DixonSearle Partnership

Electronic Only

Stephen Cantwell
Principal Planning Officer
Adur & Worthing Councils
The Shoreham Centre
BN43 5WU

24 June 2026

Dear Stephen,

Re: Summary of viability review and sensitivity testing – 5a Brighton Road

As requested, please find below a summary of the viability review process so far.

Introduction

Dixon Searle Partnership (DSP) was commissioned by AWC to provide an independent check of the presented viability position at 5a Brighton Road.

DSP has reviewed viability as per the PPG. This applies 'Viability in Planning' principles and does not look at a specific applicant/developer and their situation, but is based on considering the position of a typical developer of this type of scheme.

There are other considerations for the applicant and the Council, as is often the case, which sit outside 'Viability in Planning'.

Background – history of viability review/position

The first planning application (ref AWDM/1481/21) was submitted in 2021 and a viability assessment was submitted in November 2021. This was updated in May 2022 and DSP was asked to review the updated assessment. Despite taking a more positive view of the scheme viability than the applicant's submission, we concluded that the viability position was marginal and the scheme would not support the inclusion of affordable housing. Officers subsequently negotiated a £180,000 contribution towards affordable housing, however the application was refused and the applicant's appeal was dismissed.

The scheme was then amended in 2022 and a new planning application (reference AWDM/1962/22) was submitted. Some changes were made to the scheme design and the applicant also proposed five units of affordable housing (which were intended to be shared ownership). DSP reviewed the applicant's updated viability assessment and found that five units of affordable housing was considered a suitable offer in the circumstances.

T: 01428 288101
E: info@dixonsearle.co.uk
www.dixonsearle.co.uk

Ash House, Tanshire Park, Shackleford Road,
Elstead, Godalming, GU8 6LB

Dixon Searle Partnership Ltd registered in England and Wales No. 10149678
Registered Office: Wellesley House, 204 London Road, Waterlooville, Hants PO7 7AN
Registered VAT No: 241 8193 12

The amended scheme was refused permission. Permission for this was granted at appeal, however, and the permission required the applicant to provide either five units of on-site affordable housing, or a payment in lieu of £427,500.

September 2025 application

Then in September 2025 the applicant submitted an application (ref AWDM/1193/25) to vary the permission. The application included a viability assessment and sought removal of affordable housing (either on-site or as a payment in lieu) as well as contributions to Highways (£145,074) and Open Space (£130,939) on the basis that the viability position had significantly worsened since the 2023 appeal decision and that the proposal would be contributing to Highways and Open Space improvements via the scheme design and site works.

We reviewed the applicant's stated viability position in January 2026, including commercially sensitive evidence provided confidentially to DSP for the purposes of the review regarding the actual cost of abnormal works (river wall, piling and flood barriers). Although there was not complete agreement on the viability position it was agreed that the scheme did not support a suitable level of land value and profit and our report concluded that with the scheme having previously been marginal, the worsening economic situation and unforeseen costs had by that stage contributed to the viability position moving into a significant deficit.

At the time, in January this year, it was also noted that funding might be received from Homes England, if so supporting viability and potentially moving the profit to or above the stated 17.5% threshold. However the allocation of funding was not confirmed and DSP was unaware of the amounts that might be allocated (or the terms of any funding agreement).

May/June 2026 viability discussions

Following DSP's January 2026 review, Homes England funding of £3.1 million was allocated to the scheme. The planning application had also been deferred at committee with one of the reasons for deferral being that Councillors wanted more information on scheme viability.

AWC Planning Officers therefore asked DSP to look again at the viability position and assess how this would affect the viability outcomes, and also to comment on what a suitable profit allowance would be in the circumstances.

Since then, the applicant has provided various information to AWC, including amended plans and a letter from ECE Planning dated 20 May 2026 confirming the £3.1 million Homes England funding and providing further commentary on the viability position. The letter included confidential information on how the scheme is financed – although the finance arrangements for a specific scheme or developer are not typically applied for 'viability in Planning' purposes. Planning runs with the land, not with the developer and these arrangements can change. The PPG on viability encourages standardisation of inputs as far as possible/suitable.

T: 01428 288101
E: info@dixonsearle.co.uk
www.dixonsearle.co.uk

Ash House, Tanshire Park, Shackleford Road,
Elstead, Godalming, GU8 6LB

Dixon Searle Partnership Ltd registered in England and Wales No. 10149678
Registered Office: Wellesley House, 204 London Road, Waterlooville, Hants PO7 7AN
Registered VAT No: 241 8193 12

The letter also discussed actual land purchase costs but again these are not relevant for assessing viability in Planing – with the PPG setting out that Existing Use Value should form the basis for land value in such assessments.

DSP provided commentary to AWC in May/June 2026 noting that in terms of the general economic situation and the relationship between build costs and sales values, the position had worsened since the scheme was first assessed in 2021, with new building standards now in place and evolving, adding cost, and the levels of house price inflation which had been seen for many years (and which broadly covered costs inflation on the whole) no longer occurring. This had negatively affected the viability position, however it was also noted that there was movement in the other direction due to the grant funding now received from Homes England.

Regarding profit, DSP acknowledged that given there are risks, the profit allowance/target of 17.5% put forward by the applicant and agreed by DSP in previous reviews was considered to be a reasonable aspiration. As the assumed return for risk this aims to mitigate the net effects of future changes in costs/values. Given the relatively high risk nature of this scheme in the current environment we considered that it would be unsuitable to assume that a lower level of profit should be relied upon. Homes England appears to take the same view, with their funding agreement only requiring any repayment of the grant if a 17.5% GDV profit is exceeded once the scheme is built out. A 17.5% GDV profit also meets the level stated by the applicant to be required by their lender at this stage.

The applicant also proposed (and still proposes) that a review mechanism could be put in place to enable the Council to receive increased planning contributions should the scheme viability improve. However DSP noted that Homes England already have a requirement for a review mechanism/clawback which makes it unlikely that any review mechanism put in place by the Council as well would deliver any improvements in planning contributions. We understand that Planning Officers are investigating whether there would be any workable review mechanism (perhaps sharing any uplift with Homes England).

The Council also provided updated details of the S106 contributions currently required. These had reduced slightly from previous assumptions following negotiation with the County Council.

DSP revisited our development appraisals for AWC accordingly, testing the updated S106 contributions and various scenarios. This suggested that there was some (limited) scope for an affordable housing contribution. The position was fairly marginal, however, and was further complicated by there not being agreement between the parties on some of the inputs – for example DSP considered that build costs could potentially be lower which would improve the viability position; something which was disregarded in January 2026 because the size of the deficit (without Homes England funding) was so large. There was also not agreement on Benchmark Land Value, which the applicant team consider should be higher than assumed by DSP, and which would move the viability position in the other direction.

T: 01428 288101
E: info@dixonsearle.co.uk
www.dixonsearle.co.uk

Ash House, Tanshire Park, Shackleford Road,
Elstead, Godalming, GU8 6LB

Dixon Searle Partnership Ltd registered in England and Wales No. 10149678
Registered Office: Wellesley House, 204 London Road, Waterlooville, Hants PO7 7AN
Registered VAT No: 241 8193 12

Taking a view based on the January 2026 review position, DSP concluded that there was potential for a c. £200k contribution to affordable housing – and noted that in any event this in itself would not make the difference between a viable and a non-viable scheme, in the context of a scheme of this size and value.

Following that, the applicant responded noting that market generally has worsened considerably since their December 2025 viability submission and DSP's January 2026 review. Planning officers asked DSP to confirm this position.

DSP briefly reviewed costs and values. For sales values we referred to Land Registry average sales values and for build costs considered a variety of measures including BCIS Tender Price Index, BCIS rates, and other sites that DSP have reviewed in West Sussex, to give a general indication. It was noted that since the 2025 viability submission, the sale prices in Adur for this development type had decreased by approximately 4.7% but over the same period build costs had increased by approximately 3.4%.

DSP also carried out some further appraisal testing to provide AWC with some further context – testing the impact of these changes on viability outcomes. The appraisal results indicated that applying these changes to our appraisal moved the scheme from a small surplus of c. £200k to a deficit position of -£1.74 million, and reducing the profit outcome from 17.5% GDV to 11.25% GDV.

As noted in our telephone discussion, there are various uncertainties in the viability position, and as is often the case, there is not full agreement between the parties on the viability outcomes. DSP acknowledge that the scheme is marginal (even with the inclusion of Homes England grant). In my view, any further review of viability is unlikely to result in a more clear position and at this point it is for AWC take a view on what would be suitable in the circumstances.

The full details of viability review are set out in our reports ref 26407AV, 22407Y (F1) and 22407Y and our email commentary (provided for the Council's information but not as a formal document for publication) of 11.06.2026. If you have any queries or require any clarification please do not hesitate to contact me.

Yours sincerely,

[redacted]

Nick Molyneux
Associate Director
Dixon Searle Partnership

T: 01428 288101
E: info@dixonsearle.co.uk
www.dixonsearle.co.uk

Ash House, Tanshire Park, Shackleford Road,
Elstead, Godalming, GU8 6LB

Dixon Searle Partnership Ltd registered in England and Wales No. 10149678
Registered Office: Wellesley House, 204 London Road, Waterlooville, Hants PO7 7AN
Registered VAT No: 241 8193 12