



Newark & Sherwood District Council

**Matter 11:
Viability and Monitoring**

October 2024

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Q11.1 Have there been any changes in circumstances which could affect the assumptions made in relation to land values, sales costs, build costs developer profit and other inputs to the viability appraisals – for example, recent inflationary pressures?

A: Yes, the Whole Plan Viability Assessment work was undertaken in 2021 ([WP1](#), [WP2](#) and [WP3](#)). There have been inflationary increases in both construction costs and sales values over the last 3 years and, in anticipation of this issue being raised, an update of the viability assessment was undertaken in February 2024.

The following tables illustrate comparable residential sale values, construction costs and viability results from the submission documents and 2024 update. The land value benchmarks are derived directly from these assumptions and therefore are automatically updated.

Sale Values

Table 11.1 - 2021 Sale Values

Residential Sales Values					
Sub-Market Area	Sales Value £sqm				
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
Low	2100	2300	2200	2200	2100
Medium	2250	2500	2400	2400	2300
High	2400	2700	2600	2600	2500
Very High	2950	3400	3300	3300	3150

Table 11.2 - 2024 Sale Values

Residential Sales Values					
Sub-Market Area	Sales Value £sqm				
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
Low	2400	2750	2700	2700	2600
Medium	2450	2950	2900	2900	2800
High	2500	3050	3000	3000	2900
Very High	3100	3550	3500	3500	3400

Construction Costs

Residential Construction Cost Sqm		
Apartments	1601	sqm
2 bed houses	1092	sqm
3 Bed houses	1092	sqm
4 bed houses	1092	sqm
5 bed houses	1092	sqm

Residential Construction Cost Sqm		
Apartments	1862	sqm
2 bed houses	1269	sqm
3 Bed houses	1269	sqm
4 bed houses	1269	sqm
5 bed house	1269	sqm

Table 11.3 - 2021 Construction Costs

Table 11.4 - 2024 Construction Costs

Community Infrastructure Levy

In addition, the 2024 viability results also take into account the indexed CIL charges below.

Table 11.4 - CIL rates and indexation in Newark & Sherwood

CIL Rates		
Charging Zone/ Sub-Market Area	Base CIL Rate	
	Apartment	Indexed to 2024
Low	0	0
Medium	45	52
High	70	82
Very High	100	117

Table 11.5 - Other Costs and Policy Impact Allowances in 2024 Update

Accessibility Standards	Houses: 24% of Dwellings Cat 2 £4sqm 1% Cat 3 £1sqm Apartments: 24% of Dwellings Cat 2 £5sqm 1% Cat 3 £2sqm
Planning Obligations	S106 Infrastructure Contribution Allowance: £3000 per dwelling
Sustainable Construction	Part L Building Regulation Cost Increase: £49sqm Houses £63sqm Apartments LPD Water Conservation Allowance £110
Biodiversity Net Gain	BNG Allowance: £600 per dwelling

Viability Results (illustrating the level of positive viability margin in £ per sqm)

		Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Mixed Residential Estate	Apartments	Starter Housing	Family Housing	Executive Housing	
1 Low						
Greenfield	£3	-£724	£3	£20	£51	
Brownfield	-£110	-£810	-£126	-£101	-£54	
2 Medium						
Greenfield	£80	-£563	£80	£97	£128	
Brownfield	-£34	-£649	-£44	-£22	£16	
3 High						
Greenfield	£156	-£403	£163	£176	£199	
Brownfield	£43	-£488	£38	£57	£92	
4 Highest						
Greenfield	£423	£222	£443	£453	£452	
Brownfield	£309	£136	£318	£334	£344	

Table 11.6 - 2021 Maximum Residential CIL Rates per Sqm


		Residential Viability Margin per sqm				
Sub Market/ Existing Land Use	Mixed Residential Estate	Apartments	Starter Housing	Family Housing	Executive Housing	
1 Low						
Greenfield	£3	-£940	-£4	£20	£71	
Brownfield	-£112	-£1,026	-£136	-£101	-£43	
2 Medium						
Greenfield	£24	-£859	£68	£41	£83	
Brownfield	-£91	-£945	-£57	-£80	-£25	
3 High						
Greenfield	£31	-£808	£53	£47	£88	
Brownfield	-£84	-£894	-£73	-£74	-£20	
4 Highest						
Greenfield	£183	-£212	£218	£200	£228	
Brownfield	£68	-£298	£85	£79	£119	

Table 11.7 - 2024 Residential Viability Margins per Sqm

There have been similar increases in sale values and construction costs in the region of 20% in the three years since the original study in 2021. The viability position, taking account of current policy impacts, remains positive and deliverability of the Plan's overall development strategy, which relies primarily on greenfield delivery, remains robust.

Q11.2 Is there a clear mechanism to address the significant differences in residential property value across the District?

A: Yes, the Council adopts a uniform policy target of 30% Affordable Housing delivery which has been tested using differential sale values in the four identified residential sub-markets across the District. These assessments have demonstrated positive viability and deliverability, taking account of all policy impacts, for greenfield housing development in all areas of the District.

In terms of infrastructure contributions, the Council has successfully operated a differential Community Infrastructure Levy system since 2011, with differential CIL rates reflecting the economic position in the different sub-market areas and tailoring CIL charges to the different property values and differential viability position in each sub-market zone.

Q11.3 Are the key findings on commercial development sufficiently up-to-date?

A: There have been inflationary increases in both construction costs and sales values over the last 3 years and, in anticipation of this issue being raised, an update of the viability assessment was undertaken in February 2024.

The key findings on commercial development from the 2024 update on are very similar in that only supermarket retail development demonstrates positive viability. This is the only category of commercial development which attracts a CIL charge.

It should be stressed that whilst the generic appraisals showed that general industrial and other employment uses are not viable based on the test assumptions, this does

not mean that this type of development is not deliverable. For consistency, a full developer’s profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

Q11.4 Does the CIL provide the recommended flexibility to address the variations in residential viability across the District? Are the CIL rates (where they are to be applied) robust and based on up-to-date evidence of the full range of costs?

A: Yes, the Council has successfully operated a differential Community Infrastructure Levy system since 2011 with differential CIL rates reflecting the economic position in the different sub-market areas and tailoring CIL charges to the differential viability position in each sub-market zone

As noted in the response to Question 11.1 above, in anticipation of the issue of up to date evidence being raised, an update of the viability assessment was undertaken in February 2024.

In addition to updated sale values and construction cost assumptions, cost allowances were made in the 2024 update and are included in the answer to Question 11.1 above.

The updated Viability Assessment results illustrate that the differential CIL rates remain viable for all forms of greenfield residential housing development across the District. As such, the residential development strategy of the Plan, which relies heavily on greenfield delivery will effectively be supported by the differential CIL system. It is acknowledged, however, that some flexibility will be needed in terms of the imposition of planning obligations on some brownfield residential and apartment development.


		Residential Viability Margin per sqm				
Sub Market/ Existing Land Use	Mixed Residential Estate	Apartments	Starter Housing	Family Housing	Executive Housing	
1 Low						
Greenfield	£3	£-940	£-4	£20	£71	
Brownfield	£-112	£-1,026	£-136	£-101	£-43	
2 Medium						
Greenfield	£24	£-859	£68	£41	£83	
Brownfield	£-91	£-945	£-57	£-80	£-25	
3 High						
Greenfield	£31	£-808	£53	£47	£88	
Brownfield	£-84	£-894	£-73	£-74	£-20	
4 Highest						
Greenfield	£183	£-212	£218	£200	£228	
Brownfield	£68	£-298	£85	£79	£119	

Table 11.8 - Viability Assessment results

Q11.5 Will the monitoring indicators and targets in Appendix C of the Plan provide a robust basis for assessing the Plan's delivery?

A: No. The monitoring indicators and targets in Appendix C are based on those in the Allocations & Development Management DPD 2013 ([CD17](#)). They provide the basis for monitoring the Adopted DPD through the Annual Monitoring Reports. Clarification Modifications CMA 17 to CMA 28 have been set out as part of the Proposed Main Modifications and Clarification Minor Amendments ([CD05](#)) to address the changes and amendments that are being proposed through the AADMDPD ([CD01a](#)).

Q11.6 Does the Plan have sufficient flexibility to respond to changing circumstances and which policies/measures will ensure that?

A: Yes, the Plan takes a robust but flexible approach to delivering the allocations proposed within in it, it makes provision for potential additional residential sites coming forward in Newark through the identification of opportunity sites. This complements the Policy Framework in DM1 and DM2, which supports development in the settlements central to the delivery of the spatial strategy and Spatial Policy 3 (Rural Areas) of the Amended Core Strategy, which allows for development in rural communities through the application of a number of criteria. Similarly, Policy DM3 of AADMDPD and Core Policy 1 of the ACS set out a flexible framework for delivering viable sustainable development.

Q11.7 Overall, is the Plan viable and deliverable and the mechanisms for monitoring and review robust and appropriate?

A: Yes, based on the both the submitted viability assessment and refreshed assessment undertaken in 2024, the type of development envisaged to emerge over the plan period has been assessed based on up to date evidence of values and costs, including all policy impacts, and has been shown to be viable and deliverable.

With the proposed modifications to Appendix C set out as part of the Proposed Main Modifications and Clarification Minor Amendments ([CD05](#)), the Plan has a robust mechanism for monitoring and review.