

For: Bath & North East Somerset Council

**Bath & North East
Somerset Council**

Improving People's Lives

**Local Plan Viability Assessment
Stage 2**

Final Report (v.016)

**August 2026
DSP24878**

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Executive Summary

Dixon Searle Partnership (DSP) was commissioned by Bath & North East Somerset Council (B&NES) to prepare a Local Plan Viability Assessment (LPVA) Stage 2 report, providing a whole-plan viability assessment to support the emerging Local Plan, which covers the period to 2043. This builds on DSP's Stage 1 report ("Interim Findings Report"), published in March 2025.

The assessment has been prepared in accordance with the National Planning Policy Framework (NPPF) and national Planning Practice Guidance (PPG) on viability, and is intended to inform the Council's forthcoming Regulation 19 draft consultation, due September 2026, ahead of planned submission later this winter and examination currently expected in 2027. The assessment was undertaken against the NPPF as in place at the time of the work (December 2024, as amended February 2025); it pre-dates the further NPPF revision published 17 August 2026, which is noted but has not been reflected in the modelling.

Why this assessment was carried out

B&NES is preparing a new Local Plan to guide development across the district through to 2043. Before a council can adopt planning policies – such as requirements for affordable housing, infrastructure contributions and environmental standards – the NPPF and PPG require it to check that those policies are realistic, i.e. that new development can still be built and sold or let at a reasonable profit once all these costs are met. This report is the second stage of that check, building on DSP's Stage 1 report (published March 2025), and is prepared in line with the established national policy and guidance on viability, to support the Council's forthcoming Regulation 19 consultation (due September 2026) and planned submission of the Local Plan later this winter, ahead of examination expected in 2027.

How viability was tested

DSP used a well-established, industry-standard method to test a wide range of realistic development scenarios across Bath & North East Somerset. For each scenario, the assessment estimates the income a scheme would generate once built and sold (or let), then deducts all reasonable costs of development –

construction, fees, finance and developer profit – together with the cost of meeting emerging Local Plan policies, including affordable housing, infrastructure contributions and environmental standards. What is left over is compared against a benchmark value that a landowner would reasonably expect before releasing land for development. If enough value remains after all these costs, the scheme is considered viable.

The scenarios tested include: general housing schemes on both new (greenfield) land and previously developed (brownfield, or PDL) land, across Bath, Keynsham and the wider district; an initial review of thirteen of the Council's proposed strategic housing-led site allocations; Build to Rent, Co-living and Purpose Built Student Accommodation (PBSA) schemes; and non-residential/employment uses such as offices, industrial/warehousing and higher-value uses like data centres and research and development (R&D) space.

The level of this assessment at plan-making stage

As is normal and appropriate for a viability assessment prepared at this plan-making stage, this work is strategic and proportionate in nature and is therefore inevitably high-level. It tests a representative range of typologies and scenarios across the district, together with an initial review of specific strategic site allocations, rather than replicating the circumstances of every individual site, and it is not a substitute for viability testing of individual planning applications as they come forward.

What the assessment found

Notwithstanding this necessarily high-level approach, the assessment demonstrates that the policy requirements of the emerging Local Plan – including affordable housing (AH) – are generally likely to be viable in most circumstances across the district. The main exceptions, where more significant viability concerns arise, are all-flatted schemes (including specialist and rented housing types) and, to some extent, the lower-value Somer Valley area, as set out below.

For most general housing sites in Bath, Keynsham and the rest of the district, the evidence supports an affordable housing requirement of 40%, alongside other policy costs, while still allowing development to come forward viably. In the Somer Valley area (Midsomer Norton, Westfield, Radstock, Paulton, Farrington Gurney

and Peasedown St John), where property values are typically lower, a reduced requirement of around 30% is more likely to be viable. Schemes made up entirely of flats – including older persons' housing, Build to Rent, Co-living and Purpose Built Student Accommodation – face the most challenging viability and are more likely to support around 20% affordable housing, usually delivered through a financial contribution rather than homes built on site. The same 20% level is also suggested for minor sites of fewer than 10 dwellings.

For the thirteen strategic housing-led site allocations reviewed so far, current evidence points to affordable housing in the region of 30% to 40%, alongside the cost of site-specific infrastructure once this is more fully understood. Provision beyond 40%, up to 50%, does not currently look realistic. These findings remain provisional, having been tested on an 'infrastructure off' basis pending clearer information on what infrastructure each site will need to provide.

Build to Rent apartment schemes show limited viability at present, supporting at most a modest 0–10% affordable housing contribution under realistic assumptions – reflecting a wider national slowdown in this sector outside major cities. Co-living schemes and cluster-style student accommodation are able to support the same 20% affordable housing benchmark as other flatted development, while all-studio student schemes struggle for viability even before any affordable housing contribution. For employment and business space, the picture is mixed: standalone office and general industrial/warehouse development is not currently shown to be viable, while higher-value uses such as data centres and research and development space show better prospects.

What this means for the Local Plan

Taken together, these findings indicate that, subject to the further work outlined below, the growth planned for in the emerging Local Plan should be capable of coming forward viably, provided affordable housing and other policy requirements are set at levels informed by this evidence. The findings support the Council in considering differentiated affordable housing requirements by area (Somer Valley versus the rest of the district) and by site type (general housing versus all-flatted and specialist housing types), reflecting their different viability characteristics.

Further work needed, and the CIL charging schedule

This assessment reflects assumptions, market evidence and information available mainly during 2026, at a time of continuing economic and geopolitical uncertainty, and does not constitute formal valuation advice. More detailed viability assessment work will be needed at a later date, particularly as the infrastructure requirements of the strategic site allocations become better understood; the current results for these sites have necessarily been prepared on an ‘infrastructure off’ basis pending that more detailed information. Related to this, B&NES will also need to consider its Community Infrastructure Levy (CIL) Charging Schedule, adopted in 2015 and currently applying an indexed district-wide rate of around £155 per square metre on new housing floor area. The Council’s emerging strategic site allocations have not been defined as nil-rated or lower-rated under the current Charging Schedule, meaning CIL is expected to apply to them alongside site-specific Section 106 obligations – so the Council will need to work through how these two sources of contribution work together without placing an unsustainable combined burden on development. The Council should keep these findings under review as the Local Plan progresses towards examination and over its lifetime to 2043; DSP remains available to assist the Council further as the evidence base develops.

1.0 Introduction

1.1 Introduction & Background

- 1.1.1 Bath & North East Somerset Council (B&NES) is in the process of developing a new Local Plan (LP) to set the Council's strategy for meeting the district's identified needs and supporting sustainable growth covering the period to 2042.
- 1.1.2 The Council commenced work on preparing a new Local Plan in Spring 2024 with the first Regulation 18 'Options' consultation taking place in February to April 2024. However, following changes to the NPPF (December 2024) the identified housing need increased significantly and given the scale of the change, the Council decided to reset the Local Plan, with a second Regulation 18 options consultation taking place in autumn 2025. The Regulation 19 draft consultation is due to take place in September 2026 with submission later in the winter. Examination is currently due to take place in 2027.
- 1.1.3 This report is the second part of a 2-stage reporting process commissioned by the Council to provide the viability evidence to support the emerging Plan. Stage 1 ("Local Plan Viability Assessment Stage 1 – Interim Findings Report") was published by DSP in March 2025 and provided advice on the likely viability of policy emerging through the new Local Plan as that was being developed. It included recommendations on the overall likely viable proportion and tenure mix of affordable housing to be sought from qualifying sites (sites above the affordable housing threshold), taking into consideration both adopted policies and those emerging through the new Local Plan process.
- 1.1.4 This Stage 2 report provides a whole plan viability assessment (VA) building on our Stage 1 reporting and includes the consideration of a number of specific site allocation proposals alongside updates to the typologies modelling. Again, prepared reflecting the emerging LP policies in relation to affordable housing, low carbon design, housing standards and other matters, this should be read and considered in conjunction with Stage 1.
- 1.1.5 The Local Plan has been informed by national policy and guidance, consultation at earlier stages, sustainability appraisal work, infrastructure

planning, and a broad technical evidence base. It places particular emphasis on climate change, nature recovery, design quality, healthy place-shaping, transport choice, infrastructure delivery and the protection of the District's environmental assets. In viability terms, the key policy variables to be considered cumulatively alongside normal development costs are likely to include affordable housing, biodiversity net gain, green infrastructure, zero carbon and low carbon development measures, water environment measures, design and place-making requirements, transport and movement requirements, and site-related infrastructure obligations secured through Section 106 agreements and CIL.

- 1.1.6 Prepared using a well-established methodology consistent with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) on viability, the assessment tests a range of residential and non-residential development typologies together with selected strategic site allocations. The purpose is to consider whether the cumulative effect of the emerging Local Plan policies, infrastructure requirements, and relevant national standards would allow development envisaged by the Plan to come forward viably across the district over time.
- 1.1.7 A Local Plan must be prepared in accordance with the requirements set out in the National Planning Policy Framework (NPPF) and the accompanying national Planning Practice Guidance (PPG). Viability testing is an important part of the plan-making and CIL setting process. The NPPF includes a clear requirement to assess viability of the delivery of Local Plans and the impact on development of policies contained within them. The key guidance on how to address this is within the PPG, while other publications also provide reference sources.
- 1.1.8 This viability assessment has been produced in the context of and with regard to the NPPF, PPG (including crucially on 'Viability' but also consistent with other PPG sections such as on Planning Obligations) as well as other Guidance¹ applicable to studies of this nature. After setting out the assessment context, purpose and general approach within this 'Introduction' section, the following

¹ Including RICS re-issued April 2023 Professional Standard 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' (formerly introduced March 2021 as guidance effective 1st July 2021); 'RICS Professional statement on Financial viability in planning – conduct and reporting' (1 September 2019) and 'Local Housing Delivery Group – Viability Testing Local Plans' (Harman, June 2012)

report structure, on the study detail, is presented over two main sections as included below (brief outline here):

- **Methodology** – Approach to the study, residual valuation methodology, assumptions basis and discussion;
- **Findings Review** –this section summarises the overall findings, including the typology test results and the strategic site review at the current stage, commenting on the strength of viability across a range of affordable housing proportions and other key policy requirements, including any specific infrastructure needs. It sets out recommended viable parameters and any potential options or alternatives, in the context of the viability of the Plan as a whole, taking into account the combined impact of the Council’s emerging policies (including viable affordable housing percentages) and the review of the strategic site proposals based on the information currently available.

1.1.9 As with any whole-plan viability assessment, the work is strategic and proportionate in nature. It does not seek to replicate the circumstances of every individual site, but instead to test representative scenarios and, where appropriate, specific strategic site allocations that are important to delivery of the Plan’s growth objectives. The assessment therefore provides evidence to inform policy choices, trade-offs and the balance to be struck between development value, infrastructure delivery, affordable housing, environmental standards and wider planning objectives.

1.1.10 The viability assessment focuses on emerging policies that have a clear, measurable impact on overall development costs, rather than every possible policy. In practice, this means considering primarily the viability of housing development and related policy options. The Council has much less ability to influence the viability of other types of development (such as non-residential, employment or commercial schemes) through local planning policy, and there is no equivalent to affordable housing policy or the wider range of standards that apply to housing. Here, emerging policies affecting non-residential viability are essentially limited to sustainable construction, biodiversity and the wider development aims of the new Plan. However this assessment includes a high-level review of non-residential and employment uses where relevant.

- 1.1.11 In practice, within any given scheme there are many variations and details that can influence the specific viability outcome. Acknowledging that, this work provides a high level, area-wide overview that cannot fully reflect a wide range of highly variable site specifics.
- 1.1.12 The point in time at which an assessment such as this is carried out alongside prevailing economic and housing/property market conditions as schemes come forward, can also greatly affect the viability and deliverability of particular developments. It is necessary to consider also that the Local Plan will be delivered over a relatively long timeframe and most likely through varying economic cycles, meaning that taking only an immediate/short term view of assumptions and judgements is not appropriate in this context (whereas it will be more so in most development management ‘decision taking’ – situations). All in all, there are many variables involved. Such an assessment seeks to take a course through the consideration of these and how they converge in looking at the potential for policy and developments to be viable - at this strategic level.

1.2 Bath & North East Somerset Council Area – Profile

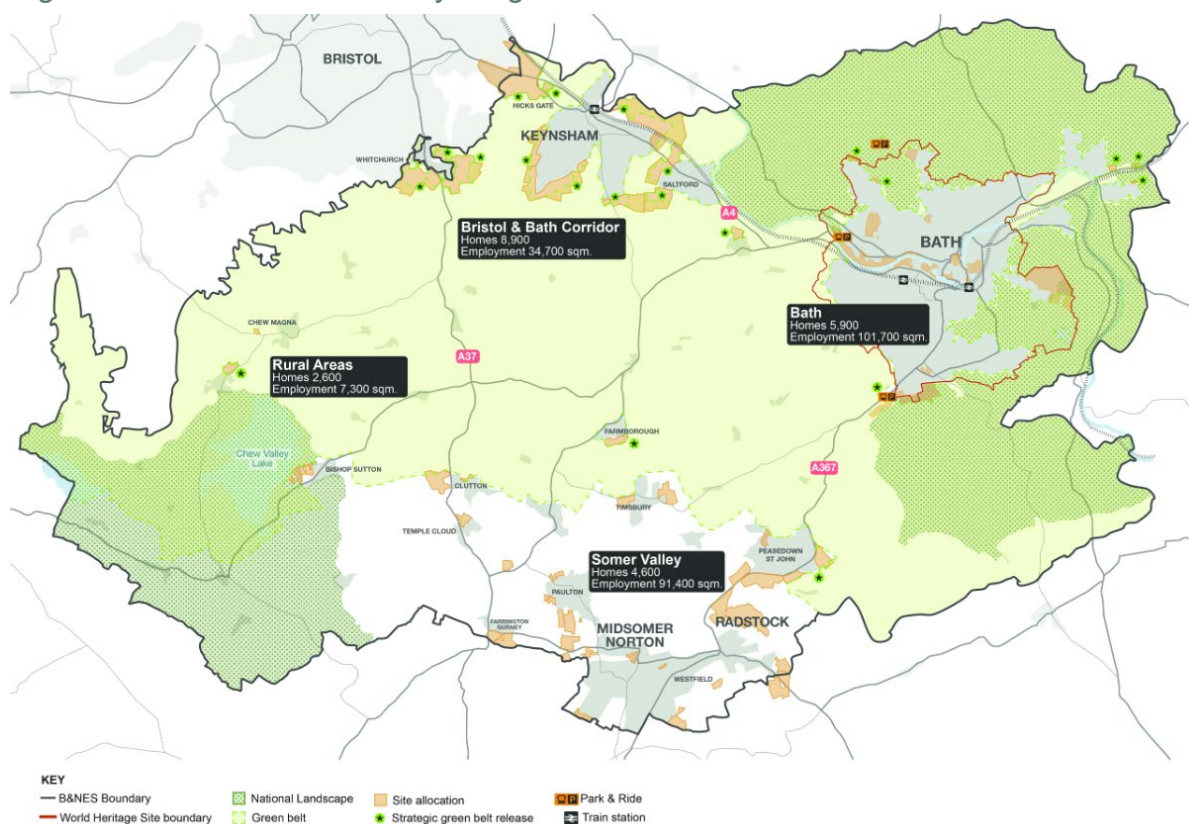
- 1.2.1 The new Local Plan will set out the spatial characteristics of the Plan area. This report section provides an outline only, taken from the Local Plan Options document, feeding into the consideration of the local characteristics that are influencing the emerging Plan direction and therefore the review of policies and their viability in the relevant local context. The Council’s wider evidence base provides an extensive range of information on the nature of the Local Plan area, and the related planning issues and opportunities.
- 1.2.2 Bath and North East Somerset is a high-value, but constrained district in the West of England, centered on Bath and extending along the Bristol-to-Bath corridor and into Keynsham and surrounding settlements. The district has a strong economic and cultural role, but it also faces acute pressures from affordability, transport congestion, heritage constraints, and limited land availability.
- 1.2.3 Bath has a population of around 94,000, with a larger catchment that travels into the city for work and leisure. The city is described as increasingly

unaffordable, with house prices around 16 times average earnings, and an ageing population that is making it harder for younger households and graduates to remain in the area. The Local Housing Needs Assessment identifies a very significant affordable housing requirement in Bath, with affordable housing comprising 77 per cent of total housing need in the city.

- 1.2.4 B&NES has a mixed economy shaped by visitor spending, universities, professional employment, innovation, and a significant commuter workforce. Bath attracts over 6 million visitors annually and is a successful regional shopping destination with below-average vacancies. The city also has a structural need for more high-quality office, research and development, industrial, and hybrid business space, with the Future Economic Needs Assessment (FENA) Update 2025 identifying a need for 74,000 to 79,000 sqm of new office and R&D space, and 38,000 to 44,000 sqm of industrial space, including replacement floorspace. District-wide the FENA Update 2025 identifies need for 119,500 sqm for office space and 113,000 sqm for industrial/warehousing and logistics. Although the majority of the office space need is focused in Bath, 49,500 sqm is needed across the rest of the district. Similarly, 83,000 sqm of industrial/warehousing and logistics is needed outside of Bath.
- 1.2.5 The district is strongly influenced by its universities, which together account for about 25 per cent of Bath's residential population. The University of Bath is identified as the second biggest employer in the city, while both universities contribute to housing pressure and competition for land. Student growth is difficult to accommodate alongside the priority for affordable housing and employment land, so purpose-built student accommodation is not a straightforward solution across the district.
- 1.2.6 Bath is highly walkable and benefits from good rail connectivity, including a mainline station with half-hourly services to London and frequent links to Bristol, Keynsham, and Wiltshire towns. However, traffic congestion is a major issue, with significant in- and out-commuting contributing to air quality problems and an Air Quality Management Area. Along the Bristol-to-Bath corridor, the A4 and A37 face persistent congestion, poor junction performance, and pressures on active travel and bus reliability.

- 1.2.7 B&NES is heavily constrained by a combination of World Heritage, conservation, landscape, Green Belt, flood risk, ecology, and settlement edge sensitivities. Bath is a double-inscribed World Heritage Site, with over 5,000 listed buildings and an extensive conservation area covering two-thirds of the city. Much of the district is also influenced by the Cotswold National Landscape, the Bristol and Bath Green Belt, and ecological designations such as SNCIs, SSSIs, and local nature recovery areas.

Figure 1 – Areas Context - Key Diagram



(2026 – Source: As supplied by B&NES Council from proposed LP content)

1.3 National Policy & Guidance

Important note: at the time of completing this assessment reporting, a new National Planning Policy Framework (NPPF) - 17th August 2026 - has just been published. For the avoidance of doubt, any reference to the NPPF in this document relates to the NPPF 2024 in place at the time of undertaking this assessment (12th December 2024 as amended – minor amendments published on 7th February 2025).

- 1.3.1 The requirement to consider viability stems from the National Planning Policy Framework (NPPF) which says on 'Preparing and reviewing plans' at para 32: 'The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.'
- 1.3.2 NPPF para 35 on 'Development contributions' states: 'Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.'
- 1.3.3 Relating to decision taking, Paragraph 59 of the NPPF states: 'Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning practice guidance, including standardised inputs, and should be made publicly available'.
- 1.3.4 Changes adopted through the NPPF 2024 include the introduction of 'Golden Rules'. The Golden Rules in the NPPF (December 2024, paras 156-157) apply to major housing developments on land released from the Green Belt (via plans) or sites within the Green Belt (via applications). This requirement should:
- be set at a higher level than that which would otherwise apply to land which is not within or proposed to be released from the Green Belt; and

- require at least 50% of the housing to be affordable, unless this would make the development of these sites unviable (when tested in accordance with national planning practice guidance on viability).

1.3.5 In addition, those sites should provide:

- Necessary infrastructure improvements (local/national, e.g., schools, GPs, transport).
- New/enhanced public green spaces within short walking distance, aiding nature recovery (aligned with Local Nature Recovery Strategies).

1.3.6 The national Planning Practice Guidance (PPG) on 'Viability', published alongside the NPPF, provides more comprehensive information on considering viability in plan making (and decision taking), with CIL viability assessment following the same principles. The PPG on Viability states:

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

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types of site or types of development... Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan'.

1.3.7 The PPG states that site promoters should engage in plan making and should give appropriate weight to emerging policies (paragraph 006). The PPG also emphasises the importance of consideration of viability at the plan making

stage; therefore, if a planning application is submitted which proposes contributions at below the level suggested by policy, the NPPF expectation is that the applicant will need to demonstrate what has changed since the Local Plan was adopted (paragraph 008).

- 1.3.8 However, the PPG (paragraph 011) is clear in stating that: *‘In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission’.*
- 1.3.9 Planning and in particular national policy are constantly evolving processes, with the current environment for these being especially uncertain and fluid – potentially subject to significant further change. A viability assessment such as this, however, is necessarily carried out at a given stage based on knowledge of the system and policies in place and the information available at that time. Or, to the extent that may be practical, taking into account likely changes to policy moving forward (for example through further sensitivity testing or commentary). It needs to be acknowledged however that no such study can cover every moving scenario or future eventuality. As far as possible there is a need to avoid re-running significant project elements or having too much stop-starting of projects, which can also add extra cost – a Council’s evidence base needs to be prepared economically and in as timely a way as possible.
- 1.3.10 The principles established by national policy and guidance provide the framework for the methodology used in this report. Those principles are carried through into Chapter 2, which explains the residual valuation approach, typologies testing, stakeholder engagement, and the basis on which the key assumptions have been selected and applied.

2.0 Methodology and Assumptions

2.1 General Approach

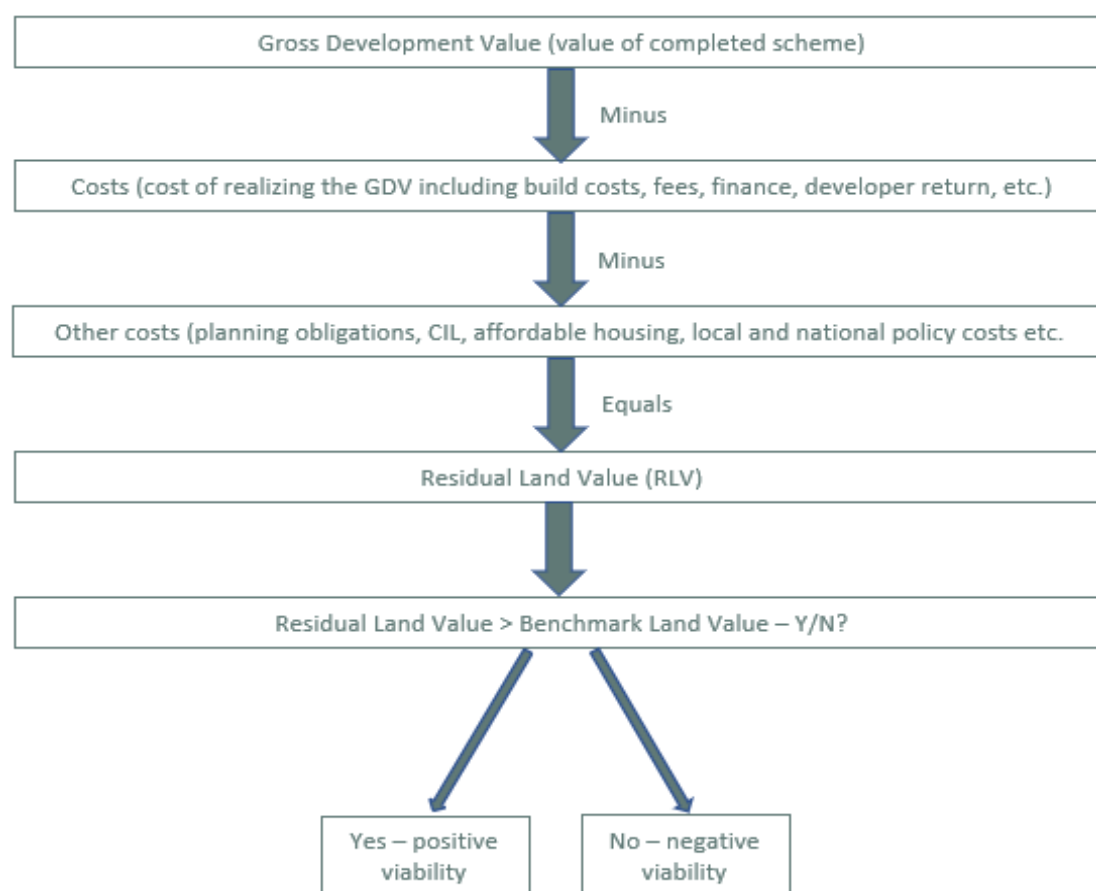
- 2.1.1 The assessment as described in this report has involved an ongoing approach to informing the development of policies of the Local Plan (LP), all conducted based on dialogue with the Council – with information feeding into and out of the study. To recap, Stage 1 of this assessment was completed in March 2025, primarily in order to provide the Council with preliminary information and interim findings, including initial recommendations on emerging policy and the potential compromises or “trade-offs” to be considered related to exploring a suitable balance between policy objectives and housing delivery and growth across the district.
- 2.1.2 Building on Stage 1, this report completes a full, robust local plan viability assessment to support and evidence the Council’s policy direction. Overall, to an appropriate degree this process is an ongoing and evolving one, with viability modelling feeding into decision making processes around the viability of sites and policies. A single assessment such as this however does not truly reflect the work that the Council and DSP put in to ensure that a robust and viable set of sites and policies can be delivered – although necessarily proportionate, it has been an ongoing 2-way process run comprehensively. The process cannot fully reflect all individual sites and circumstances.
- 2.1.3 This report sets out the key assumptions used to model viability in the local plan context and provides our findings and parameters scoping / recommendations from which the Council is able to inform or check final decisions on specific policy choices and balances, reflecting its local circumstances and comprehensive wider evidence base as well.

2.2 Residual Valuation Principles

- 2.2.1. The most established and widely accepted approach to assessing development viability at a strategic level – including whole-plan viability, but also frequently for site-specific assessments – is the residual valuation method. This aligns with the relevant guidance outlined above.

- 2.2.2. Residual valuation can take different forms depending on what metric we are looking to express as the result (for example residual land value, residual profit or surplus indication).
- 2.2.3. Very broadly residual valuation involves assessing the value of a completed development (Gross Development Value – GDV) and deducting all costs (build costs, fees, surveys, finance, acquisition, marketing, policy specific costs, infrastructure requirements etc.) that need to be expended to create that value along with a level of developer's return / profit (risk reward and often related to securing finance). In practice we run this assessment using a residual valuation model (Argus Developer)
- 2.2.4. Residual valuation can be used to calculate an output typically in one of three ways: residual land value (where the developer return / profit assumption is fixed), residual profit (where the land value assumption is fixed) or residual surplus / deficit (where both the profit and land value assumptions are fixed).
- 2.2.5. Figure 2 summarises, in simplified form, the core principles of the residual valuation calculation, which underpins the appraisals used to generate our results and findings at all stages.

Figure 2: Simplified Residual Land Valuation Principles



(DSP 2026)

- 2.2.6. As Figure 2 indicates, residual land valuation starts from what the completed development is expected to be worth (gross development value or GDV) and works backwards to determine a land value while still leaving a normal profit for the developer. In the context of viability in planning, this involves estimating the gross development value (GDV), subtracting all development costs (build, fees, finance, policy requirements like affordable housing and infrastructure, plus a reasonable developer return), and whatever is left is the residual land value; if this is at or above an appropriate benchmark (typically existing use value plus a premium), the scheme is considered viable in planning terms. In reality, definitive cut-offs create a false level of accuracy and as such results need to be considered as approximations within bands of potential results.
- 2.2.7. For the strategic site allocations modelling, we have alternatively considered the residual surplus / deficit approach. This allows us to fix the land value assumption (at a pre-set benchmark land value (BLV) level and profit

assumption to enable us to see what level of surplus or deficit is generated once all other assumed/known costs and values are included in the appraisal. Theoretically, this means that if all costs (policy, infrastructure and base development costs) are known at the outset, a positive result would mean that the site would be potentially 'viable' and a negative result would mean the site is potentially unviable or at best marginally viable. In reality, it is rare for all the costs of development to be completely understood at the point of running an appraisal such as this for the purposes of viability in planning and considering the viability of the Local Plan. Costs could be over or underestimated. So rather than definitive 'cut-offs', what the results show are likely viability / non-viability *prospects* based on what we know at the point of running the modelling. So, a surplus could be used to indicate how much room there is for additional cost / reduction in values and a deficit could indicate how much need there is to find savings and/or rely on higher values assumptions to support the viability.

- 2.2.8. The assessment is based on monetising those potential local or national policies that may add cost to development to understand the impact on viability of those when considered cumulatively alongside the usual costs of development.
- 2.2.9. This assessment is consistent with the NPPF and accompanying PPG on Viability, with the latter making it clear that benchmark land value (BLV) should be based on Existing Use Value (EUV) plus a suitable premium and states at paragraph 014:

'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+'].'

- 2.2.10. The NPPF and associated PPG on Viability continue to emphasise the greater link between the role of strategic level viability work such as this assessment and the decision making (development management of planning applications/delivery) stage.
- 2.2.11. However, and consistent with our experience in practice to date, it appears likely that there will (and is) still be a role for planning application stage / site-specific viability reviews but that it is *'up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage'*². An indication of the types of circumstances where viability could be assessed in decision making is also included in the PPG. These include: *'for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force'*³. There may be the potential for the development of some site typologies or sites identified by the Council to need to overcome abnormal issues and support added costs. The national approach recognises that within this picture and/or at certain stages in the economic cycles there could be sound reasons for site-specific viability evidence to be brought forward at the delivery stage in such circumstances; as a part of ultimately settling the development details and exact degree of support that can be maintained for planning obligations to secure infrastructure.
- 2.2.12. The range of assumptions that go into the RLV appraisals process is set out in more detail in this chapter. Further information is also available within Appendix 1 – Assumptions Summary.

² <https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment> (Paragraph: 008 Reference ID: 10-006-20190509
Revision date: 09 05 2019)

³ <https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment> (Paragraph: 008 Reference ID: 10-006-20190509
Revision date: 09 05 2019)

2.3 Stakeholder Engagement

- 2.3.1 National policy and guidance emphasise the importance of effective stakeholder engagement. For this study, we undertook that engagement through a survey seeking information and views to inform and test our emerging assumptions, followed up with targeted discussions where appropriate. The focus was on drawing in input and practical examples grounded in local experience.
- 2.3.2 The surveys were issued as follows (surveys were also issued at Stage 1)
- Development Industry (including site promoters of the strategic scale development allocations).
 - AH Providers – a range of locally active affordable housing providers, identified through the Council’s housing enabling work, were engaged for input. While general feedback was welcomed, these organisations were specifically surveyed to provide insights specifically into affordable housing revenue expectations when developers construct and transfer homes to registered providers (RPs), as well as the assumptions underlying these transactions.
- 2.3.3 A comprehensive log is maintained of all stakeholder interactions, including parties contacted, reminders, responses, and overall engagement levels. While specific feedback details are excluded from the published report due to confidentiality, this input, along with council-provided data, independent research, and expertise, informs the assumptions, analysis, and judgments at all assessment stages.

2.4 Scheme Development Scenarios - Residential Typologies and Strategic Scale Site Allocations

- 2.4.1 The scenarios (typologies) considered and appraised as part of this assessment reflect the variety of different types of development that are being brought forward through the planning process across the plan area. They include a mix of residential test scenarios that cover a range of site sizes, types,

host site typologies, and reflect the Council's goals for optimising land use, quality, and density.

- 2.4.2 While this cannot be and does not need to be an exhaustive exercise as the guidance recognises, in order to adopt a relevant range of residential development typologies, we have considered with B&NES the broad nature of the housing supply expected to come forward over the emerging plan period.
- 2.4.3 Building on the Stage 1 work, a wide range of housing development typologies were assessed across various value levels (VLs) to capture differences in residential sales values by location and type within the Local Plan area. This sensitivity testing approach also explored how market fluctuations, such as rising or falling values, might affect development viability over time. It considered the influence of location, development type, and scale on this key assumption.
- 2.4.4 A summary of the residential scheme typologies is shown at Figure 3 below, with the full detail set out in Appendix 1.

Figure 3: Residential development Typologies

Scheme Size Appraised	Type	Site Type - Description
2	Houses	PDL
5	Houses	GF
5	Houses	PDL
10	Houses	PDL
15	Houses	GF
25	Flats	PDL
50	Houses	GF
50	Houses	PDL
50	Mixed (Houses/ Flats)	PDL
50	Mixed (Houses/ Flats)	GF
75	Flats	PDL
100	Mixed (Houses/ Flats)	GF
100	Mixed (Houses/ Flats)	PDL
200	Flats	PDL

(DSP 2026)

- 2.4.5 In addition to the use of the site typologies approach, this assessment considers the viability of larger site allocations considered important to delivery of the Plan's objectives.
- 2.4.6 The level of detail available at this stage to enable viability modelling is variable, acknowledging that at this stage this remains relatively early in the context of the overall progression of proposals and envisaged timelines. This is relatively normal when considering strategic development sites such as those proposed in the Council area within the context of a local plan viability assessment, where often detailed proposals are not available. Nonetheless, we have undertaken modelling based on the information provided by the Council and available to date using the principles described earlier in this report.
- 2.4.7 The modelling for the strategic sites testing also takes a slightly different approach to that used for the general site typologies. In this case the maximum residual surplus or deficit is calculated at varying affordable housing proportion sensitivity tests (20% - 50%) by fixing the land value and profit assumptions in the appraisal having made assumptions with regard to any known infrastructure and policy asks at the point of running the modelling. This surplus (or deficit) can then be considered in the context of overall likely infrastructure requirements (where those are not completely understood at this stage) and affordable housing sensitivity tests. The reason the modelling has been carried out like this is because at the stage of running the appraisals, there was uncertainty over the cumulative level of infrastructure ask and associated costings (and timings). This information was (and is) being updated by the Council and infrastructure providers as this viability assessment was being carried out – a continually evolving picture. This approach therefore provides the Council with maximum flexibility to consider the results of the modelling exercise. It is expected that further refinement may be required in due course
- 2.4.8 The main assumptions applied are again noted in Appendix 1 and a summary of the proposed strategic sites tested is shown below in Figure 4. The indicative dwelling numbers (capacities) have been provided by B&NES. At the scales of development envisaged and this level of review, it is not critical if the finally settled allocated figures or site areas are not an exact match for these. The same applies to the appraisal stage versus any final assumptions on the employment or any other scheme elements/mixed use content.

Figure 4: Strategic Site Allocations Tested – Summary

Sites	Reference No.s	Tested Indicative Dwellings Capacity	Employment Space (sq.m)	Approx. Site Area (Gross – Ha)
North Keynsham	K29Z, K30	1,434	24,000	118.3
West Saltford	K242, SAL27b, SAL28, SAL27c	964	N/A	51.4
South & West Keynsham (South)	K19, K17c, K17e, K17d, K19a	952	N/A	73.5
West Keynsham (North)	K16a, K16b, K15c	477	N/A	17.1
East Whitchurch	TBC	1042	N/A	52
South West Whitchurch	TBC	703	N/A	43.5
South Farrington Gurney	A37PS13	504	N/A	20.7
Eckweek Lane, Peasedown / South of A367	PEA10	568	N/A	28.6
Fosseway, Peasedown	PEA11	349	N/A	12.8
Writhlington / East Radstock	RAD26, RAD25, RAD26a	1,028	N/A	46.24
North Radstock	RAD16f, RAD18, RAD16h, RAD16b, RAD16c, RAD16d, RAD16g, RAD16e, RAD16a, RAD19b	951	N/A	61.9
West of Clutton	CLU07	300	N/A	27.25
Hicks Gate	TBC	1,934	N/A	59

(DSP 2026)

- 2.4.9 In practical terms each site has had an appraisal built that includes assumptions on areas such as land area and cost, dwelling numbers, average size of dwellings, tenure mix, delivery trajectories, development values, meeting

emerging policy costs, development costs, contingencies, professional fees, developer profit etc. Each appraisal is then sensitivity tested so that we end up with the equivalent of around 600 results per site.

- 2.4.10 For each appraisal we have also had to make assumptions regarding the delivery of housing and infrastructure (timings) – see Appendix 1. It is worth noting that the timing assumptions – placing and/or spreading of entries within the project cashflow - can have a significant effect on the viability view.
- 2.4.11 For the strategic sites modelling we have assumed land costs of £250,000 per ha applied site-wide (the BLV) and that the site purchase is spread over the early years of development (not a single payment at the beginning of the appraisal) to reflect the scale of the sites and the fact that development, in reality, will come forward and create value across an extended time period or comprise multiple sites in separate ownership. We have assumed a developer return of 17.5% on Gross Development Value (GDV) for the market housing, 6% for the affordable housing and 15% on any non-residential elements.
- 2.4.12 As part of considering both the site typologies and specific strategic scale development allocations, seeking to make these as representative as possible of the emerging policy approach, an assumption is made in relation to dwelling mix, for which we have adopted the principles set out in Figure 5 below and Appendix 1. These dwelling mix principles are based on information provided to DSP by B&NES using the Council's latest (at the time of carrying out the modelling for this study), Local Housing Needs Assessment (ORS: Bath & North East Somerset Local Housing Needs Assessment - September 2025).

Figure 5: Dwelling Size & Mix Assumptions

Property Type	Assumed Unit Sizes		Bath City (reflecting LHN 2025) Dwelling Mix (%)*		Rest of district (reflecting LHN 2025) Dwelling Mix (%)*	
	Market Units	Affordable Units	Market Units	Affordable Units	Market Units	Affordable Units
1-bed flat	50	50	0%	45%	6%	35%
2-bed flat	61	61	28%	29%	25%	30%
2-bed house	79	79				
3-bed house	93	93	47%	19%	45%	25%
4-bed house	130	106	25%	7%	24%	10%

Property Type	Size (sqm)
1-bed flat – age friendly / sheltered	50
2-bed flat – age friendly / sheltered	75
1-bed flat – extra care	65
2-bed flat – extra care	80

(DSP 2026)

2.4.13 In all cases, assumptions are made using a “best fit” approach for both the mix of market and affordable dwellings, combined with target affordable housing tenure assumptions. This approach accounts for rounding effects and the practical limitations of representing every aspect within a single scheme, particularly in smaller developments or those with lower proportions of affordable housing.

2.4.14 The dwelling mix requirements identified in the LHNA 2025 represent district-wide needs and should not be interpreted as prescribing specific mixes for individual sites (particularly as sites may comprise solely flatted or solely housing typologies). Although indicative mixes identified above have been modelled where this is appropriate for the relevant scheme typology, it should be recognised that housing needs assessments are periodically updated and may not always correspond precisely with the assumptions adopted in this study. This is an expected occurrence and does not compromise the robustness or validity of the assessment, nor does it necessitate revising the viability assessment following each housing needs assessment update.

- 2.4.15 The dwelling sizes assumed in this study, based on gross internal area (GIA), follow reflect the ranges with the Nationally Described Space Standard (NDSS) as outlined in Figure 5. B&NES intends to adopt this standard in the new Local Plan. While actual developments will feature a wide range and mix of dwelling sizes varying by scheme and location, this high-level study tests a sample of scenarios and assumptions rather than all possible variations. This approach is sufficient to provide an appropriate overview, consistent with the guidance.
- 2.4.16 Since there is a relationship between dwelling size, value and build costs within the market housing, it is the relative levels of the values and costs that are most important given the nature and purpose of this study (i.e. with values and costs expressed and reviewed in £/sq. m. terms); rather than necessarily the specific dwelling sizes to which those levels of costs and values are applied in each case. With this approach, the indicative 'Value Levels' (VLs) used in the study can then be applied to varying (alternative) dwelling sizes, as can other assumptions. Although methods vary, an approach to focussing on values and costs per sq. m. also fits with a key mode that developers and others tend to use to assess, compare/analyse and price schemes. It provides a more relevant context for considering the potential viability scope across the typologies approach, as part of considering relative policy costs and impacts, and is also consistent with how a CIL is set up and charged (as prescribed under the regulations).
- 2.4.17 The dwelling sizes are expressed in terms of gross internal floor areas (GIAs) for houses (with no floor area adjustment – i.e. 100% saleable floorspace). For flats, the additional cost of constructing communal/shared non-saleable areas also needs to be taken into account. For example, the general needs flatted typology development tests assume a net:gross ratio of 85% (i.e. 15% communal space). The age-friendly housing scenario testing assumes a lower proportion of saleable floorspace compared with typical general needs flats, at 75% (i.e. 25% communal) which is then further reduced through the selected assumptions to 65% saleable (35% communal) for the extra care-type development typologies.
- 2.4.18 We consider these to be reasonably representative of the types of homes and other space coming forward within the scheme types likely to be seen most

frequently providing on-site integrated AH, although again we acknowledge that all such factors will likely vary to some extent from scheme to scheme. It is always necessary to consider the size of new build accommodation in looking at its price per sq. m. rather than its price alone.

- 2.4.19 At this level of strategic overview, we do not differentiate between the overall value assumed per sq. m. for flats and houses although in reality we often observe an inverse relationship between the size of a property and its value when expressed in terms of a £ sales value rate per unit area (£/sq. m or £/sq. ft. or shown as £/m² or £/ft²).

Build to Rent, Co-Living & Purpose Built Student Accommodation (PBSA)

- 2.4.20 Build-to-Rent (BtR), Co-Living and PBSA development typologies have also been included within the modelling for this assessment. The rental and investment value assumptions used within this layer of testing are included within Appendix 1 (Tables 1e to 1g) and the results of this exercise are provided within Appendices 4, 5 and 6.

2.5 Non-residential – Employment/Business Development

- 2.5.1 To provide wider information for the LP and related delivery, this study also initially considers a range of potential commercial/non-residential development typologies. These scenarios have been developed and checked against wider information and research analysis, including the local commercial market offer – existing development and any new schemes/proposals. Figure 6 sets out the scheme types (typologies basis) appraised, provided as additional information covering non-residential development uses that may come forward across the Plan area. In B&NES, the plan relevance relates to employment development uses, as is the focus for this element of the VA work in many Local Plan areas.
- 2.5.2 The non-residential typology aspects of this study adopt the same (residual land valuation) methodology as described earlier in this report, considering the variable strength of the relationship between the development values and costs associated with different scheme types. Appendix 1 (Table 1h) provides more information on the scope of assumptions used to assess the typologies outlined in Figure 6 below.

Figure 6: Non-residential Development Typologies

Development Use Type	Example Scheme Type
Business - Offices - Out of town centre or Business Park	Office complex - Out of town centre or Business Park. Greenfield or established location.
Business - Research & Development/Technologies	Research & Development or Similar - Mixed high-spec space for technologies use. Greenfield or established business/industrial site
Business - Industrial or Warehousing	Medium industrial/warehousing unit including offices - Greenfield or established business/industrial site
Business - Warehousing/Logistics	Larger industrial/warehousing unit - Distribution Warehouse - Greenfield or established business/industrial site
Business - Technologies	Data Centre - large scale - Greenfield or established business/industrial site

(DSP 2026)

2.5.3 Following the same principles and general process as the residential scenarios, a variety of sources were researched and considered in support of setting the assumptions. This includes information on rents, yields, sales comparables, land values and other development assumptions. The sources of information include CoStar Commercial Real Estate Intelligence resource, the VOA Rating List, other web-based review as well as feedback as available from the development industry consultation. Supplementary information sources included articles and development industry features sourced from a variety of construction related publications; and in some cases, property marketing details.

2.5.4 Collectively our research enabled us to apply a level of “sense-check” to our proposed assumptions, whilst necessarily acknowledging that this is high level work and that a great deal of variance is seen in practice from scheme to scheme. The research review is provided within Appendix 6 to this report.

2.6 Scheme Revenue (Gross Development Value/GDV) – Residential

2.6.1 Market housing sale values are a key component of the appraisal assumptions. To ensure a proportionate yet robust evidence base, data is gathered from a variety of sources, as outlined below. Our practice is to consider all available sources to inform our independent overview - not just historic data or particular scheme comparables, including:

- Previous viability studies as appropriate;
- Land Registry;
- Valuation Office Agency (VOA);
- Property search, sale / market reporting and other web resources;
- Development marketing websites;
- Any available information from stakeholder consultations

2.6.2 A structured approach is required for collecting and reviewing property value data. A comprehensive assessment of the residential market has been undertaken to capture and appropriately represent the variations in residential property values across the Local Plan area at a level suitable for strategic analysis. Data was compiled by parish or ward, postcode, and settlement area to ensure coverage of the different parts of the District.

2.6.3 The data was analysed using both sold and asking prices for new-build and re-sale property. New build property sales and asking prices are important to ensure that values used in appraisals are reflective of current market conditions and likely achievable values for new development (sensitivity tested for changes over time). Resales data (of which there is normally a larger sample size) is useful, in supplementing the new build data, for understanding general values patterns. Information was also requested via the stakeholder consultation surveys.

2.6.4 This analysis allows us to understand how observed patterns and levels of property values correspond with the areas expected to deliver the majority of new housing over the plan period.

- 2.6.5 The property market research analysis indicates housing sales values in the district typically cover an overall range as set out in Figure 7 below. This was based on detailed analysis of both new build and re-sale properties in the district using a combination of web-based resources (including HM Land Registry and websites such as Rightmove etc.), alongside the stakeholder consultation exercise (liaison with and invitation to engage both general development industry representatives and affordable housing providers) amongst other sources. Further detail is set out in Appendix 1 and Appendix 8.

Figure 7: District-wide values – Overall range

Metric	£/m ²
Minimum	£3,521
Q1 (lower quartile)	£4,499
Median	£5,008
Average (mean)	£5,202
Q3 (upper quartile)	£5,627
Maximum	£9,891

(DSP 2026 – Research using noted sources)

- 2.6.6 Figure 8 below shows the range by Ward area (set out from highest to lowest median values) where new build housing sales data was available over the research period.

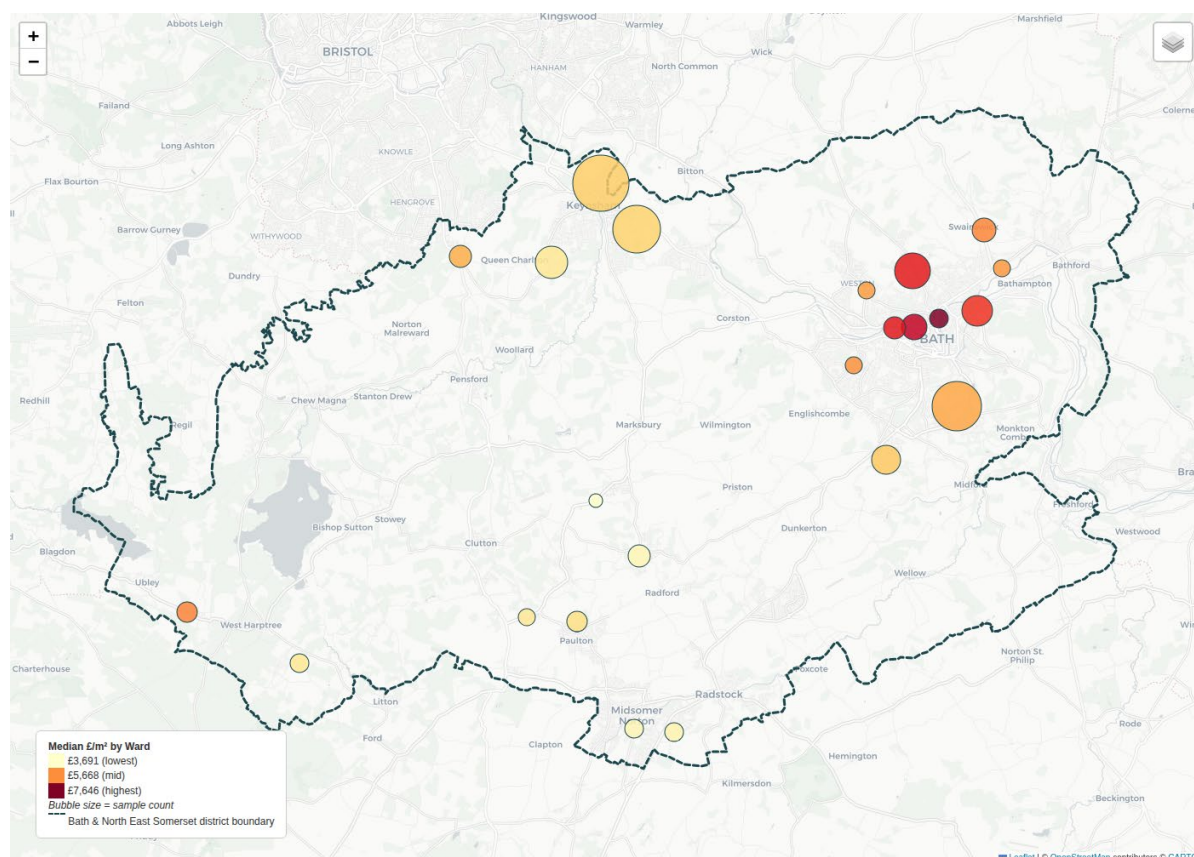
Figure 8: Median new build sales values (£ per m. sq.) ranked by ward area

Ward	Median £/m ²	Range £/m ²	Sample Size (n)	Reliability
Walcot	£7,646	£5,344 - £8,143	8	Small sample
Kingsmead	£7,069	£3,557 - £9,875	27	Robust
Westmoreland	£6,658	£5,471 - £8,732	17	Robust
Lansdown	£6,650	£4,599 - £9,891	73	Robust
Bathwick	£6,429	£5,342 - £8,918	43	Robust
Chew Valley	£5,744	£5,003 - £6,079	10	Robust
Bathavon North	£5,725	£4,351 - £6,778	20	Robust
Twerton & Whiteway	£5,605	£5,506 - £5,724	6	Small sample
Lambridge	£5,507	£4,776 - £5,714	6	Small sample
Weston	£5,470	£5,108 - £5,754	5	Small sample
Come Down	£5,328	£4,010 - £6,751	157	Robust
Publow & Whitchurch	£5,214	£3,831 - £5,493	14	Robust
Bathavon South	£4,900	£3,631 - £6,052	40	Robust
Keynsham North	£4,831	£3,527 - £6,876	225	Robust
Keynsham East	£4,747	£3,717 - £5,622	146	Robust

Ward	Median £/m ²	Range £/m ²	Sample Size (n)	Reliability
Paulton	£4,499	£3,859 - £4,887	13	Robust
Keynsham South	£4,331	£3,659 - £5,298	55	Robust
Mendip	£4,324	£3,762 - £4,474	8	Small sample
High Littleton	£4,321	£4,053 - £4,486	5	Small sample
Westfield	£4,019	£3,522 - £4,497	8	Small sample
Midsomer Norton Redfield	£3,954	£3,523 - £4,522	7	Small sample
Timsbury	£3,947	£3,521 - £5,203	15	Robust
Clutton & Farmborough	£3,691	single sale	1	Not reliable

- 2.6.7 Based on currently available data, the values patterns indicate that, overall, housing values are typically highest in central Bath (Kingsmead, Lansdown, Bathwick, Westmoreland, Walcot) and lowest in the Somer Valley south-west of the district (Timsbury, Midsomer Norton, Westfield, High Littleton). The district boundary and ward-level medians are mapped at Figure 9 (bubble size = sample count, colour = median £/m²).

Figure 9: Value patterns by ward area



ONS Open Geography Portal, Local Authority Districts (December 2023)
Boundaries UK BFC, LAD23CD E06000022. Basemap: © OpenStreetMap contributors, © CARTO using DSP sourced and analysed values data (map AI generated).

- 2.6.8 The data suggests Kingsmead is the standout high-value ward on a robust sample (£7,069/m² median, n=27), roughly 79% above Timsbury (£3,947/m²), the lowest robust-sample ward. Walcot (£7,646/m²) is nominally higher still but consists of only 8 sales.
- 2.6.9 Central Bath wards — Westmoreland, Lansdown and Bathwick — form a consistent premium tier at £6,400–£6,700/m², all on robust samples (17, 73 and 43 sales respectively). This reflects the historic Georgian core, World Heritage Site setting, and strong owner-occupier/investor demand close to the city centre. Chew Valley and Bathavon North form a stable "edge of Bath / rural fringe" tier around £5,700–£5,750/m², both with relatively robust data sample sizes.

- 2.6.10 The typically lowest-value wards with a robust sample size — Timsbury, Keynsham South, Paulton and the High Littleton area — show values of around £3,950–£4,900/m² in the Somer Valley south-west of the district, roughly 20–30% below the district median.
- 2.6.11 The wards with the largest sales data sets, Keynsham North (n=225), Keynsham East (n=146) and Come Down (n=157), together account for over half the district's total sample. These indicate values in the range £4,747–£5,328/m² — which could be a reasonable indicator of "typical" new build value across the district's main commuter/edge-of-settlement locations.
- 2.6.12 It should also be noted that different values can be seen within individual developments dependent on design, orientation etc., at opposing sides of roads, within settlements or localities and based on other variables – as well as variations between settlements and areas of course. Values patterns are often indistinct and especially at a very local level. However, in this study context we need to consider whether there are any particular variations that are considered relevant to influencing varying viability between wards/settlements or other geographical areas in a broader overview sense, including relating to the types and locations of development that are considered most relevant over the emerging plan period.
- 2.6.13 Based on our research and established assessment methodology, we have assigned assumed property 'Value Levels' (VLs) for testing each typology, ranging from VL1 (lowest) to VL14 (highest) reflecting the relatively wide range of values seen across the district and as discussed briefly above and in more depth at Appendix 8.
- 2.6.14 These VLs span market housing sales values of approximately £4,000/m² to £7,500/m², reflecting the range of new-build sale prices expected across different locations across B&NES, as noted above. Appendix 1 (Table 1a) provides a broad indication of how the VLs ranges tend to vary and overlap/relate across the council area. In some cases, the values range is quite wide, influenced by a combination of a relatively wide geographical area and varied housing offer.

- 2.6.15 Flatted schemes may also achieve values above typical base levels due to the inverse relationship between property size and £/m² values or due to the influence of wider regeneration objectives particularly in the context of town centre locations. This does not imply that all values will fit neatly within these ranges; rather, the VLs represent the key portion of the broader value spectrum likely to be observed.
- 2.6.16 It is important to recognise that house price data is highly sensitive to timing, as the number and type of transactions available for any location at a given point can vary significantly. In some instances, small sample sizes—where limited price information exists - may lead to inconsistent or unrepresentative results. This is a common issue and not unique to B&NES. Nevertheless, these limitations do not prevent us from forming a suitable and sufficiently reliable high-level understanding of how values typically differ between ward areas, for the purpose, given the variety of characteristics across the district as a whole, and which the emerging Plan will be encompassing.
- 2.6.17 Given that property value assumptions are a key variable - and likely to become even more significant as market conditions evolve - we have undertaken a comprehensive set of sensitivity tests. These tests cover a wide spectrum of values to reflect both recent and current market conditions, as well as provide context for considering the potential influences of higher or lower value scenarios. Our modelling therefore spans the full range of value sensitivities, as detailed in the appendices.
- 2.6.18 The values research was undertaken during the first half of 2026.
- 2.6.19 Following the period of market volatility experienced across the residential sector during 2022–2024, associated with elevated inflation, high build cost pressures, increased borrowing costs and weaker market activity, conditions appear to have become relatively more stable through 2025 and into 2026 although continued unrest in the middle east and Ukraine continues to undermine market confidence. At the point of preparing for the latest appraisal runs, the latest UK House Price Index data for April 2026 reported annual house price growth of around 2.0% across the UK and 1.8% across England, with a monthly increase of 0.2%. In B&NES specifically, Office for National Statistics data indicates that the provisional average house price in June 2025

was £404,948, compared with £404,480 in June 2026, representing no growth over the past 12 months.

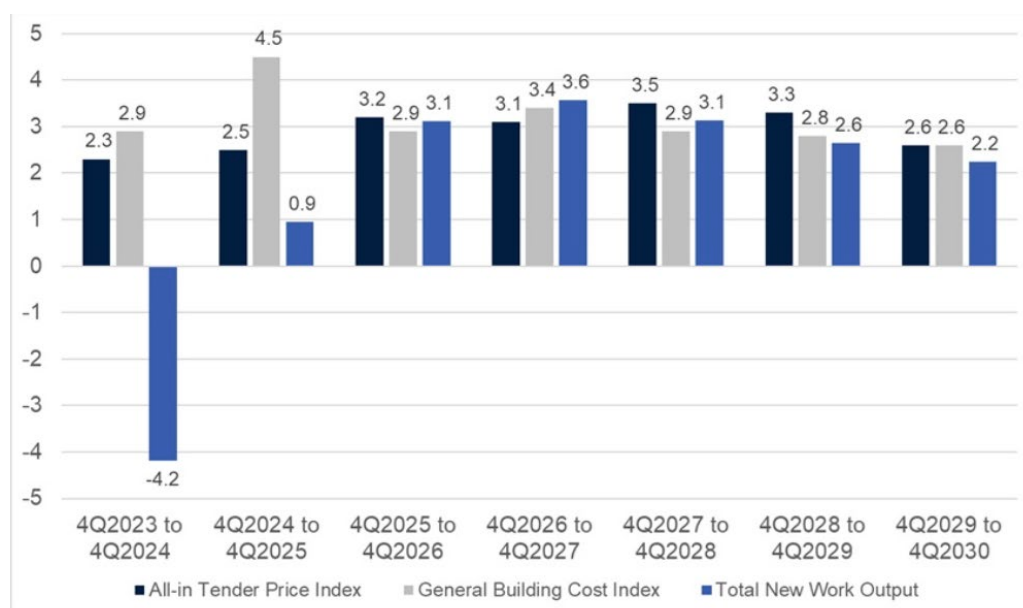
[\(Land Registry Data - UK House Price Index - Bath & North East Somerset \(June 2025 - June 2026\)\)](#)

- 2.6.20 The available evidence suggests that the B&NES residential market has remained flat, albeit the picture is of a high-value, relatively resilient market where prices have edged sideways or slightly down but with rents continuing to rise faster than house prices
- 2.6.21 Savills has downgraded its mainstream UK house price forecast for 2026 to a 2% fall nationally and -2.5% in the wider south west, citing affordability constraints and higher mortgage costs, while RICS continues to report that more surveyors see prices falling than rising. The RICS June 2026 survey showed a house price balance of -33%, only slightly improved from -34% in May, indicating that prices are still under gentle downward pressure overall but the pace of decline may be moderating.
- 2.6.22 Looking further forward, the Savills residential market forecast suggests house prices increasing by 17.9% to 2030 in the south west (compared to 18.5% nationally).

<https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx>

- 2.6.23 Construction costs are forecast to grow over the same period but at a lower level than house price growth as Figure 10 below illustrates. This graph shows the annual percentage change, between the noted periods, in each measure shown. Viewed in this way, the general scale of change or forecasted change in building costs and activity can be broadly considered alongside equivalent housing market forecast/price change data:

Figure 10: Summary of BCIS forecasts (Tender Price Index & Materials Costs)



(DSP sourced from BCIS 2026)

[BCIS 2026 - Bath & North East Somerset](#)

- 2.6.24 On market conditions, movements and values, the key point to reiterate is the Local Plan timeline which is projected to run to 2043. This both drives and reflects the long-term strategic overview that is needed, across which it is appropriate to make more typical assumptions reflecting potentially a middle line through various economic cycles. Again, it is not appropriate to assume only the downside risks and inputs related to deteriorating or poor economic conditions and a tougher housing market for development (such as has been experienced generally, to a varying degree, while progressing this assessment).
- 2.6.25 We have not made any particular values uplift allowance for scheme marketing and values benefitting from the latest and forthcoming new dwellings meeting higher standards (including environmental standards). Information on this remains limited and mostly anecdotal still, but again we could reasonably expect the influence of this on viability to be positive over time. Longer term, it should not be necessary to consider accommodating still relatively high extra over costs (those will be baked into costs data) as the raised standards become embedded, without considering other effects such as improved marketability or enhanced values of properties that meet higher standards compared with those that do not.

- 2.6.26 As noted in the report Appendices, a higher range of sales values have been tested in the case of the age-friendly/older persons and extra care housing typologies based on research carried out alongside the general needs residential property market information. This was based on comparable information where available and also by reference to the Retirement Housing Group (RHG) paper - 'A Briefing Note on Viability (May 2013 Amended February 2016)' - which states the following: *'Practitioners should use local market values for newbuild retirement housing where they exist. Where they do not exist the following formula is an indicative guide to the price of lower value units which are likely to be affordable by most local homeowners. Methods of price setting for retirement housing vary by location. In medium and low value areas the price of a 1 bed sheltered property = approx. 75% of price of existing 3 bed semi-detached house. A 2 bed sheltered property = approx. 100% of price of existing 3 bed semi-detached in high value areas with a high proportion of flats the price of a 1 bed sheltered property is linked to the price of high value flats, normally with a 10-15% premium. Extra Care housing is 25% more expensive than sheltered: if a sheltered 1 bed flat sells for £100,000 then an extra care 1 bed flat will sell for £125,000'.*
- 2.6.27 Judgments were made by DSP based on experience of the premium values that are more likely to be supported by these more specialist scheme types (and indeed from experience, with substantially higher than typical values are very often needed but achievable in support the viability of such developments).

2.7 Scheme revenue (gross development value) – affordable housing (AH) revenue

- 2.7.1 In addition to the market housing, the development appraisals also include affordable housing tested at various levels within the modelling and over the two stages of this overall assessment.

- 2.7.2 A key part of the purpose of this assessment has been to ensure a robust and deliverable policy set and provide information to the Council on an appropriate and viable level of affordable housing to seek from development through the emerging Local Plan. Indeed, Stage 1 of this assessment considered potential policy options in terms of the quantum of affordable housing secured from market-led development and provided recommendations.
- 2.7.3 The detail of the Stage 1 testing is not repeated again here but that exercise lead to the formation of the latest proposed affordable housing policies basis included in the emerging Local Plan (with a further look at the AH policy scope for both typologies and strategic sites considered again through this Stage 2 assessment). Again, we have tested affordable housing proportions (0%-50% depending on scheme type) across the wide range of site typologies and strategic scale allocations. It is important to note that not every potential percentage iteration has been tested on every typology. From our results analysis, it is possible to see where the likely viability lies and also to consider positions between results sets.
- 2.7.4 Two tenure mix options were tested at Stage 1 based on either the adopted position at the time or the latest 2024 LHNA:
- 75% social rent / 25% intermediate (adopted position at time of Stage 1 assessment) and;
 - 35% social rent / 12% affordable rent / 53% intermediate (Bath City); 44% social rent / 21% affordable rent / 35% intermediate (rest of the district) – based on the 2024 LHNA.
- 2.7.5 For Stage 2 we have assumed a tenure split of 79% social rent and 21% intermediate housing (for the purposes of this assessment we have assumed shared ownership) following the latest LHNA at the point of running the modelling. We understand that a further update to the LHNA was recently produced that post-dates the modelling for this assessment and suggests a need for 70% social rent / 30% intermediate across the district. This has not been captured specifically through this assessment. However, it is normal for needs assessments to be regularly reviewed and that does not (and cannot) necessitate a change to viability evidence each time. In this case, we can comment however that the latest tenure mix position (some replacement of

social rent with shared ownership or similar) could be expected to have a positive influence on viability compared with the position appraised – i.e. would have an effect of strengthening the results slightly.

- 2.7.6 The AH revenue that is assumed to be received by a developer is based only on the capitalised value of the net rental stream (for AR or SR) or capitalised net rental stream and capital value of retained equity (shared ownership - SO). The starting assumption pending any review of viability and funding support which becomes available at a later stage for specific scenarios/programmes is that the affordable housing is developer funded rather than part grant funded. We have therefore made no allowance for grant or other public subsidy or equivalent.
- 2.7.7 The value of the AH (level of revenue received by the developer) is variable by its very nature and is commonly described as the 'transfer payment' or 'payment to developer'. These revenue assumptions are based on DSP and the Council's extensive experience in dealing with AH policy development and site-specific viability issues and consultation with local AH providers. The AH revenue assumptions were also underpinned by RP type financial appraisals – looking at the capitalised value of the estimated net rental flows (value of the rental income after deduction for management and maintenance costs, voids allowances etc.).
- 2.7.8 The assumed transfer values for the rented affordable units assumed are shown in Appendix 1. Further details of the affordable housing or commuted sums assumptions relating to build to rent, co-living and purpose built student accommodation are included in Appendices 1, 4, 5 and 6.
- 2.7.9 In practice, AH revenues depend on unit size and provider strategies and can vary significantly by scheme. Registered Providers may draw on additional funding (business plan resources, external funding, cross-subsidy, or recycled grant), but this is scheme-specific and not assumed for viability purposes. As a result, the transfer values used may be conservative, and in some cases a provider (e.g. a Registered Provider) could apply its own reserves to further support viability and affordability.

2.7.10 As has been widely reported in the sector press, there has, in the recent past, been a number of cases nationally where RPs have shown reduced or limited appetite for taking on s106 affordable housing. It is not clear whether this is partly related to the type, specification or similar characteristics of the affordable homes being offered; or is mainly driven by wider financial retrenchment by RPs in response to increased development and borrowing costs alongside historic rent controls. DSP has also, elsewhere, reviewed several consented schemes where developers with agreed s106 affordable housing have approached local planning authorities to seek a reduction or removal of that provision in order to instead secure Homes England funding, noting that such grant has not historically been available for s106 affordable homes. It is not clear how temporary this situation is but more generally it is important to note, the viability appraisal process assumes that funding will be available to acquire affordable homes delivered through this planning-led route, and that the wider housing market is reasonably active and functioning.

2.8 Scheme revenue (Gross Development Value (GDV)) – Non-residential)

- 2.8.1 The value (GDV) generated by an employment related, business/commercial or other non-residential scheme varies enormously by specific type of development and location. We use the terms ‘commercial’/‘non-residential’ generally – i.e. reflecting development use types that are not residential.
- 2.8.2 To assess the viability of the different commercial development types, a range of assumptions is required. These primarily relate to the rental values and yields that determine the value of completed schemes in each commercial appraisal. For the commercial typologies under review, we have applied residual valuation methodology, consistent with our other strategic-level viability assessments and with the approach used for the residential typologies.
- 2.8.3 Broadly the non-residential appraisals process follows that carried out for the residential scenarios, with a range of different information sources informing the values (revenue) related inputs. Data on yields and rental values (as far as available) was collated from a range of sources (assumptions are reflected in Appendices 1 Table 1h; and see Appendix 8 for further detail).

- 2.8.4 Figure 11 below sets out the range of annual rental values considered appropriate for testing for each scheme typology at this stage. These rental values were capitalised using corresponding yield assumptions to derive a GDV for each development, based on the specific rent and yield combinations applied.

Figure 11: Assumed rental value – key non-residential typologies

Use / Type	Example Scheme Type	Values Range - Annual Rents £ per sq. m		
		Low	Mid	High
Business - Offices - Out of town centre or Business Park	Office complex - Out of town centre or Business Park. Greenfield or established location.	£180	£250	£320
Business - Research & Development/Technologies	Research & Development or Similar - Mixed high-spec space for technologies use. Greenfield or established business/industrial site	£200	£350	£500
Business - Industrial or Warehousing	Medium industrial/warehousing unit including offices - Greenfield or established business/industrial site	£80	£100	£120
Business - Warehousing/Logistics	Larger industrial/warehousing unit - Distribution Warehouse - Greenfield or established business/industrial site	£90	£125	£160
Business - Technologies	Data Centre - large scale - Greenfield or established business/industrial site	£150	£300	£450

(DSP 2026)

- 2.8.5 The rental values were tested at three levels (low, mid and high) considered appropriate for each scheme type across the study area, enabling sensitivity testing of the viability outcomes to changes in value levels, as with the residential appraisals; these figures are necessarily estimates and assume new build rather than older stock.

- 2.8.6 The amount and quality of rental evidence varies significantly by development type, but this is not considered a B&NES-specific issue and does not undermine the high-level viability overview appropriate to this kind of study.
- 2.8.7 The rental levels were capitalised using assumption test yields of 4–7.5% (varying by scheme type), and varying both rents and yields allowed us to explore how sensitive results are to the wide range of market value and yield combinations that may occur in practice, and to identify what changes would be needed to rents or yields to bring non-viable schemes into viability or, conversely, the extent to which viable schemes could deteriorate while still meeting overall costs. For the purposes of this assessment and given the Council's direction of travel regarding its proposed changes to the CIL Charging Schedule, we have not included CIL within the viability modelling (although the typologies tested are those that currently attract a nil CIL rate in any event).
- 2.8.8 Small changes in assumptions can materially affect GDV and therefore viability, which is important in balancing the need for infrastructure funding against the potential impact on development; while it is appropriate to assume new stock and reasonable lease covenants, adopting overly optimistic assumptions in the local context could undermine that balance.
- 2.8.9 This approach allowed us to test the sensitivity of results to changes in the capital value (GDV) of the non-residential typologies and to form a view on their broad viability and capacity to meet policy requirements, noting that, as with other aspects of the study, the assumptions will not necessarily reflect the specifics or motivations of individual schemes.

2.9 Development Costs - Generally

- 2.9.1 Total development costs can vary significantly from one site or scheme to another. For these strategic overview purposes, however, these cost assumptions have to be fixed by typology to enable the comparison of results and outcomes in a way which is not unduly affected by how variable site-specific cases can be. Although the full set of cost assumptions adopted within the appraisals are set out in detail in Appendix 1 to this report, a summary of the key points is also set out below

2.9.2 Each cost assumption is informed by data and supporting evidence from such sources as follows in accordance with relevant sections of the PPG:

- Building Cost Information Service (BCIS);
- Locally available information as far as available following the stakeholder consultation process;
- Other desktop-based research;
- Professional experience.

2.9.3 For site typology testing, we have not allowed for abnormal costs - these are highly specific and can distort comparisons at this level of review. Contingency allowances have however been made for all appraisals. This is another factor that should be kept in mind in setting policy and ensuring those are not set to the 'limits' of viability. In some circumstances and over time, overall costs could rise from current / assumed levels. The interaction between values and costs is important and whilst any costs rise may be accompanied by increased values from assumed levels, this cannot be relied upon.

2.10 Development costs - build costs

2.10.1 The base build cost levels outlined below are derived from BCIS, following the approach recommended by the guidance in the PPG on Viability. These figures are considered to represent 'appropriate data' and have been adjusted using a B&NES district location factor. The assumed costs for each development type (e.g., houses, flats, mixed-use, and non-residential) are detailed in Appendix 1 and are summarised in Figure 12 below. These costs reflect the selected BCIS median average rates. For larger sites within the modelling, the lower quartile 'mixed developments' build cost rate has been applied to reflect the likely economies of scale achieved in such developments.

Figure 12: Base Build Cost Data

Development Type (median unless stated)		Base BCIS Build Cost £/sq. m.*
Residential	Build Costs Mixed Developments - generally (£/sq. m) - median	£1,568
	Build Costs Mixed Developments - generally (£/sq. m) – Lower Quartile (LQ)	£1,407
	Build Costs Mixed Developments - generally (£/sq. m) – Upper Quartile (UQ)	£1,784
	Build Costs Estate Housing – generally (£/sq. m)	£1,524
	Build Costs Estate Housing – terrace (£/sq. m)	£1,505
	Build Costs Flats – 3-5 storey (£/sq. m) – median to UQ	£1,780 - £2,125
	Build Costs Flats – 6+ storey (£/sq. m) median to UQ	£2,107 - £2,439
	Build Costs (Supported Housing - Generally) (£/sq. m) - median	£1,890
Others		
Business - Offices - Out of town centre or Business Park	Office complex - Out of town centre or Business Park. Greenfield or established location.	£2,093
Business - Research & Development/Technologies	Research & Development or Similar - Mixed high-spec space for technologies use. Greenfield or established business/industrial site	£3,458
Business - Industrial or Warehousing	Medium industrial/warehousing unit including offices - Greenfield or established business/industrial site	£1,211
Business - Warehousing/Logistics	Larger industrial/warehousing unit - Distribution Warehouse - Greenfield or established business/industrial site	£902
Business - Technologies	Data Centre - large scale - Greenfield or established business/industrial site	£3,235

**The above costs exclude external works and contingencies (these are added to the above base build costs).*

(DSP 2026 sourced from BCIS)

- 2.10.2 BCIS build costs exclude external works/site costs, contingencies, and professional fees, which are accounted for separately. An allowance for external works has been applied across the assessment, varying by scheme type, ranging from 7.5% to 15% of the base build cost. These allowances are informed by a variety of information sources and cost models and are generally set above minimum levels to accommodate the potentially variable nature of such works.
- 2.10.3 Specifically, site works costs of £500,000 - £600,000/ha have been assumed for the range of site typologies tested with an allowance of £25,000 per unit assumed for large scale greenfield development and the strategic scale site allocations.
- 2.10.4 In this broad viability assessment, it is not feasible to account for all potential variations in additional costs. Build costs can vary widely. We have made reasonable assumptions based on relevant guidance and professional experience, focusing on typical new build schemes rather than high-specification, complex, or bespoke developments requiring specialized construction techniques or materials. As with other aspects of viability assessment, there is no single definitive figure; judgments are necessary. It is important to emphasize that, in practice, build cost assumptions are highly site-specific.
- 2.10.5 Just as there may be instances where costs are higher than assumed, there are also likely to be cases where base costs, external costs, or other elements are lower. In line with the need to maintain balance and account for the variability of scheme-specific factors in practice, our aim is to establish assumptions that are both appropriate and realistic. This approach avoids making overly optimistic assumptions in all areas to ensure a fair assessment of viability.
- 2.10.6 An allowance of 5% of build cost has also been added (in all residential and commercial/non-residential typologies appraisals) to cover contingencies (i.e. unforeseen variations in build costs compared with appraisal or initial stage estimates). This is a relatively standard allowance in our experience, although we do see some assumptions at lower levels. We have seen variations, again, either side of this level in practice, with higher levels usually relevant only for some types of conversions. In the appraisals representing the strategic site

allocation proposals, 3% contingency has been applied to the housebuilding costs and generally 5% to all other works (10% in the case of North Keynsham – PDL scenario).

- 2.10.7 The interaction between costs and value levels may need reconsideration in future Local Plan reviews as base build costs typically change over time.
- 2.10.8 Further sensitivity tests have also been run as part of the strategic scale site allocation testing, providing insights into how build cost variations affect scenario outcomes based on current costs and values as a base point.
- 2.10.9 Given the scale of the development proposed in B&NES with large sites coming forward over long time scales (in the overall strategy context), we have also carried out further tests when applying assumptions on projected annual house price growth and development cost inflation (both assumed at 3% per annum applied throughout the development cashflow for the purposes of this view). At this stage, based on longer run trends, these are considered reasonable assumptions to include for the purpose.
- 2.10.10 As with other forms of financial projections/exploring "what-ifs", alternative annual growth and inflation % assumptions could be made, and would of course influence the resulting overview.
- 2.10.11 To be clear, a sensitivity test that considers higher or lower base values/costs is different from a sensitivity test that assumes growth and inflation over the lifetime of a project. The former shows what happens if we vary the base position, today. The latter (growth and inflation modelling) assumes that values and costs grow at a projected rate, year on year throughout the life of the project with that sensitivity testing also applied to the current day sensitivity tests. Subject to the view taken on the annual growth and inflation rate assumptions and the available information on cost inputs, it is considered that this more dynamic assumptions approach is capable of more closely representing how the financial viability could pan out over the longer run and multiple phases that will be relevant to larger strategic scale development delivery.
- 2.10.12 Owing the scale of the strategic site proposals under review here, and the overall length of time over which phased development will come forward in

these instances, we have presented both sets of results – i.e. without (Appendix 3 results tables) and with (Appendix 3.1) the values growth and cost inflation assumptions made implicit in the appraisal inputs. Both approaches are appropriate to consider in the B&NES strategic sites context. Although the growth and infrastructure results sets involve projection as to the assumed longer-term annual growth/inflation rates (%s) to apply, in the circumstances these are considered likely to be more reflective of the overall viability prospects in the long run; compared with making an assumption (as per the base set) of carrying fixed value and cost levels (whether at base or sensitivity tested levels) through the lengthy cashflows. These will change however as more detailed infrastructure and s106 information becomes available to add in to the appraisals, and it is likely that both sets and in particular the growth and inflation results will become more informative and reflective of potential circumstances once infrastructure costs estimates can also be input (noting the current “infrastructure off” appraisals approach) – should further iterations be run as the Council’s information builds subsequent to the current stage.

2.11 Development costs – Fees, Finance & Profit

- 2.11.1 Alongside those noted above, the following costs have been assumed for the purposes of this study and vary slightly depending on the scale and type of development. Other key development cost allowances for residential and commercial scenarios are as follows (see Figures 13 and 14 below). Appendix 1 provides further detail.

Figure 13: Residential Development Costs – Fees, Finance & Profit

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
Professional & Other Fees	8 - 10% of build cost
Site Acquisition Fees	1.5% Agent’s fees
	0.75% Legal Fees
	Standard rate (HMRC scale) for Stamp Duty Land Tax (SDLT)
Finance	6.5% p.a. interest rate (assumes scheme is debt funded and represents costs including ancillary fees)

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
	– Local Plan overview assumption rate, through various market cycles.
Marketing Costs	3% of GDV sales agent & marketing fees. £750/unit legal fees.
Developer Profit	Open Market Housing – based on range described in PPG of 15% - 20% of GDV. Base 17.5% assumed for Local Plan & CIL overview. Affordable Housing – 6% GDV (AH revenue on SR, AR & SO).

(DSP 2026)

Figure 14: Non-Residential/Commercial Development Costs – Fees, Finance & Profit

Development Costs	Cost Allowance
Sustainability Allowance / other enhancements addition contingency (% of cost)	5%
Professional Fees (% of cost)	10%
Contingencies (% of cost)	5%
Site preparation/servicing	£600,000/ha
Finance rate p.a. (including over lead-in and letting / sales period)	6.5%
Purchaser's costs	5.75%
Marketing, letting & sales costs	3.00%
Developer Profit (% of GDV)	15%
Yields	Variable applicability - sensitivity tested across range at 4.5% to 8.0%
Site Acquisition Costs	
Agents Fees (% of site value)	1.50%
Legal Fees (% of site value)	0.75%
Stamp Duty (% of value - HMRC scale)	0 to 5%

(DSP 2026)

2.12 Build and development period

- 2.12.1 The build period assumed for each test scenario has been based on BCIS data utilising the Construction Duration calculator by entering the scheme typology details modelled in this study. This has then been sense-checked using our experience and informed by site-specific examples where available. The build periods and sales rates noted in Appendix 1 exclude lead-in times. Sales periods are off set accordingly (i.e. running after the commencement of and beyond the assumed construction period).
- 2.12.2 Within the appraisal timings, the site-wide works and infrastructure costs are assumed to start prior to the main construction (housebuilding) in a site preparation phase, as a mix of front loaded and then overlapping cost.
- 2.12.3 The strategic scale site allocations testing appraisals include only those infrastructure costs (provided by B&NES) that are known at this stage of Plan development. The appraisals therefore indicate a surplus (or deficit) against which any further infrastructure costs (when known) need to be compared or fed in at a subsequent stage.

2.13 Policy areas reviewed alongside affordable housing – Summary

- 2.13.1 A number of the Council's proposed policies may have an impact on development viability, both directly and indirectly. As discussed previously, part of this assessment process was to test whether and to what degree those policies and potential future s106 planning obligations could be absorbed by development whilst maintaining development viability (and therefore viability of the Plan overall). The direct impacts are those policies which ultimately result in a specific fixed cost assumption within the appraisal modelling (including the specific sites testing) and those key elements not already considered (e.g. AH proportions, dwelling mix etc.) are discussed below. Some do not add or add significantly to the typical costs of development or costs that relate to national level policy or requirements.

2.13.2 We have not included policy numbers below as those are not available and in any event may be subject to change; instead we have described the broad policy areas that may have an impact on viability and included in this assessment. The appendices set out further detail.

- **Nationally Described Space Standard (NDSS)**

The dwelling size assumptions used in the viability testing are set out earlier in this report and in Appendix 1, consistent with the NDSS ranges to meet the requirements of the Council's objectives. (Source: Technical Housing Standards - former DCLG, 2015). External residential space expected to be provided as part of normal costs of development.

- **Accessible Homes** (Building Regulations Part M4 (2) and (3))

Accessibility is incorporated into Part M of the Building Regulations with all buildings now being built to a minimum of M4(1) 'visitable dwellings' with further enhanced requirements to M4(2) 'Accessible and adaptable dwellings' and M4(3) 'Wheelchair user dwellings' optional with implementation via policy but subject to evidence of need as well as viability. At the point of fixing testing assumptions, B&NES emerging policy proposed the following:

- 97% of all dwellings should be designed to meet the M4(2) standard for accessible and adaptable dwellings.
- 3% of homes should meet the Part M4(3) wheelchair accessible standard.

Costs are based broadly on the Government's 'Raising accessibility standards in new homes'⁴ consultation document (estimates of costs), Housing Standards Review (2014)⁵ supporting evidence plus allowances for build cost inflation and DSP experience. Costs are as set out in Appendix 1.

- **Green infrastructure/open space requirements**

⁴ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/raising-accessibility-standards-for-new-homes-html-version#raising-accessibility-standards-of-new-homes>

⁵ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/raising-accessibility-standards-for-new-homes-html-version#raising-accessibility-standards-of-new-homes>

GI can be achieved through not only open space, amenity and allotments etc. but it is also achieved as part of wider scheme elements. Natural England describe GI as including “street trees, green roofs/walls, parks, private gardens, allotments, sustainable drainage systems, through to wildlife areas, woodlands, wetlands and natural flood management functioning at local and landscape scale” and “linear GI includes roadside verges, green bridges, field margins, rights of way, access routes, and canals and rivers”. We note the emerging policy position also seeks major development to achieve the Urban Greening Factor (UGF) target scores and where that can not be achieved a proportionate explanation should be provided. The UGF is a set of targets linked to site-specific details which is not possible to reflect in a strategic-level viability assessment. Overall, we consider there is a cross over between the provision of on-site green and blue infrastructure, BNG and open space etc. and the range of cost assumptions made within the assessment (Appendix 1) appropriately reflects the corresponding costs of meeting such requirements. A separate allowance has been made to accommodate potential green roof strategy; again as set out in Appendix 1.

Although there is a crossover between these elements, a bespoke allowance for Open Space has been made for the residential typology testing based on a percentage uplift from the net developable area ranging from +15% to +30%. Since the date of the initial testing, the Council updated their Open Space Standards which have been reflected in the Appendix 2.1 residential typology results. In practice, constrained sites will require an element of flexibility in applying such standards - this is not unusual in our experience. The strategic sites have been modelled based on site areas provided by the Council.

- **Water efficiency**

Consumption assumed to be restricted to not more than 110 litres per person per day (lpppd), on the basis the Council can appropriately demonstrate that the district is within an areas of water stress (as with all optional enhanced standards, the need has to be established as well as the viability impact reviewed as part of this assessment). The overall cost impact for this requirement (compared to the current Building Regulations baseline of 125lpppd) is nominal and reflected within the overall development cost

allowances. In summary no additional explicit cost assumption is required at this level.

- **Sustainable construction/climate change response**

The current Approved Document Part L published on 15th December 2021 came into effect on 15th June 2022. Approved Document Part L supports Part L of Schedule 1 to the Building Regulations 2010 by providing guidance and requirements relating to the conservation of fuel and power in buildings, and onsite generation of electricity. Part L is in two parts - Volume 1 relates to new dwellings, and extensions to and work on existing dwellings and Volume 2 relates to other buildings. The changes to Approved Document Part L form part of the government's ongoing move toward net zero carbon, including through the proposed Future Homes Standard and Future Buildings Standard which will see a phased reduction in energy use. The current Part L represents approximately a 31% reduction in energy use in dwellings compared to the previous Part L (2016 amendments), and 27% in non-residential buildings.

The Future Homes Standard (FHS) implementation timeline states the new regulations will become active in March 2027 (transitional arrangements apply) and intends to achieve 75% lower carbon emissions from new homes compared to current Part L Building Regulations (2021). The FHS will ensure new homes are built with low carbon heating and high levels of energy efficiency avoiding any need for retrofitting and becoming zero carbon in use as the electricity grid continues to decarbonise.

The emerging plan sets out strategic objectives to mitigate and adapt to the impacts of climate change as a fundamental element to the plan. The emerging policy SCR6 has been saved from the adopted Local Plan Policy Update which has been successfully operating since adoption in 2023. This policy requires new residential development to achieve zero operational emissions demonstrating the following:-

- Space heating demand <30kWh/m²/yr
- Total energy use <40kWh/m²/yr
- On-site renewable energy generation to match the total energy use
- Connection to a low or zero carbon district heating network

Policy SCR7 is to be updated requiring new build non-residential development to maximise carbon reduction through sustainable construction measures to achieve 100% regulated operational carbon reduction.

Policy SCR8 is also to be updated requiring new build development to submit an embodied carbon assessment demonstrating a specific target level of kilograms of carbon dioxide has been met which can be achieved within the development substructure, superstructure and finishes. These targets vary by property type for both upfront and whole life-cycle embodied carbon.

In addition, a new Climate Adaptation and Resilience policy will require development to address climate risks, including overheating, water scarcity, flooding and coastal change, through appropriate adaptation measures while minimising energy use and carbon emissions.

The cost allowance made to meet this policy is set out in Appendix 1

- **Electric vehicle charging points**

The provision of EVCPs is now a base requirement set out in Approved Document S of the Building Regulations. Although we assume provision of EVCPs will be included within the general build cost allowances within BCIS in time, or at least the extra over cost of these will reduce, we have continued to apply an additional cost allowance of £865/dwelling (houses) and £1,961/dwelling (flats)⁶, with 1x EVCP per dwelling assumed. This reflects experience and is advised for viability testing for this purpose.

- **Biodiversity Net Gain**

We have assumed an explicit allowance for BNG based on the Council's emerging policy position of 20%, going beyond the 10% minimum national baseline requirement. The cost assumptions vary by site type (PDL/greenfield) and geographic location, based on the data contained in the DEFRA/Natural England BNG Impact Assessment approach.⁷ On this basis,

⁶ Residential Charging infrastructure provision – Final Impact Assessment (2021) - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040255/residential-charging-infrastructure-provision-final-impact-assessment.pdf

⁷ Biodiversity and net gain and local nature recovery strategies – Final Impact Assessment (2019) -

we have applied an additional percentage uplift to the base build cost to reflect the cost of achieving this requirement – at 3.45% greenfield and 0.83% PDL on base build. These figures are based on ‘Scenario C’ of the Impact Assessment, representing a worst-case scenario, assuming delivery via 100% off-site credits. BNG will typically be delivered on most schemes via a combination of credits and on-site solutions with a lower overall cost to development, noting there is typically a cross-over between the provision of BNG alongside green infrastructure, open space etc.

Given the high-level nature of the study, we do not consider it appropriate base these assumptions on a definitive number of credits. The number of credits should be calculated based on the Government’s BNG metric which requires specific details of a site that is not possible to provide at this strategic level of assessment. In addition, we note the metric should be prepared/completed by a qualified ecologist as stated in the BNG guidance. On this basis, we consider the assumed approach of a proxy cost allowance to be a reasonable and appropriate approach.

The proxy cost uplift assumption is based on Scenario C (worst case) as a proxy to the uplift to the cost of achieving biodiversity units to £20,000 per unit (from £11,000 per BNG unit assumed within the Impact Assessment). Appendix 1 provides more detail. It should be noted that where a cost allowance (rather than physical provision) is made, this is a proxy for the cost of achieving the relevant requirements; suitable for a high-level assessment such as this where site specific allowances cannot be made for site typologies. As with the discussion above on green and blue infrastructure, there is a cross-over between requirements for provision of on-site GI, BNG, open space and blue infrastructure etc. with multi-function spaces and the range of assumptions made within the assessment. We are therefore of the view that allowances made for BNG to be at the upper end and potentially an over allowance.

- **Self and Custom-build**

The assessment makes a general allowance for all developments of 100 dwellings or more to provide 5% of the market dwellings as serviced plots for

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839610/net-gainia.pdf

self and custom build homes. In practice this may not be requested given the draft policy does not set a specific proportion of self/custom-build plots.

Typically, we offer the comment that, in practice, many self-builders will look to satisfy their own specific aims through the market – finding either an individual plot, re-build opportunity, conversion or similar rather than as part of a larger development. We have assumed a value of £150,000/plot; envisaging a potentially more widely affordable route into this model of home ownership. Appendix 1 provides more detail.

- **(Future) Building Safety Levy (BSL)**

The Building Safety Levy is a mandatory charge on most new residential development in England, intended to raise approximately £3.4 billion over ten years to support the remediation of life-critical building safety defects. It will apply to building control applications submitted on or after 1 October 2026 and is charged per square metre of chargeable residential floorspace, with local authority-specific rates that are higher for greenfield development. For B&NES this is set at £19.60 per square metre for previously developed land and £39.20 per square metre for non-previously developed land.

The levy applies to “major residential development,” defined as schemes delivering 10 or more dwellings or 30+ purpose-built student accommodation bedspaces, excluding affordable housing, supported housing and developments under 10 units.

Although the levy represents a relatively low additional cost, it may reduce marginal scheme viability, particularly for higher-density apartment schemes where communal areas increase total chargeable floorspace.

Although the levy represents a relatively low additional cost, it may reduce marginal scheme viability, particularly for higher-density apartment schemes where communal areas increase total chargeable floorspace.

2.14 Infrastructure costs provision – Section 106 (s106) & CIL

- 2.14.1 The Council adopted a CIL Charging Schedule which came into effect in April 2015. The Charging Schedule sets out rates on residential and non-

residential/commercial development and the charging rates (as currently indexed - from 1st January 2026) are set out again below.

Figure 15: B&NES CIL charging rates

Development type	Current charge in adopted schedule (per sq. m)	Current indexed charge (per sq. m)
Residential (district-wide)	£100	£154.44
Residential (strategic sites / urban extensions)	£50	£77.22
Bath Western Riverside	£0	£0
Hotel - Bath	£100	£154.44
Hotel – rest of district / Bath Western Riverside	£0	£0
Retail: centre or high street	£150	£231.66
Retail: other centres / Bath Western Riverside	£0	£0
Supermarkets, superstores and retail warehousing district-wide	£150	£231.66
Supermarkets, superstores and retail warehousing Bath Western Riverside	£0	£0
Offices	£0	£0
Industrial and warehousing	£0	£0
Student accommodation – schemes with market rents	£200	£308.88
Student accommodation – schemes with submarket rents to be set in s106 planning agreement & Bath Western Riverside	£0	£0
Other development	£0	£0

(DSP 2026 compiled from information sourced from B&NES Council)

- 2.14.2 Within this assessment, allowances have been made for the cost to developers of providing affordable housing, CIL (where applicable and tested across a

range of rates including the current indexed rates) and complying with other planning policies fully (based on assumptions relevant to testing options for the Local Plan and going on to consider emerging policy proposals). This is whilst factoring-in the usual costs of development (build costs, fees, contingencies, finance, costs of sale, profit and land value) so that an overview of the cumulative effect of the estimated costs of development can be made.

- 2.14.3 The consideration of the collective planning obligations (including affordable housing and other infrastructure requirements) is key and cannot be separated from other matters influencing viability. The level of each will play a role in determining the potential for development to bear this collective cost. Each of these cost factors influences the available scope for supporting the others, which links back to 'striking a balance' between the various planning objectives whilst reflecting the market drivers of development.
- 2.14.4 As is the case here, with a CIL in place, generally there remains a requirement for developments to provide some site-specific mitigation measures (for example potentially relating to matters such as open space, highways work and any other particular requirements needed to make a development acceptable in planning terms).
- 2.14.5 To determine an appropriate s106 assumption for the site typology testing (alongside existing CIL cost estimates), DSP reviewed the monitoring data supplied by B&NES, including its breakdown of recent s106 contributions so far as available across areas.
- 2.14.6 The appraisal modelling assumes a fixed level of s106 purely for the purpose of this strategic level assessment whereas, in practice, the contribution required is highly dependent on scheme specifics and not guaranteed to be secured.
- 2.14.7 The data indicated that s106 costs vary between sites and schemes across B&NES, with no consistent relationship to scheme size or other clear factors. As a result, a balanced professional judgement was required to identify a reasonable and proportionate assumption for this assessment leading to sensitivity testing undertaken assuming £5,000 to £10,000 per dwelling (all dwellings) in addition to the CIL. For flats the data suggested a lower average

figure and therefore for all flatted schemes £1,000 s106 per dwelling has been assumed. This is set out in Appendix 1.

- 2.14.8 In terms of the strategic sites testing the modelling has been undertaken on the basis of 'infrastructure off' pending (at the time of running this assessment) further information relating to infrastructure requirements. Sensitivity testing has been included on the strategic sites assuming both the prevailing CIL rate (as above) as well as assuming nil rating for CIL. The findings commentary picks up on this again – in section 3 below.

2.15 Indicative land value comparisons and related discussion

- 2.15.1 In order to consider the likely viability prospects in any development scenario, the results of the appraisal modelling (the RLVs viewed in £/ha terms) need to be measured against an appropriate level of land value. This enables the review of the strength of the results as those change across the tested range of value levels, affordable housing policy targets (%) and other planning obligations.
- 2.15.2 The process of comparison with land values is, as with much of strategic level viability assessment, not an exact science. It involves judgements and well-established acknowledgements that, as with other appraisal aspects, the values associated with the land will, in practice, vary from scheme to scheme.
- 2.15.3 The levels of land values selected for this context are known as 'benchmark land values' (BLVs). They are not fixed in terms of creating definite cut-offs or steps in viability but, in our experience, they serve well by adding a filter to the results as part of the review. BLVs help to highlight the changing strength of relationship between the values (scheme revenue (GDV)) and development costs as the appraisal inputs (assumptions) change.
- 2.15.4 As noted above, the PPG on viability is very clear that BLVs should be based on the principle of existing use value plus a premium to incentivise the release of the site for development. Land value in any given situation should reflect the specifics of existing use, planning status (including any necessary works, costs and obligations), site conditions and constraints. It follows that the planning policies and obligations, including any site specific s106 requirements, will also

have a bearing on land value where an implementable planning consent forms a suitable basis for an alternative use value (AUV) based approach that could be in place of the primary approach to considering site value (benchmark land value – BLV), which is now always “EUV plus” (existing use value plus) consistent with the PPG on Viability.

- 2.15.5 As part of our typologies results analysis, we have compared the wide scope of resulting residual land values with a range of potential BLVs used as ‘Viability Tests’, based on the principles of ‘existing use value plus’ (EUV+). This allows us to consider a wide array of potential scenarios, outcomes and the resulting viability trends seen in this case. The coloured shading within the results tables appended to this report provide a graded effect intended only to show the general tone of results through the range clearly viable (most positive – boldest green coloured) to likely non-viability scenarios (least positive, where the RLVs show no surplus or a deficit against the BLVs).
- 2.15.6 The land value comparison levels (BLVs) are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. Schemes will obviously come forward based on very site-specific circumstances, including in some cases on sites with appropriately judged land values beneath the levels assumed for this purpose.
- 2.15.7 As part of the process of developing appropriately robust BLVs, we have reviewed other available evidence, including previous viability studies at a strategic level, site-specific assessments where available. In addition, we have also had regard to the consultation responses and published Government sources on land values for policy appraisal⁸ providing industrial, office, residential and agricultural land value estimates for locations across the country.
- 2.15.8 It should be noted that the *residential* land value estimates of the MHCLG require adjustment for the purposes of strategic viability testing due to the fact that a different assumptions basis is used in our study compared to the truncated valuation model used by the MHCLG. This study assumes all development costs are accounted for as inputs to the RLV appraisal, rather

⁸ MHCLG: Land value estimates for policy appraisal – most recent version 2023 published March 2026

than those being reflected within a much higher “serviced” i.e. “ready to develop” level of land value.

2.15.9 The MHCLG model provides a much higher level of land value for ‘residential land’ as it assumes serviced land parcels including the following:

- All land and planning related costs are discharged;
- Nil affordable housing requirement – whereas in practice the requirement for AH can impact land value by up to around 50% on a 0.5ha site with 35% AH.
- Nil CIL;
- No allowance for other planning obligations;
- Full planning consent is in place – the risk associated with obtaining consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point;
- 40 percentile build costs;
- 17.5% developer’s profit.

2.15.10 The above are additional assumptions that lead to a view of land value well above that used for comparison (benchmarking purposes) in viability assessments. Overall, the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals. In our view this would lead to a significantly reduced residential land value benchmark when taking into account all of the above factors.

2.15.11 As set out in the results appendices, we have made indicative comparisons with BLVs in a range between £250,000/ha and £3,000,000/ha plus overall, enabling us to view where the RLVs fall in relation to those levels and to the overall range between them. Below, we will consider further the relevance of this range first to GF sites and then to PDL.

2.15.12 Following a review of evidence including other viability studies we have assumed a base EUV+ based land value benchmark for greenfield sites, of £250,000 per gross hectare, aligning with typical minimum option pricing for greenfield development land. This is consistent with the circa 10 times multiple of EUV commonly used in our and other practitioners strategic local plan viability assessments. The approach offers a substantial premium above the

existing use value for agricultural land which can be anywhere up to £25,000 per hectare, providing a strong incentive for landowners to bring their land forward for development.

- 2.15.13 This reflects the viability in planning policy principles within the PPG as opposed to a more market orientated approach that may be influenced by comparison with older (pre-PPG) deals and include more emphasis on 'hope value' or similar, rather than being purely EUV plus based. We need to bear in mind that especially for bulk GF land, the stated BLV figures should not be regarded as a minimum or absolute cut-off. Indeed, gross land area figures may include areas of land where for example lower values may be appropriate in support of ancillary provision, undeveloped mitigation land such as SANG or similar.
- 2.15.14 Above the base level of BLV at £250,000/ha, and generally reflecting smaller, non-strategic scale development, we would expect an EUV+ of up to £500,000/ha could be applicable for greenfield/amenity land use releases. As noted above, while the none of BLV positions are strict cut-offs (or limits) and therefore it is not appropriate to rule out a lower BLV than the £250,000/ha, we have not relied on a lower BLV at this stage. Where shown, the continued inclusion of the lower (£150,000/ha) BLV "filter" layer in the GF scenarios is for context, illustrating that sub-£250,000/ha RLV outcomes could still be marginal/on the cusp of viability in some scenarios. For the purposes of the assessment, a BLV position of less than £250,000/ha has not been relied on when reviewing the results, considering the reported viability indications and presenting the summary findings.
- 2.15.15 For previously developed land, a higher benchmark land value is generally required to demonstrate likely viability in this study. In our assessment, a range of £750,000 to £3 million per hectare is appropriate. Within this, sites falling between £750,000 and £1.5m per hectare typically reflect lower-value existing uses - such as former community facilities, redundant land, or low-grade commercial premises and yard-type uses, variable by location within B&NES.
- 2.15.16 RLVs meeting or exceeding BLVs the range £1.5m to £3m/ha are representative of sites likely to be in existing medium to higher value employment uses or are indicative of scenarios that come with more certainty

and, as the RLV increases, more confidence in a viable outcome across a wider range of scenario testing. In some PDL scenarios, we also need to be mindful that EUV+ based BLVs will be higher; hence the overall range used for viewing the results context - as set out below and seen in use within the results tables. Overall, in our view the results within the £750,000 - £2m/ha range are a good broad marker for considering viability on PDL here, with reasonable confidence and unless dealing with sites in lower valuer existing uses. For the purposes of the PDL results review, in the main we will consider the £2m/ha (£2,000,000/hectare) BLV level.

2.15.17 Figure 16 parts A & B below show, with some explanatory notes, the range of selected BLVs which have been used as 'viability tests' (filters) for the viewing and provision of the results interpretation / judgments – as per the results in the Appendices 2 tables where these BLV levels are also shown.

Figure 16A: Range of BLVs (Indicative 'viability tests') – Previously developed land (PDL)

Key:

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£750,000/ha)
Potential viability on lower PDL	Viability Test 2 (RLV £750,000 to £1,500,000/ha)
Viable indications - Medium value PDL	Viability Test 3 (RLV £1,500,000 to £2,000,000/ha)
Viability indications - Medium to higher value PDL	Viability Test 4 (RLV £2,000,000 to £3,000,000/ha)
Viability indications - higher value PDL	Viability Test 6 (RLV >£3,000,000/ha)

BLV Notes:

EUV+ £/ha	Notes
£750,000	Garden / amenity land, low-grade PDL
£1,500,000	(e.g. former community uses, yards, workshops, former industrial etc.)
£2,000,000	PDL - industrial/commercial
£3,000,000	Upper PDL/residential land values

(DSP 2026)

Figure 16B: Range of BLVs (Indicative ‘viability tests’) – Greenfield land (GF)

Key:

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£150,000/ha)
Potential/marginal viability - Large sites (GF)	Viability Test 2 (RLV £150,000 to £250,000/ha)
Positive viability - Larger sites (GF)	Viability Test 3 (RLV £250,000 to £500,000/ha)
Marginal viability - Smaller sites (GF)	
Positive viability on all GF (Smaller to medium)	Viability Test 4 (RLV >£500,000)

BLV Notes:

EUV+ £/ha	Notes
£150,000	Greenfield Enhancement - reflecting larger scale development. (Agricultural land/larger releases)
£250,000	£250,000/ha used for results review. Further note: Lower level @ £150k/ha for information and not relied upon - provides wider context illustrating any potential marginal viability indications as the BLVs are not strict cut-offs.
£500,000	Greenfield Enhancement (Upper) - reflecting smaller scale development (E.g. paddocks/small land releases)

(DSP 2026)

2.15.18 It is important to note that all RLV results indicate the potential receipt level available to a landowner after allowing, within the appraisal modelling, for all development costs (as discussed earlier). This is to ensure no potential overlapping / double-counting of development costs that might flow from assuming land values at levels associated with serviced/ready for development land, with planning permission etc. The RLVs and the indicative comparison levels (BLVs) represent a “raw material” view of land value, with all development costs falling to the prospective developer (usually the site purchaser).

2.15.19 Matters such as realistic site selection for the particular proposals, allied to realistic landowner's expectations on site value will continue to be vitally important. Site value needs to be proportionate to the realistic development scope and site constraints, ensuring that the available headroom for supporting necessary planning obligations (securing AH and other provision) is not overly squeezed beneath the levels that should be achieved.

2.15.20 The PPG⁹ states the following:

'To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus' (EUV+)...

Benchmark land value should:

- *be based upon existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees*

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

⁹ <https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment> Paragraph: 014 Reference ID: 10-014-20190509
Revision date: 09 05 2019

methodologies used by individual developers, site promoters and landowners.

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

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

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

- 2.15.21 An alternative route to considering BLV on larger sites such as these (bulk land releases) could be to adopt a higher rate for the expected development area and a significantly lower level of value to the non-development areas that provide much of the green infrastructure including any mitigation land. That approach could be expected to produce a similar overall assumption on BLV.

3.0 Findings Review

3.1 Introduction – Building of the findings picture

- 3.1.1 Following on from the Stage 1 Local Plan Viability Assessment (September 2025 reporting¹⁰) the further viability assessment described in this report has been compiled subsequently. The appraisals were completed in stages and over various iterations to up July, and the final write up completed in August 2026. Again, both informed by and informing the continued two-way information flow between the various key officers and teams at B&NES Council and DSP as the LP policy proposals have been considered further. Accordingly, overall, and now building towards the forthcoming Regulation 19 consultation stage, the Council has been considering viability alongside its range of other evidence and resulting policy development processes over an extended period culminating in this latest strategic overview.
- 3.1.2 This has been operated via regular dialogue while considering and forming the approach to the selection of typologies, the assumptions, and the approach to be taken to best match with the availability of Council information to this Stage 2, enabling further reviewing/checking and consideration of the viability prospects of development in various relevant circumstances.
- 3.1.3 As is typical with a strategic level VA such as this, following established good practice there have been two main elements to which viability in planning principles have been applied at this stage, and the above noted processes of information gathering, research, assumptions setting, running and review of appraisals have been used in. These two elements being: 1. the use of a wide set of general development typologies to further test the effect of the emerging policy positions/potential approaches or options/B&NES priorities and, 2: the initial review of more specific development scenarios broadly representative of a range of larger/strategic scale housing-led developments aligned to the Council's proposed growth strategy. For the second element, at this stage an “infrastructure off” approach to assumptions has necessarily been used given the nature of information available to inform the process to this point, and DSP has experience of running such an assessment in this way.

¹⁰ Available on the Council's Local Plan Evidence website pages at:
[BathNES Places - Local Plan VA](#)

- 3.1.4 Experience shows that, more often than not, for this second element selected larger/strategic sites would be appraised using estimates of related infrastructure costs. Information on these has not been available up to the point of fixing assumptions and running the current stage appraisals to enable such an approach here. Once the scope of expected infrastructure requirements begins to be understood, in due course it is likely to be appropriate for the Council to compare emerging estimates of those costs with the viability findings (indications of potential surpluses available on the current “infrastructure off” appraisals basis – to assess the likely supportable ingredients on infrastructure in combination with affordable housing and other policy matters/standards. Should it be appropriate, DSP also anticipates being able to assist and further inform B&NES Council’s work by updating appraisals to add in and more closely test the viability of the estimated infrastructure requirements and any other information that becomes available subsequently.
- 3.1.5 For both the general residential typologies and the appraisal scenarios broadly representative of the larger/strategic scale scenarios, the following sections will provide a brief guide to the content of the results tables provided within the Appendices and to what has been taken from those – an overview of the findings provided for the Council. The general residential typologies results tables are provided in Appendix 2. The strategic sites allocation proposals viability indications and results trends are tabled in Appendices 3 and 3.1.
- 3.1.6 Following that commentary, we will provide an overview of the further VA work that has explored the viability prospects for other potential forms of development related to the emerging LP 2043. This wider scope of reviewing includes typologies representing other more specialist housing development use types such as Build-to Rent (BtR - Appendix 4 results), Co-Living (Appendix 5) and Purpose Built Students Accommodation (PBSA – Appendix 6). For B&NES Council’s information we have also looked, again at high level, at typologies representing offices, industrial/warehousing, logistics (distribution) and potential higher value/technology driven development uses such as research and development (R&D) and data centres). The non-residential typologies results are provided in Appendix 7.

Infrastructure cost assumptions context - Community Infrastructure Levy (CIL) and s106

- 3.1.7 As detailed above and per the assumptions stated in the Appendices, as part of taking account of the estimated costs of development cumulatively, the general typologies appraisals (Appendix 2 results) include costs reflecting the adopted CIL Charging Schedule (although making no allowance for any reduction of liability related to allowable existing floorspace on some sites).
- 3.1.8 The larger/strategic sites representative scenarios have been appraised both with and without the cost of the current CIL – Appendices 3 and 3.1 results. The ‘with CIL’ tests include the current indexed cost of the ‘District Wide’ charging rate in the 2015 Charging Schedule (£154.44/sq. m - as applied within the residential typologies appraisals) because although the Schedule lower rated ‘Strategic Sites / Urban Extensions’ those were defined as the ones included in the Core Strategy at the time. So as things stand, our understanding is that CIL charging would apply to emerging strategic site proposals at the indexed rate as noted above as assumed; with reflective outcomes included the results tables. Appendix 1 Table 1d includes in the two right side columns the CIL cost that is generated within each current strategic site appraisal that includes the charging – showing how this varies with either a 30% or 40% AH assumption.
- 3.1.9 Should new sites be subject to CIL charging (as appears the case at least until such time as the Charging Schedule is revisited), then this should not be regarded simply as additional cost to the s106 site specific mitigation that becomes known as needed. With things unchanged, it appears that the Council would need to work out with the developers and service providers how to manage this alongside reduced s106 cost (compared with an all-s106 (nil CIL) scenario) – i.e. managing overall broadly equivalent burdens/receipts and how to best apply the different funding/works sources in the circumstances. B&NES Council is not in a unique position in this respect – others are or will be looking at this.
- 3.1.10 Alongside the inclusion of CIL cost and tested affordable housing (AH), the Appendix 2 tables provide the results when testing the housing and mixed dwellings (mix of houses and flats) typologies with both £5,000 and £10,000 per dwelling s106. The all-flatted (flats only) typologies appraisals include

£1,000/dwelling s106 along with the indexed cost of the CIL (again as stated in the Appendices tables).

- 3.1.11 Resulting overall from this extensive exercise is a large matrix style overview of what different combinations of AH and CIL/s106 assumptions could mean in different scheme types and circumstances, while other key variables of GF compared PDL and the potentially available market housing sales values levels (VLs) context are also considered. This view is presented having fixed estimates of other development and policy costs (all as per the reporting in section 2 above, and the assumptions summarising in Appendix 1). The information is provided to give a feel for the viability prospects around the usual key dynamic of the AH/infrastructure balance in various circumstances, while the relevant development standards and other emerging policies are assumed to be met.
- 3.1.12 It is also worth noting that the CIL charging rates are indexed annually via the nationally prescribed method, currently the RICS CIL Index¹¹ (which operates as a single national index, published once a year in the autumn). This is a normal effect which continues beyond plan adoption and through the LP period as one of the dynamics of all this. The fact that CIL rates will change annually to a relatively small extent through this does not materially affect the viability evidence – it is one of the many factors that will not be static. As an example, from 2025 to the current 2026 level, the index rose by 2.3%.
- 3.1.13 Representing broadly the types of employment/business use scenarios likely to be included and encouraged in the emerging plan, within the non-residential development use typologies appraisals (results in Appendix 7), the inputs include an assumed notional £50/sq. m s106 cost. See also Appendix 1, Table 1g. This is a DSP made assumption recognising that some scheme specific mitigation/infrastructure costs may be relevant, although the adopted CIL Charging Schedule nil rates all such development uses.
- 3.1.14 In the case of all the s106 test level assumptions, the approaches taken do not predetermine in any way, i.e. do not limit or cap the requirements, or the

¹¹ [2026 RICS community infrastructure levy index published - BCIS](#)

delivery details. Those will no doubt vary from site to site and scheme to scheme in the normal way, in any event.

General results review context

- 3.1.15 Given this strategic assessment purpose, the Stage 1 review, and the number of tested scenarios and assumptions involved, in an appropriate and proportionate way we will not run through all the Stage 2 results detail. The aim is to pick out the main themes that have been found and considered as the Council progresses its work towards the B&NES Local Plan 2043.
- 3.1.16 In setting out all this, we need to reiterate that a range of information sources are referred to and necessarily (but appropriately) many assumptions are made in the course of this work. This is normal, as is our longstanding experience of information usually building or being incomplete to some extent, and often very much in an evolving phase, as part of the strategic level of review. This in no way reduces the appropriateness and effectiveness of the assessment in further informing and going on to support the new local plan, again as DSP's and our clients' experience of good practice that meets requirements has shown.
- 3.1.17 The nature of the mix of national standards/regulations and locally set requirements means that the council does not have control over how many of these are set, and although our viability assessment clients have a variety of circumstances and views or responses on the extent or detail of some local plan or other policy elements (e.g. accessibility, climate change response, BNG %, water usage efficiency, habitats regulations) the process invariably leads to affordable housing needing to be considered as a key variable over which there is relatively extensive control at the local planning authority level. This is why there remains such a focus on seeking to optimise affordable housing provision alongside these ingredients and hence the nature of the reporting providing in this way.
- 3.1.18 As explained through Chapter 2 above and summarised in the Appendix 1 tables, however, we emphasise that the findings set out with this focus are all on the basis of making appropriate allowances at this level for all other policy matters. Reflective appraisal inputs and reviewing judgments have been made

comprehensively in coming to the AH review findings headlines taken from our overview and judgments for each assessment element – the typologies sets and the current stage initial scenarios testing representing the nature of the emerging strategic scale development allocation proposals.

- 3.1.19 Sample appraisal summaries are provided to the rear of the results tables Appendices. The appraisals scope is far too extensive overall to include full sets of summaries across the typologies, hence examples are provided with the aim of illustrating the appraisal structure and content.
- 3.1.20 Before we go on to overview the outcomes from the latest appraisal exercises, we will briefly recap on the main findings from the Stage 1 assessment work (September 2025 reporting) and will also note here further points that have been drawn out for B&NES Council through the continued iterative work and ongoing dialogue leading to this Stage 2 finalising.

Brief recap of main Stage 1 findings themes

- 3.1.21 For ease of reference (extracting from 3.33 to 3.35 of the Stage 1 report) the themes from our preliminary review at Stage 1 were as follows. This was having explored the viability prospects with affordable housing at up to 50% on GF sites and up to 40% on PDL, in all cases with all other emerging policy positions included within the assumptions appraised through the sample typologies exercise:

3.33 Although we have acknowledged that some sites will inevitably have viability challenges regardless of emerging policy requirements (and flatted developments are more likely to see this at its most challenging) housing-led developments on both greenfield and PDL sites have good viability prospects overall in the area, with affordable housing set at a positive but appropriate level.

3.34 Overall, in B&NES there is good potential to support a positive mix and balance of development policies and requirements – sustainable developments should have a good prospect of coming forward viably.

3.35 As set out at 3.22 above, the Council could consider the following high-level findings on affordable housing policy, below:

- *Likely not less than 40% affordable housing district-wide as a main headline, although potentially excluding flatted only development – as discussed above and subject to further review, at this stage the review is suggesting 40% could be suitable overall as a base level to take into further testing.*
- *Potentially 20% to 30% affordable housing on flatted only development – pending further consideration, given the likely scheme characteristics and site types, a notable element of AH policy differential may need some further consideration.*
- *The AH provision should be able to include a significant proportion of Social Rented homes, combined with other forms including Shared Ownership, and potentially Affordable Rent. As above, this will need be considered further alongside the latest available needs evidence and in the context of any further updated national guidance/expectation or similar.*

3.1.22 The ongoing work has involved further testing and reviewing these themes, leading to adjusting/refining of the viability overview findings as far as appropriate, as per the further commentary later in this report section.

Further indications from iterative work during Stage 2

3.1.23 Again, as part of the rounding up, we will note here the outcome of further findings discussions with the council officer teams during the period May through to August 2026, prior to this full assessment write-up.

Affordable housing headlines – May to June 2026

3.1.24 DSP's Stage 1 work findings remained broadly relevant overall. With the benefit of a more emerging policies information and a more detailed look at the Somer Valley area, we were able to check and further develop the picture noted above. The initial Stage 2 findings indicated the council could consider the

following potential differential approach to affordable housing (AH) alongside the suite of policies fully applied (e.g. climate change response, BNG, accessibility etc.).

- 3.1.25 As a district wide headline (but likely excluding the Somer Valley area and flatted only (all-flatted) development of all types) - 40% AH. Although we were not ruling out more than 40% affordable housing in some limited circumstances (e.g. straightforward greenfield at modest scale (only)/greenbelt sites that do not also come with significant infrastructure requirements), from experience as much as 50% AH is a very demanding position alongside all other policies. We have put forward the 40% baseline an appropriate district-wide policy position – again, as a baseline. We went on to continue looking at this as we progressed with further reviewing the full sets of typologies results – checking assessment work now completed.
- 3.1.26 In our view policy differentiation for the typically lower value Somer Valley area was becoming another theme to consider more specifically. 30% AH there (again excluding flatted only development) was increasingly looking more appropriate, as an acknowledged downward adjustment from the above baseline. This was and remains in the context of a number of sites coming forward in the Somer Valley representing a meaningful proportion of the supply picture. Our analysis showed a more challenging relationship between costs and values in this area, with the overall scope for scheme viability likely coming under more pressure compared to other areas in the district, typically. We will also pick up on this again below, as a continued theme of the Stage 2 work.
- 3.1.27 Provisionally - 20% affordable housing for flatted only development (envisaging this at scale really only in Bath City/Keynsham) and with this differential likely to include older persons housing which usually comes forward as specifically designed and marketed apartment blocks). Particularly in the Bath City context, flatted development often comes with increased levels of costs to be reflected (e.g. higher development costs owing to a more complex build, design/materials, higher land cost (BLV), etc.) frequently leading to reduced viability scope. It is worth noting that we are also reflecting some additional cost on green roofs and an enhanced contingency to account for additional design and/or abnormal works involved in such schemes. These particular findings

were assumed to be associated more with Bath City and potentially Keynsham as likely locations for this type of development. However, if the Council expects flatted development in isolation to come forward elsewhere in the district then this consideration may extend across the district, and that may be a simpler way of looking at it. This was therefore noted as an area for potential further review.

- 3.1.28 Overall, we continued to find that, with the recommendations on affordable housing applied as or reflecting the above, the plan policies should be viable.
- 3.1.29 At this stage although we had not been able to more closely consider the strategic sites allocation proposals as these were under further review, we had also run some initial modelling in connection with PBSA, BTR and Co-living but which merited further review. We will offer commentary on these elements below, which were firmed up further as policy development discussions were ongoing.
- 3.1.30 Moving on through June 2026 we continued to find the following:

Major residential developments – 10 or more dwellings

- 40% AH and potentially up to 50% AH indicated to have positive viability prospects district wide (excluding the Somer Valley area and flatted only (all-flatted) development of all types on PDL). However, DSP confirmed our recommendation for the Council to consider setting the policy at a more realistic 40% AH headline in order to allow for some potential unidentified costs/abnormals/additional s106 requirements flex/responsiveness.
- 30% affordable housing in the Somer Valley (excluding flatted only development) covering the following parish boundaries Midsomer Norton, Westfield, Radstock, Paulton, Farrington Gurney and Peasedown St John (as confirmed by the Council). Our work continued to show a likely more challenging relationship between costs and values in this area, typically, and therefore the overall scope for scheme viability will likely come under more pressure compared to other areas in the district, on the whole. Given there are sites coming forward in the relevant localities, we consider it appropriate that a policy differential is taken forward.

- 20% affordable housing for flatted only development on PDL – which policy layer we envisage also covering older persons/age friendly housing (as represented by the sheltered housing/retirement living and extra care typologies appraised). our current view is this should apply district-wide representing a more straightforward/simpler approach, capturing any potential future and windfall flatted schemes that may come forward in other built up areas.
- The above assumed an AH tenure split of 79% social rent / 21% shared ownership.

Small sites where relevant – fewer than 10 dwellings

- 20% affordable housing district-wide considered to be a suitable policy layer from a viability perspective, not ruling out on-site provision but also potentially more readily and practically approached in many instances via financial contribution (commuted sum). The appraisals were run assuming an on-site AH requirement (being the best proxy for the policy approach at this stage, and which will aim to reflect broad financial equivalence once further details are settled).

3.1.31 On the final aspect above, running in parallel with the later phased of the LPVA Stage 2, DSP has also been working with the council's officers to inform a potential review of the approach to seeking AH commuted sums (financial contributions in-lieu) where it is agreed that on-site AH provision is not workable or not the most suitable, deliverable approach to working with the council on its enabling strategies to provide optimal contributions towards meetings needs in particular circumstances. That additionally commissioned and closely related, consistently approached workstream will be separately reported to the Council. It is intended to be usable in straightforward way across the district, and to be readily updatable.

3.2 Residential typologies findings – Stage 2

Introduction to results tables

- 3.2.1 In each case the results tables set out the main assumptions tested and variables under review per typology (now applied across the full range of typologies) – again in all cases having applied the emerging LP policy costs and other relevant standards/requirements.
- 3.2.2 Our focus for this checking overview – revisiting the findings noted above – will be Appendix 2 (Tables 2a to 2r). These are the base results. Appendix 2.1 (Tables 2.1a to 2.1i) provides the results of further sensitivity tests which reflect enlarged site Open Space (OS) standards based overall site area assumptions as noted at the top of each table. This reflects what is understood to be a full interpretation of potential emerging standards, although at the time of review this has been under consideration by the council. From a practical point of view, bearing in mind potentially constrained sites and restricted physical space availability (particularly for smaller urban/within settlement sites and perhaps for PDL more generally) unless dwelling capacities are to be potentially compromised, as far as we can see such policy might need to be implemented with some flexibility. Although intended as additional information for the council at this stage, will be aiming to pick up on any scenarios where – purely in financial viability terms – our reported policy headlines might be affected by these further sensitivity test indications. Otherwise, we will not comment further on this potential detail.
- 3.2.3 The tested market housing sale value levels (VLs) are shown increasing top to bottom in the Appendix 2 (and 2.1 tests) for the general typologies. Appendices 3 and 3.1 (the larger typologies current stage results) display the VL assumption increasing from left to right.
- 3.2.4 The tested VLs 1 to 14 span the range £4,000 to £7,500/sq. m overall whilst for the older persons housing typologies an appropriately higher range covering VL5 at £5,000/sq. m up to the same £7,500/sq. m has been tested.
- 3.2.5 The effect of increasing VL assumption is an improvement in viability prospects seen through increasing residual land values (RLVs) which are able to meet or

exceed the benchmark land value (BLV) tests more often or with greater confidence - as they meet or surpass a wider range of the BLVs. The opposite is seen generally as the VL assumption reduces, while other assumptions are unchanged.

3.2.6 As indicated in Appendix 1, for this exercise in the main we have considered the results reflected by the parts of the overall VLs range that represent new build housing as per the following indications:

- City of Bath - VL 6 £5,250 to VL14 £7,500/sq. m.
- Somer Valley – Typically VL1 £4,000/sq. m to VL3 £4,500/sq. m.
- Rest of district (comprising e.g. Keynsham, Chew Valley, smaller settlements and rural areas) – VL 2 £4,250 to VL8 £5,750/sq. m.

3.2.7 It is not necessary or appropriate to seek to capture and reflect all the inevitable variability of sites and schemes from one to another. For the purpose, the above overview summaries the main patterns. Previously, as we have found the only distinctly lower values (typically) to be expected in the Somer Valley settlements on the whole – rather than overlapping value levels – a suggested policy differentiation for that area alone has been put forward (except that all flats schemes also warrant particular consideration as has been consistently noted). These are key themes that will be revisited below, by overviewing the latest full typologies results.

3.2.8 At each tested level of s106 (an input as stated along with the indexed rate CIL cost as relevant), the Appendix 2 tables show the effect of the increasing AH% tested when moving down between the table sections. The s106 assumption increases to the right, where applied.

3.2.9 The increasing AH% content and/or s106 cost level tested places more pressure on the viability – reduces the RLVs.

3.2.10 Also included within the review of variables is the continued inclusion of build costs sensitivity tested at BCIS Upper Quartile (UQ) levels in place of Median in the flattened typologies – representing the likelihood of higher costs in the city or on any other similar schemes.

- 3.2.11 Although given the high values available to support development finances we have not to date found a need to recommend the council to consider a policy differential for PDL compared with GF hosted developments, this has remained another dimension to explore and further check the indications for, within the results and trends seen, and which we find to be a relevant policy factor in many of our similar assessments.
- 3.2.12 Whilst they assume large scale predominantly greenfield (agricultural land) release on the whole (i.e. the North Keynsham potential options aside), the larger/strategic sites representative results in Appendices 3 (Tables 3a to 3n) and 3.1 (Tables 3.1a to 3.1n) use the same display principles. In these sets, the sub-tables also include the tests with increasing AH% moving from top to bottom (with nil CIL assumed on the left, and prevailing CIL rate cost included in the results to the right). In this case, however, the influence of increasing market housing sales value level (VL) assumption is viewed on moving from left to right across each tabled scenario. The assumed 'base test' VL varies and is also shown in the tables, so that the effect of values assumed either side of that can be viewed readily as well.
- 3.2.13 These same trends will be seen throughout the various results sets, so that we will not repeat this aspect of the guide to the results tables.
- 3.2.14 Each £ figure in the results rows is the output of an appraisal using the residual approach, with the stated assumptions combination applied - as described in the Methodology sections above.
- 3.2.15 In the case of Appendix 2, the general residential typologies, the non-shaded results shown in the top table sections are the £ RLV results and in the lower table sections these are shown as RLV £/hectare (£/ha or £ per hectare) equivalents, based on the assumed gross (total) site areas as stated per typology. In the colour shaded sections/rows, the £/ha results are formatted (filtered, effectively) reflecting the BLV assumptions approach noted above in Methodology at 2.15/Figure 16A/16B. For ease of reference the 'Key' table at the foot of each Appendix 2 results table provides a guide to how this colouring reflects the filtering of the RLV £/ha results against the relevant BLV levels. Appropriate different BLV test scales have been used for indicating the viability outcomes in the context of GF and PDL hosted developments as explained.

3.2.16 More important to the strategic overview than how particular individual scenarios fare, for the purposes of drawing out consistent main themes within the results - and testing/checking emerging policy positions (primarily on AH%) - we will refer to the following key BLVs as land cost levels (as guides rather than strict cut-offs, so not ruling out the potential relevance of lower GF or lower/higher PDL BLVs):

- For the general residential typologies (Appendix 2/2.1) – GF – £500,00/ha.
- For the larger/strategic site representative scenarios (Appendix 3/3.1) – GF - £250,000/ha.
- PDL – We will use the BLV bracket of £1,500,000 to £2,000,000 (£1.5 to £2m/ha) as our main indicator of reasonable viability prospects across a range of sites. This means RLVs meeting £1.5m/ha and greater confidence in the viability prospects at £2m/ha plus. We acknowledge that some BLVs could be lower and some higher, as per the wider range of “filters” applied to the results.

3.2.17 The results display also enables comparison between different combinations of assumptions that may lead to similar overall outcomes for the viability prospects.

3.2.18 The principles and underlying methodology used in generating the larger/strategic housing-led site tests current results are the same, although the reported figures are the residual amounts indicated at this stage on the noted ‘infrastructure off’ basis. This is after allowing for all policy costs, development standards and the tested AH%s; and after allowing for land cost (at the BLV level of £250,000/ha based on the stated gross (total) site area assumptions from council provided information). On this basis, these residual outcomes are in the main surpluses – shown by the green coloured results scope. Some of the results (with low VL sensitivity tests and/or increasing AH% tested) are showing a deficit position even prior to including specific (s106) infrastructure costs – negative results in the red/pink table areas.

3.2.19 In the case of the strategic sites (appraisals) we would see lower residual outcomes and more deficit positions introduced to the results sets – so a greater proportion of red/pink results – were specific s106 infrastructure costs

added to the appraisals sites with more information available in due course. In the meantime, the surplus/deficit indications can be used by B&NES Council to get a feel for the degree to which specific development mitigation and infrastructure cost will potentially be supportable – and leave schemes with reasonable prospects of coming forward viably – in conjunction with affordable housing and other requirements and variables. As per 3.1.8 above, the use of CIL receipts may remain part of the mix to be considered and worked with (see the results with CIL cost included). Recapping, Appendix 1 Table 1d includes in the two right side columns the CIL cost that is generated within each current strategic site appraisal that includes the charging – showing how this varies with either a 30% or 40% AH assumption.

- 3.2.20 In all cases, the BLV comparisons and the resulting viability indications are illustrations based on all the assumptions applied in combination (cumulatively). The specific results and BLV levels/comparisons do not represent limits or cut-offs. We use this well established and test approach in in our strategic studies such as this because it helps to highlight – and therefore overview - the trends and relativities within and between the results sets, as the key tested variables change. This is consistent with the suitability of taking a proportionate approach to this level of viability in planning assessment, as per the PPG. It is acknowledged that each scenario produces a different outcome, and that individual schemes on variable site types will represent huge variety in practice – it is not necessary or appropriate to aim to more specifically capture all this likely variability.
- 3.2.21 A comprehensive set of assumptions and scenario testing have been considered for the purpose of this study for B&NES Council. The following summarises the main findings provided for the council having revisited these – now also reflecting the overview of the full residential typologies exercise. In all cases this reflects appropriate allowances having been made for the estimated costs of development, including costs and extra-over costs (particularly at the current time/expected in the short term where we have a backdrop of increased/rising development standards). Appendix 1 summarises the areas that were detailed in the Methodology sections above. In outline, as a reminder these allowances include the following standards/policy areas in addition to the usual costs of development and estimated infrastructure provision/contributions (£106 and CIL as stated):

- Sustainable design/climate change response - Net Zero Carbon (operational energy), Embodied Carbon
- Electric vehicle charging points
- Water usage efficiency standards
- Biodiversity Net gain (BNG) – Assumed at 20%
- Green Infrastructure – Allowance for green roofs where relevant
- Accessibility – Building Regulations Part M4 (enhanced standards)
- Forthcoming Building Safety Levy

3.2.22 The above themes run through the various testing, so again will not be repeated as we move on to other results sets, following the first summarising, below.

Residential typologies (general) – Summary of latest findings

Development of houses and mixed dwellings (houses and flats) – Appendix 2 results

- 3.2.23 Review of the latest results reinforces our earlier findings that the values available to support development in all areas except the Somer Valley should be strong enough to provide a reasonable prospect of viability at 40% AH on the whole, from a variety of sites and schemes (both PDL and GF) – except all-flatted developments (more on those below). Where further sensitivity tested with BCIS UQ build costs (see Table 2i), the viability appears able to withstand this on a typology of mixed dwellings. We can see the same effect throughout the tables as the tested s106 level increases.
- 3.2.24 Accordingly, we continue to suggest the proposed 40% AH headline as suitable for Bath City and all other areas (rest of district except Somer Valley).
- 3.2.25 With values currently assumed at the lower end of the overall range - up to £4,500/sq. m (VL3) - we can see that to have better prospects of remaining viable (and potentially supporting some level of s106 alongside the affordable housing and CIL) a 30% AH continues to appear more suitable here. Again, this continues to reflect the findings that have been developed through Stage 2.

Appendix 2.1 results

- 3.2.26 Trialling increased sites areas – if relevant from site to site in practice - as sensitivity tested for this results set shows a deterioration in results as expected. The revised site areas have the effect of diluting the generated RLVs over larger areas, which is equivalent in this review terms to raising the BLV – increasing the assumed cost of the land required to accommodate the assumed dwelling numbers. As commented on above, on a constrained site (urban/within settlement and particularly PDL) there may well simply be practical issues with the amount of space involved to accommodate rigorously applied full standards.
- 3.2.27 In pure financial/ appraisal terms, detached from potential physical site constraints, these further trial results suggest that while development in Bath City and most other locations may appear to support this financially, moving to the Somer Valley for example shows that the already generally lower level of viability is likely to come under further pressure with such standards applied to sites as a matter of course, on-site. The UQ build cost and/or higher s106 cost tests indicate that as the cumulative costs rise, this would be likely to place further pressure on the prospect of meeting other objectives such as affordable homes provision or other standards/obligations.
- 3.2.28 As will be seen below, the issue could come into sharper focus on flatted schemes, where sites will tend to be the most constrained and typically viability will be found to be struggling more often, generally.
- 3.2.29 We are aware that the council has been considering these matters.

Development of flats – All-flatted (flats only) schemes – Appendix 2 results

- 3.2.30 In this section of commentary, we will cover both general sale apartments and more specialist schemes providing older persons/age friendly housing, the latter envisaged here in the form of low-rise retirement living/sheltered developments; and all of which contribute to the spectrum of housing types within the market offer that needs to be wide.
- 3.2.31 As will be seen on comparing the flatted typologies results (Tables 2f, 2k, 2m together with the older persons housing typologies at Tables 2o to 2r) with the

other results (for mixed and houses developments) the notably reduced viability indications that were previously identified are clearly seen. The tables show the much more limited scope of green results areas, and how these to fall away with increasing AH% tested, and/or the UQ build costs applied.

- 3.2.32 There has to be a balance between the viability prospects (especially as viewed at a point in time) and the affordable housing need as well as the requirement to provide a range of dwellings more generally. In our view seeking more than 20% from all-flatted developments in this emerging Local Plan AH would not be likely to increase the resultant AH delivery, owing to greater pressure placed on delivery of such schemes as a whole – unless grant funding is known to be available.
- 3.2.33 The viability prospects indicated through the results suggest that 20% AH (or equivalent commuted sums/part in lieu payments) may well be challenging to consistently achieve in the short term at least. However, in our view there is a not a lower policy AH% that could guarantee to be delivered consistently either – we consider such an approach would be likely to lower the bar too far on expectations soundly aimed to secure the best achievable contributions towards meeting the need for affordable homes.
- 3.2.34 Should they be relevant, the Appendix 2.1 further sensitivity tests are seen to amplify these effects (for example see table 2.1h there compared with Table 2m in the Appendix 2 base results).
- 3.2.35 The poorer results compared with the houses or mixed dwellings based typologies are inherent in the nature of many such schemes rather than a direct consequence of any particular LP policy requirements, and this may need to be considered more frequently than for other scheme types at the decision-taking (planning application) stage. This is a common finding across our viability in planning work, so not at all unusual to the B&NES area and this assessment. However, in B&NES's case flatted developments of a range of types have been an important element of supply and are set to continue to be as we understand the local context.
- 3.2.36 This links to our recommendation to incorporate a policy differential for all-flatted schemes, and in our view pitching it at 20% - to apply in all areas of the

district – continues to be appropriate for this on balance in B&NES. In our view this should apply to both general market and older persons housing developments, which can be expected to compete for some similar sites and which all contribute to a spectrum of housing within a wide market offer.

- 3.2.37 To expand on the above, in our view it is worth emphasising that although we have found that flatted schemes will be more likely to support say 20% AH than up to 30% or more, any significantly lower AH% policy position still might not facilitate consistent AH delivery to a fixed lower level. That is the likely to be the case even if the policy headline were reduced to potentially say 10 to 20% AH at this time.
- 3.2.38 All in all, AH may be expected to be found challenging to secure across every scheme given the range of types and sites that might come forward, including for older persons and other groups of residents. However, again the approach of seeking AH from all housing schemes is considered equitable. It seeks to help bolster contributions towards addressing the severe affordable housing needs in a way that is considered appropriate, rather than not addressing the needs side sufficiently by potentially according more weight still to viability.
- 3.2.39 Wide experience shows that while often some flexing of requirements or consideration of viability at planning stage is justified, a range of housing developments including for older persons do support the cost of some s106 or CIL where it is charged. In our experience often they can also be found to support some level of contribution towards meeting affordable housing needs, albeit typically via the negotiation of a viable level of financial payment in-lieu alongside any CIL liability and/or some level of other s106 cost.
- 3.2.40 Another likely balancing factor in favour of maintaining a positive affordable housing expectation is that infrastructure/development mitigation requirements are usually lower for such projects in any event. Additionally, as well as typically supporting the noted premium value levels as newbuilds, they tend to come with some reduced costs of development compared with other scheme types (such as reduced car parking and external works scope). These positive viability influences can help towards some offsetting of the higher base build costs to include the extensive communal areas, and other cost assumptions typical for the sector.

- 3.2.41 In later sections of this commentary (see section 3.4) we will outline the assessment findings from further typologies appraised representing housing developments of different forms - for Built to Rent (Appendix 4 results), Co-living (Appendix 5) and PBSA (purpose built students accommodation – Appendix 6) which have each been appraised using tailored assumptions/appraisals specific to their characteristics.

3.3 Emerging larger/strategic development allocation proposals – Current stage representative appraisals – Summary of findings

Use of results tables – Appendices 3 and 3.1

- 3.3.1 Following the introduction to these (3.1.8, 3.1.9, 3.2.12, 3.2.28, 3.2.19 above), the Appendix 3 results (Tables 3a – 3o) are the provisional base set aimed to provide B&NES Council with viability indications on the infrastructure off assumption at this stage.
- 3.3.2 The results provide a range over which the broad levels of financial scope could be available to support specific infrastructure - once the needs have been further assessed and the costs of the s106 works and contributions estimated (we are aware this is current work ongoing by/for the council as the LP evidence base builds and evolves).
- 3.3.3 The entirety of the currently indicated potential surplus levels available for infrastructure (or for any other costs not currently assessed) will not be available because of the effects of finance and potentially other elements within the appraisals (such as fees and contingencies) once more costs are entered. However, as has been suggested above, once it becomes available the council could begin to consider the emerging infrastructure costs picture alongside these findings. DSP can advise further if needed, however on viewing at this stage, we suggest that the Council allows for setting aside in the order of say 20-25% of the reported surplus levels – i.e. considers the potential to allocate perhaps not more than 75-80% of the indicative surplus levels reported – as an approximation for now and viewed alongside the included CIL payment estimates (see Appendix 1 Table 1d). We note this given the likely influence of finance cost and other appraisal effects, alongside the points offered below (3.3.15) on considering tolerance associated with the broad outcomes. The final table in Appendix 3 - Table 3o – provides the full picture on this as far as can be

provided at this stage so that the council will be able to view the resulting surpluses (as potentially available for s106 infrastructure) alongside the CIL cost/value included in the appraisals. Below, we will provide a summary of the surplus indications per site, reflecting our suggested adjustment – 25% deduction from the appraisal residual outcomes.

- 3.3.4 The second set of results at Appendix 3.1 has been built more as a basis for potential future use, should that be required/appropriate, once infrastructure costs estimates and further details on the relevant sites are available – ready to consider this scenario further in due course.
- 3.3.5 The Appendix 3 results use the sales values and build cost assumptions set at the point of appraisal and sensitivity tested for the effect of those assumptions being lower or higher than the stated ‘base’ levels.
- 3.3.6 The Appendix 3.1 results reflect the same scenarios except this time when also building into the appraisals annual values growth and cost inflation (G&I) assumptions so that these also run through the cashflow. Again, these sets have also been sensitivity tested, so that we can see what this more dynamic appraisal approach produces from the different starting point assumptions on values and build costs.
- 3.3.7 The growth and inflation assumptions have been placed at 3% each, annually, representing long term trends in value and cost movements overall. Although this involves projection, the approach and selection of these long run type G&I rates as assumptions is considered suitable and is more likely to give an informative picture of how the viability prospects could look over the considerable lengths of time that these developments will progress, assuming allocations are made in the new LP. The Appendix 3 results, without the G&I assumptions used, present a view that is more of a present-day related balance sheet type view of the potential development finances. It is appropriate to run and provide both sets of results for this strategic purpose. In the circumstances, on this project we will use the Appendix 3 base results for our feel of the potential to support affordable homes provision and infrastructure. However, if the reviewing is developed in due course once infrastructure cost estimates and other site details become available to inform further testing, the G&I basis is

likely to become more useful and potentially more representative of how the more fully costed viability picture could look across this context, over time.

- 3.3.8 Across the top of the tables again the tested VLs range (principles as per the general typologies testing). At this stage we have sensitivity tested for what we consider to be the most relevant areas of the full VLs range in each case, although potentially the assessment work could home in on a narrower still range of most relevant VLs according to site specific locations and factors if the reviewing is to be updated in due course. At this stage, an assumed noted 'base test' VL assumption has been included as the mid-level within each range, so that we can see the potential effect of values assumptions either side of these. Moving downwards between the tables, the tested AH% is shown increasing – with the appraisal sets run at between 20% and 50% dependent on circumstances and how we found the indications emerging from initial runs; and again for completeness of information provided to the council. There the sensitivity tested levels of construction cost rate are also shown – at steps of 2.5% up and down from the '0% BASE TEST', that meaning no adjustment to the base cost assumptions as set out in Appendix 1.
- 3.3.9 For ease of reference, the appraisals produce residual outcomes having allowed for land cost (at the stated BLV levels applied across the total (gross) site area) and development profit. The results tables show in the green coloured areas where a surplus is indicated at this stage – on the noted 'infrastructure off' basis for now. The pink/red table areas indicate scenarios (assumptions combinations) under which a deficit outcome is already indicated on this basis, but as can be seen those are mainly limited to the lower than typical VLs tests and/or with affordable housing assumed at 40% to 50%.
- 3.3.10 Appraising with the adopted (as indexed) CIL charging cost compared to without is also seen to clearly reduce the surplus results – as will be expected. In those scenarios, under current circumstances the council will be looking at applying the estimated CIL receipt with the indicative surpluses (as potentially available for s106 and any other currently not costed items or cost growth areas) to get an initial idea of the broad degree of infrastructure funding scope that could be supportable alongside the tested AH% levels and with the other emerging policies also allowed for.

- 3.3.11 At each AH% tested the top section of results are the indications of total £sum surpluses or deficits. Beneath those, the same outcomes are used to indicate what that surplus (or deficit) outcome is equivalent to when viewed in £/dwelling terms. The purpose of this approach is to give the Council a current stage feel for the potential viability prospects across these scenarios, on the basis of the assumptions made to date.
- 3.3.12 So this means that views can begin to be formed on the potential for the sites to support infrastructure requirements. Therefore, this also starts to provide a picture of the potential for other costs (i.e. costs not currently allowed for or that increase from current assumption levels) to be supported in these scenarios. On the other hand, where we see pink/red viability indications highlighting negative residuals (deficits) at relevant VL levels, this indicates that adjustments (policy reductions/costs savings) would need to be made for the scheme to viably support those assumptions combinations. What can then be considered is how much potential movement there may need to be in order to help secure better viability prospects and therefore underpin deliverability in those circumstances. Again, it is acknowledged that the full usefulness of this picture would be developed with more inputs made to the appraisals on s106 infrastructure costs and other specifics. At this stage, a number of other elements are high-level assumptions too, which is not unusual.
- 3.3.13 Recapping on the Methodology as outlined above, and the assumptions summarised in Appendix 1, the strategic site representative typologies appraisals have been run on the basis of specifically assuming the inclusion of the emerging LP 2043 policy and other development standards.
- 3.3.14 Using broadly the same approach as in the typologies review, we will now go on to consider what (at this stage) the Appendix 3 results are indicating on the viability prospects for affordable housing alongside leaving a reasonable assumed level of scope to support infrastructure and any other as yet not included costs – as follows. This involves taking a longer-term view, across likely multiple phases of the various developments which will each have their own characteristics as well as some common elements, and in some cases will be likely to run beyond this emerging Plan's timeline overall, through a likely variety of market conditions and as recent or new development standards become embedded.

- 3.3.15 At this stage of review, with uncertainty inherent in the nature of the assumptions making, it is not likely to be appropriate to remove all contingency from the high-level outcomes so that viability eventually becomes marginal or, worse, under too much pressure. This means that when looking at the potentially available surpluses either at this stage or in due course, there should remain some tolerance for unknowns/any abnormals etc. This links to the point about finance cost and other appraisal effects once more costs are altered – as per the commentary and initial guide offered at 3.3.3 above. As noted in the methodology, the Council will be able to use the range of outcomes in this type of way and, as with the typologies results, consider different assumptions combinations that produce similar outcomes, as well as broadly compare viability prospects across the scenarios. It should be noted that if the appraisals are revisited for a closer infrastructure viability view in due course, when looking at the variable specifics of those estimates and other details/assumptions between a number of sites in different locations we can reasonably expect the results to also become more diverse.

Strategic scale development – Indicated current stage viability prospects for supporting AH alongside infrastructure
(Appendix 3 – Tables 3a – 3o)

- 3.3.16 We assume that the results that include the currently applicable (indexed 2026) CIL charging rate (£154.44/sq. m) on the assumed new housing floor area) will be the relevant ones to focus on - context as noted above. As intended future allocations that have emerged subsequently, this next round of sites were not defined as nil or lower rated within the CIL Charging Schedule.
- 3.3.17 Appended to the rear of the results tables we provide example appraisal summaries – as with the general typologies examples, for overviewing the calculation structure and the costs areas that are included at this stage.
- 3.3.18 Although at this stage and level of review there is similarity between the results sets, here we will provide an overview of the currently indicated surplus (or deficit) levels in approximate £/dwelling (all dwellings) terms – results ranges (figures rounded) taken from the Appendix 3 indications on the basis of VLs at the ‘base test’ points for now, with the current CIL cost included but s106 ‘infrastructure off’. Surplus/deficit ranges as follows per strategic site broadly

representative appraisal, with the stated AH% included, but no growth and inflation assumptions used. All are mixed dwellings scenarios, as per the methodology and Appendix 1 assumptions summary. The following are the surplus indications drawn from results Tables 3a to 3n and as adjusted within the Table 3o matrix detail, using the approach set out at 3.3.3 above. They reflect the many assumptions currently appraised, including allowing for the cost of CIL as noted and included in the appraisals (note: Appendix 1 Table 1d shows the included CL costs generated within the appraisals and these are also set out in the Table 3o overview).

Current stage adjusted surplus indications rounded to nearest £500/dwelling for the purposes of this list (note: the CIL cost/value figures are separate i.e. additional to these). Also see Appendix 3 Table 3n:

1. **North Keynsham** - Table 3a - c.1,434 dwellings & non-resi
Base VL 4
20% AH - c. £47,500/dwelling
30% AH - c. £36,000/dwelling
40% AH - c. £23,500/dwelling
2. **West Saltford** - Table 3c - c. 964 dwellings
Base VL 5
30% AH - c. £53,500/dwelling
40% AH - c. £41,000/dwelling
3. **South & West Keynsham (South)** - Table 3d - c. 952 dwellings
Base VL 4
30% AH - c. £36,500/dwelling
40% AH - c. £24,000/dwelling
4. **West Keynsham (North)** - Table 3e - c. 477 dwellings
Base VL 4
30% AH - c. £48,500/dwelling
40% AH - c. £37,500/dwelling
5. **East Whitchurch** – Table 3f - c. 1042 dwellings
Base VL 5
30% AH - c. £54,500/dwelling
40% AH - c. £42,000/dwelling

6. **South West Whitchurch** – Table 3g - c. 703 dwellings
Base VL 5
30% AH - c. £51,500/dwelling
40% AH - c. £39,000/dwelling
7. **South Farrington Gurney** - Table 3h - c. 504 dwellings
Base VL3
30% AH - c. £36,000/dwelling
40% AH - c. £25,500/dwelling
8. **Eckweek Lane, Peasedown/South of A367** – Table 3i - c. 568 dwellings
Base VL 3
30% AH - c. £33,500/dwelling
40% AH - c. £21,000/dwelling
9. **Fosseway, Peasedown** – Table 3j - c. 349 dwellings
Base VL 3
30% AH - c. £37,000/dwelling
40% AH - c. £26,500/dwelling
10. **Writhlington / East Radstock** - Table 3k – c. 1,028 dwellings
Base VL 3
30% AH - c. £34,000/dwelling
40% AH - c. £23,000/dwelling
11. **North Radstock** - Table 3l - c. 951 dwellings
Base VL 3
30% AH - c. £28,000/dwelling
40% AH - c. £16,000/dwelling
12. **West of Clutton** - Table 3m - c. 300 dwellings
Base VL 4
30% AH - c. £34,000/dwelling
40% AH - c. £22,500/dwelling
13. **Hicks Gate** - Table 3n - c. 1,934 dwellings
Base VL 5
30% AH - c. £50,000/dwelling
40% AH - c. £38,500/dwelling

- 3.3.19 Overall, from experience and looking at this range of provisional indications, at this early stage it appears that on the whole the strategic sites should be capable of supporting at least 30% AH in combination with suitable infrastructure levels and could support up to 40% AH depending on site specifics. Although all these appraisals and indications may well be revisited, this findings range is not out of step with our wider work generally. From these initial runs and the way these initial surplus indication results are seen to quickly fall away, however, it appears unlikely in our that the viability scope will go beyond these indications level to support up towards 50% AH. While there are significant unknowns pending an overview of the necessary infrastructure requirements picture, in the (relatively) lower value locations, the outcomes suggest at this stage that nearer to 30% than 40% AH could be more realistic on some of these sites, and it is possible that 30% AH could come under pressure in some circumstances. It is likely that further consideration will be needed as work progresses towards getting the new LP in place.
- 3.3.20 Having set out the above guides on current assessment stage viability prospects and noted the limitations on the information that has fed into this, it is worth noting that in our experience not unusual for information on infrastructure (especially for strategic sites) and a range of other matters to be evolving at the plan making and related VA (this assessment) stage. There are usually a variety of unknowns and uncertainties involved in these assessments, and the approach relies on many assumptions, but again this does not devalue the exercise of considering the reasonable prospects of viability from an early stage. This is prepared for the purposes of helping the Council to consider the deliverability of the emerging allocation proposals and the provisional scope for these to support affordable housing together with the other B&NES LP policy objectives and development requirements – including suitable infrastructure.
- 3.3.21 In summary, from the reviewed strategic site/location representative typologies, at this stage we are finding that there should be reasonable prospects of viability overall. In the usual way in practice this is likely be when including varying packages of infrastructure and proportions (%s) of affordable homes dependent on the site-specific circumstances and requirements, and the more specific viability outcomes that those will support in due course.

- 3.3.22 It is not possible to say how those details will evolve and settle out. On the whole, however, the relevant scale of housing led development growth appears to have the ability to come forward viability, supported by an inherently relatively strong local housing market. Provisionally we estimate this to be with AH in the range 30% to 40% overall (not ruling out 40% AH, but with provision around that level likely to be the maximum that is viable from what we can see to this stage). As acknowledged already, these indications may need to be kept under review.

3.4 Other development uses – Summary of findings

Build to Rent (BtR) Development Typologies

Context and findings

(Appendix 4 – Tables 4a – 4f)

- 3.4.1 We have appraised typologies of 200 and 500 BtR apartments on an iterative basis, which also includes 100% market tenure tests given the results we were seeing both with and without affordable housing, at this time of review, using appropriate assumptions (more on this below). The results tables set out the main variables under review and which are influencing the viability outcomes and relativities between tests, and Table 1e within Appendix 1 provides the more specific assumptions detail. Although the appraisal process contains some different elements, the principles applied in running these and setting out and reviewing the results are shared with the wider review, all as above.
- 3.4.2 At this time, overall, the results indicate that – whether without or with affordable housing – at this time there are limited prospects for significant schemes coming forward viably.
- 3.4.3 The spread of results across the sensitivity tests suggests that schemes could be viable (and should they come forward then presumably they will have been deemed viable by the promoters). However, at this time we think the clearer positive viability indications (and particularly with AH included) are reliant on the more positive/higher rental assumptions and/or a most positive (lowest/mid) yield % assumption. With a current more realistic yield assumption of up to 5% (reflecting less secure investment prospects than the 4-4.5% range) it appears

that a range 0% to 10% AH (as affordable private rent) is representative of the current and foreseeable market circumstances, and especially away from the major cities where the BtR market is at more of an emerging or less established stage.

- 3.4.4 This indicated lack of or challenged viability is something we have been seeing in other viability in planning assessments recently as well – in both strategic studies and when looking at some site-specific planning submissions. So, again, this is not out of keeping with current wider experience, or with property press reporting and research updates that we are seeing on this sector at this time.
- 3.4.5 In the context of the much longer period over which viability in planning has been considered in plan making, typically BtR is a matter that has been included in assessments relatively recently. However, even in recent years we have seen BtR development demand and viability move around quite quickly. In recent economic circumstances, upon review away from the major cities (referred to in the market reporting as ‘core cities’ – see below) and transport hubs, BtR has tended to struggle for viability, and certainly to a level that supports any significant affordable housing (AH) content.
- 3.4.6 We are therefore unable to direct B&NES Council to a particular tested local policy position on this because this is based on a snapshot only and BtR in this form has been seen to go through various cycles of market activity, resulting in variably favourable or unfavourable investment conditions and demand to drive new developments. More favourable investment conditions to support further new builds or perhaps different types of BtR schemes could be seen again, moving ahead.
- 3.4.7 For further context, Savills’ UK Build to Rent Market Update – Q1 2026 (1st April 2026) reflected this, under the headline ‘*Operational stock is driving investment*’. It notes:

‘There has been a strong start to the year in Q1 2026, with £795 million deployed, the highest first quarter of investment since 2022. Activity has been driven primarily by investors acquiring operational stock, which has accounted for 68% of investment. Over three-fifths of this was in London. Beyond London, Pension Insurance Corporation

purchased Ebb & Flow in Reading from Lincoln MGT, which was the largest acquisition of an operational asset outside of central London on record.

Following a bumper end to 2025, Single Family Housing investment volumes had a slower start to 2026. But with several large transactions currently progressing through legals, we expect to see strong Q2 numbers.

Across the UK's 12 Core Cities, the total number of Build to Rent units in the pipeline rose to c.108,000 at the end of Q1 2026 – up 3% compared with a year earlier.

However, the challenges facing urban high-rise development have continued to weigh on construction activity. The number of units under construction across the Core Cities fell by 11% between Q1 2025 and Q1 2026, due to completions outstripping new starts.

This trend is likely to continue, with urban multifamily funding transactions remaining muted, as deals take longer to progress given headwinds from planning, building safety and construction cost inflation. While geopolitical uncertainty is pushing the cost of finance that will impact all development.'

- 3.4.8 At this time the indications are that, outside London, core cities (the report notes Manchester, Birmingham, Leeds, Glasgow, Edinburgh, Sheffield, Liverpool, Bristol, Cardiff, Nottingham, Belfast and Newcastle) are expected to see the focus of activity, although of course this is not to say that schemes will not come forward elsewhere – where particular investment decisions are made.
- 3.4.9 In this scenario, if progressing with particular policy, in our view B&NES Council may wish to consider or refer to the national PPG context on Build to Rent which has been updated on 8th May 2026 and which on the matter of affordable homes continues to note a guide position of 20% 'affordable private rent'. Although this is only offered for general information, it states:

'20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.'

(Source: PPG - Paragraph: 002 Reference ID: 60-002-20260508 - Revision Date: 08 05 2026)

Co-living Development Typology

Context and findings

(Appendix 5 – Tables 5a – 5b)

- 3.4.10 Having appraised a 200 Co-living apartments typology, the viability is seen to withstand a 20% AH equivalent content (calculated reflecting the appropriate proportion of the assumed units floor area, based on units of 37 sq. m (NIA), assuming rents at 20% beneath market levels. As with other particular all-flatted scheme types within what could be significant variety within the housing offer overall, we note that this is also consistent with an expectation that for a wider range of schemes a 20% AH headline has been put forward (suggested as applicable district wide – as per 3.2.36 above).
- 3.4.11 Although in an earlier iteration of policy development work the council was considering an on-site provision approach towards meeting affordable housing needs within such developments, the latest B&NES thinking that we understand will be progressed is to secure AH contributions from them by means of commuted sums (financial contributions in lieu).
- 3.4.12 The separate commission of DSP to inform an update to the council's Affordable Housing Commuted Sums (work running in parallel with this LPVA) will be reflecting this proposed approach.

Purpose Built Students (Housing) Accommodation (PBSA) Development Typologies

Context and findings

(Appendix 6 – Tables 6a – 6c)

- 3.4.13 In exploring the local viability prospects for these scenarios we have tested a 300-beds mainly cluster units based development and an entirely studios based typology (100-beds).
- 3.4.14 As the results tables show, the cluster units based typology has been found to have good viability prospects (Table 6a) and which are broadly maintained when a 20% equivalent AH scenario is tested (Table 6b). The calculation of equivalence uses a typical household size of 2.4 persons, divided into the 300

units total. This equates to 125 more typical dwellings, of which a 20% equivalent will be required as AH – i.e. reflecting 25 units equivalent AH – with rents assumed at 20% beneath market levels.

- 3.4.15 On the other hand, the all-studios scenario is indicated to be struggling for clear viability per se (before including AH/an AH contribution) with currently realistic rental and investment yield assumptions used – as Table 6c shows in comparison with 6a and 6b.
- 3.4.16 Accordingly, our recommendation to B&NES Council is, again to seek 20% AH equivalence and we understand that this, again, is likely to be by way of commuted sum (financial contribution in lieu). The above noted work on Affordable Housing Commuted Sums again ties in with this.

Non-residential Typologies – Employment/Business Developments

Context and results tables

(Appendix 7 – Tables 7a – 7b)

- 3.4.17 As noted above, this Local Plan Viability Assessment (LPVA) also includes the review of a selection of non-residential development typologies. These are broadly representative of a range of potential employment/business development types that could come forward on or as part of allocated sites in the emerging plan. For example, offices (envisaged out of town/in a business estate setting), industrial/warehousing, distribution, and higher spec space for technology uses – research and development (R&D) or data-related purposes. Appendix 1 Table 1h summarises the range of assumptions used in the five typologies tested in this district.
- 3.4.18 This is not a main focus of the LPVA. The purpose is to provide wider information for the council in considering the emerging plan and development growth beyond (but potentially also related to) the planned housing growth.
- 3.4.19 The emerging Plan will make provision for the allocation of land for employment developments and seek to protect existing provision. The nature and mix of uses are not pre-determined closely from the information DSP has seen to date, and ultimately will depend on market-led activity. At this stage, taking a usual proportionate and appropriate approach, this high-level review shows mixed viability prospects at best, overall, and this is when taking a generally positive view on the type of assumptions typically made in viability in planning.

- 3.4.20 Appendix 7 Table 7a sets out the results in the context of developments on PDL. This displays the RLV results and compares these with the PDL benchmark land values (BLVs), applying the same principles and ‘viability tests’ as used in the review of residential typologies, above. Table 7b does the same using the greenfield (GF) BLVs and indicates that while the switch of host site type does not expand the scope of typologies or test scenarios showing potential or positive viability prospects, those prospects become stronger on a GF site with a significantly lower existing use value (EUV) informing the BLV.
- 3.4.21 The typologies and example scenarios are set out in the left side columns, showing the annual rental levels as the value levels tested in these appraisals – L (low/lower); M (medium) and H (high/higher) in each row. These rent assumptions are set out in Appendix 1 Table 1h and Figure 11 above. Then, reading across row from left to right we can see the RLV £/ha outcomes produced by the stated combination of rent and yield assumptions. The most positive yields are the lowest percentages (%s), indicating lower annual return rates but which reflect more secure, lower-risk rental income flow – and more certain, stronger investment prospects, therefore, which produces a better capitalisation of the assumed rent and so a higher capital (sale) value of the property.
- 3.4.22 The viability prospects can be seen to move from negative (the white/unshaded results tables areas where ‘Indicative non-viability’ is shown) to positive (RLVs exceeding BLVs as shown by the limited green shaded results areas).
- 3.4.23 The indications, as we find in most areas, are that investment in development will be supported to the extent that market appetite exists at any stage. This will be dependent on economic cycles and whether demand related to specific business plans or growth in certain sectors will see schemes progress. Any other funding availability could also be a factor, including potential cross-subsidy from housing-led developments.
- 3.4.24 The viability prospects for the tested broad types of development that may come forward – represented through the selected typologies – show that there is the potential for such developments to be viable where the objectives of occupiers and therefore developers/investors drive these.
- 3.4.25 At this stage we have found that there is unlikely to be viability for outright office developments, and general industrial/warehousing developments are also indicated as non-viable using typical viability in planning assumptions. However, mixed or other scheme types including in this area technology-based

developments (for example R&D, data centres – and potentially distribution/logistics) look to have better viability prospects. As tables 7a and 7b indicate, the better viability prospects come from the higher (H) rental assumptions, although at this time the investment yield % levels relevant here are most likely to be the mid-range rather than lower-end (most positive) assumptions.

- 3.4.26 The Council is identifying a range of opportunities through the emerging plan policies. At the same time, it does not appear to be promoting policies or requirements that will have an undue effect on scheme viability by exacerbating the effect of the continuing uncertain economic climate, investment and property market conditions.
- 3.4.27 National and/or local requirements driving sustainable construction and increased energy efficiency should continue to be seen as appealing to developers'/investors' and occupiers' business plans and cost-effective operations, consistent with their ESG (Environmental, Social, and Governance) criteria. Although as with the residential development market, added development costs are involved short term, these (viewed currently as extra-overs) can reasonably be expected to reduce as the higher requirements and routes to meeting them become embedded. In the meantime, in the commercial property market there is more evidence that improved building specification and reduced running costs helps support demand for property and therefore the value of it.
- 3.4.28 Overall, when making appropriate assumptions for viability in planning it is still not possible to say that there are consistently good prospects for the viability of a full range of employment/business and other non-residential developments in an area such as this, and particularly on a speculative basis. Therefore, as above, the high-level assessment of viability can only act as additional information for the Council in this respect.

3.5 Overall conclusions - Viability prospects overall - Affordable housing and other policies – Summary

- 3.5.1 At an appropriate level for plan making purposes, DSP has reviewed the development viability scope associated with Draft new Local Plan for Bath and North East Somerset to 2043. The assessment undertaken is all as described above and further illustrated through the Appendices to this report.

- 3.5.2 On the whole, we consider that the emerging policy directions (as directly influence development viability) that have been shared with us assessed together with national standards and requirements, should mean that developments are able to come forward viably.
- 3.5.3 The emerging plan proposals should have reasonable viability prospects bearing in mind the range of scenarios planned for, and the length of delivery time involved, over which market conditions will vary and currently estimated extra-over costs associated with the stepping up of development standards (that will become embedded) can be reasonably expected to reduce.
- 3.5.4 We have found that whilst the viability of greenfield housing schemes is likely to be stronger on the whole than those on previously developed land (PDL – i.e. brownfield sites), that with the strong underlying housing market and values that predominate, an area based differential for the typically clearly lower value Somer Valley area will in our view be the key differential for B&NES Council to continue considering for reflecting in policy.
- 3.5.5 It has also been appropriate to acknowledge that all sites and schemes are different, and that some sites/schemes will face viability challenges regardless of emerging policy requirements. For example, schemes entirely of flats in their usual PDL setting, and urban area regeneration, may experience this most, tending to have inherent viability pressures.
- 3.5.6 However, overall, the general range of development on a mix of sites should be able to progress viably based on an appropriate affordable policy housing headline – as proposed to date - of 30% in the Somer Valley and 40% and across the rest of the district including the city of Bath.

Key points: Suitable affordable housing policy headlines (alongside the other tested policy costs and standards/requirements (both emerging LP and national), CIL and s106:

- 30% AH - Somer Valley.
- 40% AH - Rest of district, including city of Bath.

- Except for all-flatted developments (of all types) – differential suggested - 20% AH district-wide.

Note: This suggested policy element encompasses general market developments, apartments for older persons (retirement living/sheltered/extra care), Build to Rent (BtR) and Co-living apartment schemes, and Purpose Built Students Accommodation (in the form of cluster units based provision). Some of which will be most appropriately provided by way of 20% AH equivalent commuted sums, as noted above.

- Minor developments (of fewer than 10 dwellings) where subject to the affordable housing policy scope, would also be appropriately treated with a differential from the 30% and 40% AH in place – to a 20% AH (or potentially a commuted sum equivalent) policy layer.

3.5.7 With variable specific infrastructure provision and other circumstances, and more work underway at the council to settle the infrastructure requirements and estimated costs of those, the level of affordable housing achievable at the proposed strategic locations/sites allocation proposals cannot be fixed at this stage but it appears that on the whole this should be across a broadly similar range to the above overall – 30 to 40%.

3.5.8 At this stage, again as per the commentary above, it is not possible or necessary to determine closely how the particular s106 packages will come together and evolve. The assessment indications on this are for now necessarily but also appropriately provisional, with the current review and findings not ruling out 40% AH and pointing to a likely range 30% to 40%. At this stage, looking beyond these levels towards or up to 50% AH looks unlikely to be realistic from what we can see so far.

Key point:

- Currently, initial indications are that the strategic sites are likely to be able to support up to 40% AH, not more, alongside all other requirements. On the whole, the sites look to have the potential to support in the range of 30 to 40% AH, although in some (relatively) lower value instances, at this time it appears that 30% AH could come

come under pressure depending on site-specifics and particularly the packages of infrastructure measures that will need to be considered alongside affordable homes provision as more information becomes known.

- 3.5.9 In all of this, it is important to reiterate the purpose of viability in planning is to inform and not constrain sustainable development; and in doing so enable the optimising of planning obligations as far as is practicable in the available local and wider circumstances – aiming for balance and viewed in the longer term as well, across the emerging LP as a whole.
- 3.5.10 This assessment has been progressed during a spell of economic uncertainty, which appears to be continuing as we complete this final write up. Last year, some more signs of cautious optimism were being reported following a period of steadier house prices and in which costs inflation was also back to more normal longer-term trend, gradual levels. We will however simply note that prior to and during the time of preparing this assessment, events in the Middle East appear to have placed the economy back into a state of heightened uncertainty, with inflationary pressures and other issues including energy costs pressure, finance and worsened housing affordability issues seen once again. Uncertainty also continues in regard to the changes in the leadership of the government and the further details to be announced and settled in the planning system.
- 3.5.11 However, as yet it is still relatively early days in terms of how deeply or for how long the effects of this latest crisis or other uncertainty may be seen, and it is important to reiterate that while the assessment has been undertaken and assumptions and judgments necessarily made within a period in time, it is appropriate to aim to consider all this in the context of the overall plan timeline.
- 3.5.12 DSP will be happy to assist further in the LP viability assessment and related matters if B&NES Council requires.

Notes and Limitations

1. This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.
2. To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd (DSP) accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.
3. In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to override particular site considerations as the Council's policies will be applied from case to case.
4. Artificial Intelligence (AI) Statement: AI tools are now considered and used in the course of preparing elements of our work. Primarily we use tools such as 'Perplexity', to carry out some analysis of housing sale prices data collected and tabulated by DSP (for example as sourced from ONS/Land Registry) to assist in summarising that for DSP's review. Similarly, AI has been used in preparing some initial Executive Summary text drafting, for subsequent adaptation and refinement by DSP, AI has not been used in the preparation of this assessment.
5. DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. DSP has not acted for Bath and North East Somerset (B&NES) Council on strategic level viability in previous projects, but has done so (and is doing so) for other councils in the region, including neighbouring authorities. DSP is also appointed to the framework that this council uses to procure reviews of planning stage viability submissions and carries out similar work on behalf of authorities in the wider region and nationally. In parallel with the latter stages of this project (and informed by it), DSP has also been working with the council on a potential review of its approach to Affordable Housing Commuted Sums (financial contributions in lieu of on-site AH where appropriate).
6. In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base.

7. Our fees are all quoted in advance and agreed with clients on a fixed or capped basis, with no element whatsoever of incentive or performance related payment.
8. Our project costs are simply built-up in advance, based on hourly or day rates and estimates of involved time.
9. In the preparation of this assessment DSP has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.
10. This has been a desk-top exercise based on information provided by B&NES Council, supplemented with information gathered by and assumptions made by DSP.
11. Gathering up and reflecting on the testing of typologies over the main elements of assessment, this report sets out the information considered and scope of review as part of the Council's final development stages of its emerging LP proposals from a viability perspective - whilst also taking into account national standards and policies that can be expected to have an impact on development viability, whether short or potentially longer term.
12. This review has been carried out using well recognised residual valuation techniques by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including whole plan viability, affordable housing and CIL economic viability as well as providing site-specific viability reviews and advice. In order to carry out this type of assessment many assumptions are required alongside the consideration of a wide range of information which rarely fits all eventualities.
13. It should be noted that every scheme is different, and no review of this nature can reflect all the variances seen in site-specific cases. Accordingly, this assessment (as with similar studies of its type) is not intended to directly prescribe assumptions. Assumptions applied for our test scenarios are unlikely to be appropriate for all developments. A degree of professional judgement is required. We are confident, however, that our assumptions are reasonable in terms of making this viability

overview and further informing and supporting the Council's approach to and proposals for a robust and viable Local Plan.

14. Small changes in assumptions can have a significant individual or cumulative effect on the indicative residual land value (RLV) or other surplus or deficit output generated – the indications generated by the development appraisals for this strategic purpose will not necessarily reflect site specific circumstances. Nevertheless, the assumptions used within this study reflect the council provided information on the emerging requirements of the new B&NES Local Plan 2042 as well as national standards and therefore take into account the cumulative costs of development appropriately.
15. The review work and reporting for this assessment has been considered and assembled at a time when there remain economic uncertainties and some challenging market circumstances in general.
16. This may run through into many potential areas affecting development viability or deliverability, particularly in the short term. However, there could be a range of influences and effects, not necessarily all negative in their impact on viability. It is only possible to work with available information at the point of carrying out the assessment.
17. Local Authorities and others will be able to consider how this picture may change – monitor it as best possible and consider any necessary updating of the evidence and local response in due course. This is consistent with the approach that typically is taken already when either a significant amount of time passes, or other circumstances change during the period of Plan preparation/review and potentially pending or during examination. In the meantime, this work contains information on the impact of varied assumptions applied within a wide range of sensitivity tests. Run in this way, the assessment aims to help inform the Council's consideration of development viability in the overall Plan delivery context.

**Final Report of the B&NES Local Plan Viability Assessment Stage 2 ends.
Appendices 1 to 8A provided as separate documents
(August 2026)**

Abbreviations	Meaning
AH	Affordable Housing
AHFC	Affordable Housing Finance Contributions
APR	Affordable Private Rent
B&NES	Bath & North East Somerset Council
BCIS	Building Cost Information Service
BLV	Benchmark Land Value
BtR	Build to Rent
CIL	Community Infrastructure Levy
EUV / EUV+	Existing Use Value / Existing Use Value plus premium
FENA	Future Economic Needs Assessment
GDV	Gross Development Value
GF	Greenfield
GIA	Gross Internal Area
LP	Local Plan
LPVA	Local Plan Viability Assessment
NDSS	Nationally Described Space Standard
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PBSA	Purposely Built Student Accommodations
PDL	Previously Developed Land
PPG	Planning Practice Guidance
RICS	Royal Institution of Chartered Surveyors
RHG	Retirement Housing Group
RLV	Residual Land Value
RP	Registered Provider(s)
S106	Section 106 agreements
SNCI	Site of Nature Conservation Interest
SPD	Supplementary Planning Document
SSSI	Site of Special Scientific Interest
VA	Viability Assessment
VOA	Valuation Office Agency