply emerging policy in a proportionate and pragmatic manner, allowing for site-specific viability assessments where necessary to avoid the risk of stalling residential delivery and compromising the overall housing supply objectives of the Local Plan.
- 7.7 The findings of this assessment provide a robust and proportionate evidence base to inform the preparation of the Draft Local Plan and to support examination discussions on the deliverability of proposed residential policies

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