
Colchester Whole Plan Viability Assessment

ON BEHALF OF: COLCHESTER CITY
COUNCIL

DATE: OCTOBER 2025

NEWMARK

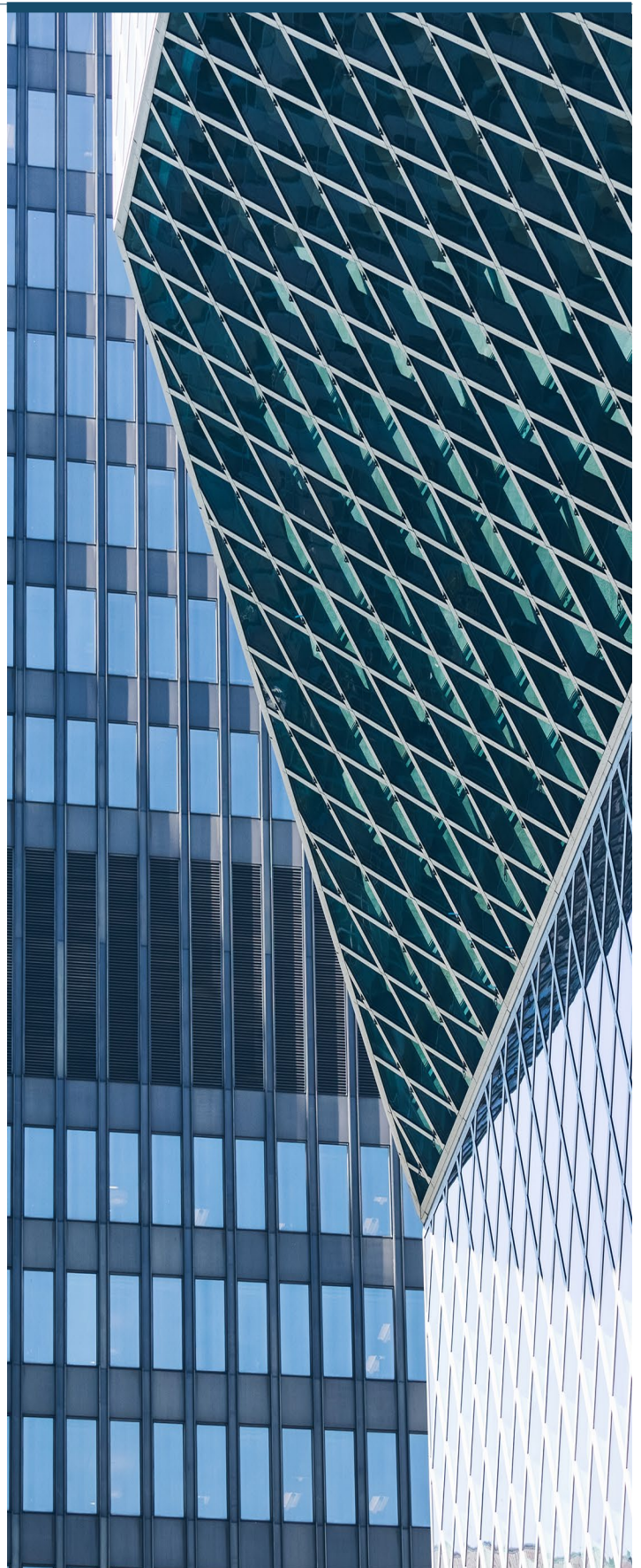


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1. Introduction

Instruction	1.1.	Newmark has been instructed by Colchester City Council to provide an evidence base to assist in identifying the viability impacts of emerging planning policies in its Draft Local Plan (Preferred Options Local Plan). The study is an important part of the evidence base for Colchester City Council.
	1.2.	The main objective of the commission is to create an updated viability assessment that will provide a strong and reliable evidence foundation for the Local Plan Review. The current Plan, which was adopted in 2021 (Part 1) and 2022 (Part 2), covers the period from 2013 up to 2033, and designated sufficient housing and employment land to meet Colchester's needs up to that year. The new Colchester Local Plan aims to allocate as much land as possible to meet the City's requirements until 2041, assuming the Plan is adopted in 2026.
	1.3.	The primary goal of the study is to provide a solid evidence base that allows Colchester City Council to make informed decisions regarding policies and site allocations.
	1.4.	In reviewing the Local Plan, we have considered the cumulative impact of its policies on development.
National Policy and Guidance	1.5.	The National Planning Policy Framework 2024 (NPPF) paragraph 59 states: <i>"... All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in nation planning practice guidance, including standardised inputs, and should be made publicly available."</i>
	1.6.	The National Planning Practice Guidance (PPG) provides key context for the role of viability at plan-making stage. Paragraph 002 Reference ID: 10-002-20190509 of the PPG on viability states: <i>"The role for viability assessment is primarily at the plan making stage. 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."</i>
	1.7.	This report does not need to consider a detailed assessment of all sites but has been based upon typologies to determine viability at plan-making stage recognising that conditions will fluctuate over the Plan period.
RICS Standards	1.8.	This report has also been prepared while adhering to the RICS Professional Standards: - Financial viability in planning: conduct and reporting 2019; and - Assessing viability in planning under the National Planning Policy Framework 2019 (for England).
	1.9.	RICS Professional Standards include practices and behaviours intended to protect clients and other stakeholders, as well as ensuring their reasonable expectations of ethics, integrity, technical competence and diligence are met. Members must comply with RICS Professional Standards which include mandatory and best practice requirements.
	1.10.	We can confirm that we have carried out this assessment acting with objectivity, impartially and without interference.
	1.11.	We can confirm that there are no conflicts of interest in undertaking this assessment and we have acted independently and impartially.
Structure	1.12.	The remainder of this report is structured as follows: - National Policy Context - Local Policy Context - Viability Assessment Model

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| | <ul style="list-style-type: none">• Land Values• Residential Typologies, Values and Costs• Stakeholder Consultation• Viability Results• Strategic Allocations Assessment• Conclusions |
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2. National Policy Context

Introduction	2.1	In conducting our financial viability assessment, we have adhered to the diverse statutory requirements encompassing primary legislation, planning policy, statutory regulations, and guidance.
	2.2	Outlined below are the principal cross-references within the NPPF and PPG, along with our observations concerning viability and deliverability. This summary is not exhaustive, and readers are encouraged to consult the specific sections of the NPPF and PPG for further details.
National Planning Policy Framework	2.3	The NPPF sets out core planning principles that underpin both plan-making and decision taking. Planning law requires that applications must be determined in accordance with the development plan unless material considerations indicate otherwise. The NPPF must be taken into account in preparing a development plan and is a material consideration in planning decisions. The latest revision of the NPPF was published in December 2024.
	2.4	Paragraph 35 of the NPPF states: <i>“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.”</i>
	2.5	Paragraph 58 of the NPPF sets out the three tests that planning obligations must meet: <i>“a) Necessary to make the development acceptable in planning terms; b) Directly related to the development; and c) Fairly and reasonably related in scale and kind to the development.”</i>
	2.6	Paragraph 59 confirms the assumption of viability for planning applications that comply with contributions expected from development, where up-to-date policies have set these out. Applicants are required to justify any need for a viability assessment in specific cases. The decision maker will determine the relevance of a viability assessment, considering factors such as whether the plan and its supporting viability evidence are current and any changes in site conditions since the plan's implementation. Additionally, all viability assessments should align with national planning recommendations.
	2.7	Paragraph 65 notes that affordable housing provisions should generally not be required for smaller residential projects, except in designated rural areas where a lower threshold may apply (e.g., developments of 5 units or fewer). Additionally, to encourage the redevelopment of brownfield sites, any required affordable housing contributions should be proportionately reduced when vacant buildings are reused or redeveloped.
	2.8	Paragraph 66 notes that for major housing developments, planning policies and decisions should ensure that the mix of affordable housing aligns with local needs. This includes options across Social Rent, other forms of affordable rental housing, and affordable home ownership opportunities.
	2.9	Paragraph 67 references the ‘Golden Rules’ for Green Belt development and confirms a specific affordable housing requirement(s) for major housing development, either on land proposed to be released from the Green Belt or land within the Green Belt. This requirement should: <i>“a) 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 b) 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).”</i> We note that this does not apply to Colchester as there is no greenbelt.

Planning Practice Guidance	2.10 The PPG was first produced and published by the Department of Communities and Local Government (DCLG) in March 2014 to cover a range of topics and have been varied and supplemented on a number of occasions since.
PPG – Viability	2.11 On 06 March 2014, national guidance on Viability was published and was most recently updated on 12 December 2024. The key points are set out below.
	2.12 <u>Paragraph 001 – Policy Requirements for Contributions</u> Plans for developments should clearly outline expected contributions, specifying affordable housing levels and types, along with necessary infrastructure such as education, health, transport, flood management, and digital infrastructure. These requirements should be based on evidence of need and a viability assessment that considers policies, including the Community Infrastructure Levy (CIL) and Section 106 impacts. Clarity in policy requirements is essential for accurate land pricing, with affordable housing needs expressed as a single figure. Requirements may vary based on site type, location, and development type.
	2.13 <u>Paragraph 002 – Ensuring Policy Requirements Are Deliverable</u> Viability assessments are largely conducted at the plan-making stage ensuring policies are realistic and don't impede deliverability while supporting sustainable development. It is crucial for plan makers to work with local communities, developers, and stakeholders to create workable and feasible policies. The development of plan policies should be an iterative process, informed by input from developers, landowners, and providers of infrastructure and affordable housing. Policy requirements (especially for affordable housing) should be set to balance need and deliverability, removing the need for additional viability assessments during the decision-making process. Site promoters must participate in plan-making, consider all associated costs, including profit margins and risks, and propose developments that comply with current policies (meaning the adherence to all up-to-date plan policies). Decision makers should also consider emerging policies. The land purchase price cannot justify non-compliance with these policies, and both landowners and site buyers should factor in policy requirements when finalising land deals.
	2.14 <u>Paragraph 004 – Typologies</u> A typology approach involves categorising site types to help plan makers develop achievable policies. By analysing the characteristics and potential of different site types expected to be developed throughout the plan period, plan makers can tailor policies that are deliverable. This enables plan makers to group sites that share characteristics (location, size, whether brownfield or greenfield and existing and proposed use of the development). These characteristics should reflect the nature of typical sites and allocated development expected to be developed within the plan period. By analysing average costs and values, plan makers can estimate how various policies will impact the viability of each site type. This assessment allows them to explore different policy options and their impact on viability. Consequently, plan makers can establish suitable BLV's and policy requirements for each site typology, ensuring that policies are grounded in financial reality and support deliverable development. Plan-makers will then collaborate with landowners, site promoters, and developers, using data from existing case study sites to verify that cost and value assumptions are realistic and accurate. It is crucial to exclude any outliers to maintain accuracy. Additionally, other planning evidence (such as SHLAA's), can further inform these viability assessments, ensuring that all factors are thoroughly considered in the policy-making process.

	2.15 <u>Paragraph 005 – Strategic Sites</u> Considering the specific circumstances of strategic sites is important. Plan makers can perform site-specific viability assessments for sites that are vital for achieving the plan's strategic priorities. This includes large sites, those that offer a significant portion of planned supply, sites that unlock other development opportunities, or sites in designated regeneration areas. Using information from other planning evidence, such as SHLAA's can assist in informing these viability assessments, ensuring that the strategic sites meet their intended objectives effectively.
	2.16 <u>Paragraph 010 – Viability Assessment Principles</u> Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return. Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers. 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.
	2.17 <u>Paragraph 011 – Gross Development Value ('GDV')</u> GDV is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development, broad assessment of value in line with industry practice may be necessary. For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data. For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used.
	2.18 <u>Paragraph 012 – Costs</u> Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Costs include: • Build costs based on appropriate data, for example that of the BCIS' • Abnormal costs (including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites); • Site-specific infrastructure costs (including access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy); • The total cost of all relevant policy requirements (including contributions towards affordable housing and infrastructure, CIL, BNG and any other relevant policies or standards); • General finance costs (including those incurred through loans) • Professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site; and • Explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return.

2.19	<u>Paragraph 013 – Benchmark Land Value ('BLV')</u> To define land value for any viability assessment, a BLV should be established on the basis of the existing use value ('EUV') of the land, plus a premium for the landowner.
2.20	<u>Paragraph 014 – BLV Factors</u> BLV should: • Be based upon EUV; • Allow for a landowner's premium (including equity resulting from those building their own homes); and • Reflect implications of abnormal costs; site-specific infrastructure costs; and professional site fees. Market evidence of current uses, costs and values should inform EUV. 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. This evidence should be based on development that are fully policy compliant (adopted or emerging), including affordable housing requirements. Where evidence is not available, plan-makers and applicants should determine any necessary adjustments to account for the costs associated with policy compliance. This is to prevent the use of historical, non-compliant BLV's that could otherwise inflate land values over time, ensuring that valuations remain aligned with current policy requirements.
2.21	<u>Paragraph 015 – Existing Use Value ('EUV')</u> EUV is the value of the land in its existing use, but is not the price paid and should disregard hope value. EUV's will vary depending on the site and development types. The EUV of a site can be determined through collaboration between plan makers, developers, and landowners. This involves evaluating the site's value using published sources, such as the values of agricultural or industrial land, or by capitalising rental levels at a suitable yield when applicable. This ensures that the EUV reflects a fair and accurate assessment.
2.22	<u>Paragraph 016 – Premiums</u> The premium is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements. Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence.
2.23	<u>Paragraph 017 – Alternative Use Value ('AUV')</u> Alternative use value refers to the value of land for uses other than its existing use which may be informative in establishing BLV but should be limited to those uses which would be fully policy compliant.
2.24	<u>Paragraph 018 – Developers' Profit</u> For plan-making, it is generally considered appropriate to assume a developer's return of 15-20% of the GDV to establish the viability of planning policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be appropriate where affordable housing is delivered where this guarantees an end sale at a known value and reduces risk.

	2.25 <u>Paragraph 029 - Golden Rules for Green Belt development</u> Where development takes place on land situated in, or released from, the Green Belt and is subject to the 'Golden Rules' (NPPF Para. 156), site specific viability assessment should <i>not</i> be undertaken or taken into account for the purpose of reducing developer contributions, including affordable housing. Prior to affordable housing policies being updated (NPPF Para. 67), the amount of affordable housing contributions required are subject to an overall cap of 50%. This cap does not prevent a developer from agreeing to provide affordable housing contributions which exceed the 50%, in any particular case. The highest existing affordable housing requirement that would otherwise apply mean the highest requirement that the LPA could seek as per the existing policy. For example: a) If a policy is framed as "up to 30%" then the uplift is applied to 30%; and b) If a policy is framed as "30% subject to viability" then the uplift should be applied to 30% regardless of viability. The percentage uplift should be applied to the proportion of affordable housing that would otherwise be delivered on site. We note that this does not apply to Colchester as there is no greenbelt.
PPG – First Homes	2.26 On 24 May 2021, DLUHC (then MHCLG) published national guidance on First Homes and was most recently updated on 23 December 2021. The key points are set out below.
	2.27 <u>Paragraph 001 – First Homes</u> First Homes are a type of housing offered at a discounted market price, qualifying them as "affordable housing" in planning contexts. First Homes are discounted market sale units which: a) Must be discounted by a minimum of 30% against the market value; b) Are sold to a person or persons meeting the First Homes eligibility criteria (see below); c) On their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and d) After the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London). First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.
	2.28 <u>Paragraph 004 – Minimum Discount</u> In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%. Local authorities have the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home.
	2.29 <u>Paragraph 005 – Price Cap</u> The initial sale of the home cannot be at a price greater than £250,000 (or £420,000 in Greater London) after the discount has been applied. Therefore, local authorities cannot set price caps higher than these

		national caps. Local authorities have the discretion to set lower price caps if they can demonstrate a need for this. Any local price caps should be determined through the plan-making process with regard to local income levels, related to local house prices and mortgage requirements. Local price caps should not be set arbitrarily and should only be used if evidence demonstrates a need for intermediate housing at particular price points.
	2.30	<u>Paragraph 012 – First Homes Contributions</u> A minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. It is expected that First Homes will be secured through Section 106 planning obligations. Where cash contributions for affordable housing are secured instead of on-site units, a minimum of 25% of these contributions should be used to secure First Homes.
	2.31	<u>Paragraph 013 – 25% Tenure Mix</u> Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required. Policies for First Homes should reflect the requirement that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes.
	2.32	<u>Paragraph 016 – First Homes and CIL</u> CIL Regulations make provisions for charging authorities to give relief or grant exemptions from the levy. These regulations allow developers of First Homes to obtain an exemption from the requirement to pay CIL. Mandatory social housing relief can apply in respect of dwellings where the first and subsequent sales are no more than 70% of their market value. To be eligible, a planning obligation must be entered into prior to the first sale of the dwelling designed to ensure that any subsequent sale of the dwelling is for no more than 70% of its market value. This relief will therefore be available for First Homes.
Written Ministerial Statement – Local Energy Efficiency Standards	2.33	In December 2023, the Housing Minister clarified key priorities regarding the net zero goal, viability and housing delivery in a Written Ministerial Statement (WMS). This was triggered by evolving standards including changes to Part L of the Building Regulations and the Code for Sustainable Homes. This was then legally challenged in 2024, but it remains to be seen whether the Government will change its direction from the WMS or whether it will be successful in restricting the ability of local authorities setting higher efficiency standards through planning policies.
	2.34	The WMS states: <i>“For a number of years, the plans of some local authorities have sought to go further than national standards in terms of such efficiency for new-build properties. Equally, there is a legitimate consideration for the Government to want to strike the best balance between making progress on improving the efficiency and performance of homes whilst still wanting to ensure housing is built in sufficient numbers to support those who wish to own or rent their own home.”</i> <i>“The introduction of the 2021 Part L uplift to the Building Regulations set national minimum energy efficiency standards that are higher than those referenced in the 2015 WMS rendering it effectively moot. A further change to energy efficiency building regulations is planned for 2025 meaning that homes built to that standard will be net zero ready and should need no significant work to ensure that they have zero carbon emissions as the grid continues to decarbonise.”</i> <i>“The Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations. The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale.”</i>

	2.35 There are exceptions to these where local policies have “<i>a well-reasoned and robustly costed rationale that ensures:</i> • <i>Development remains viable, and the impact on housing supply and affordability is considered in accordance with the National Planning Policy Framework.</i> <i>The additional requirement is expressed as a percentage uplift of a dwelling’s Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP).”</i>
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3. Local Policy Context

Local Policy Context	3.1. To assist in appraising the Colchester emerging Local Plan, we have assessed the cumulative impact of the emerging Local Plan policies. We have considered whether the policies have a direct or indirect impact on development viability.
Adopted Colchester Local Plan	3.2. In the first instance, we note the current adopted affordable housing policy in the Local Plan.
	3.3. Policy DM8 of the adopted Plan Section 2 covers affordable housing and states: <i>“The Council is committed to improving housing affordability in Colchester. Accordingly, 30% of new dwellings (including conversions) on housing developments of 10 or more dwellings (major developments) in urban areas and above 5 units in designated rural areas (in accordance with Planning Policy Guidance), should be provided as affordable housing (normally on site).</i> <i>Where it is considered that a site forms part of a larger development area, affordable housing will be apportioned with reference to the site area as a whole.</i> <i>This level balances the objectively assessed need for affordable housing in the Borough established by the evidence base, against the requirement for flexibility to take account of changing market conditions. At present the overwhelming need in Colchester is for affordable rented properties, which should be reflected in development proposals. For sites where an alternative level of affordable housing is proposed below the target, it will need to be supported by evidence in the form of a viability appraisal.</i> <i>In exceptional circumstances, where high development costs undermine the viability of housing delivery, developers will be expected to demonstrate an alternative affordable housing provision.</i> <i>The Local Planning Authority will require developments to integrate affordable housing and market housing, with a consistent standard of quality design and public spaces, to create mixed and sustainable communities. The affordable housing provision should proportionately reflect the mix of market units unless otherwise specified by the Local Planning Authority. In schemes over 15 units the affordable housing should be provided in more than one single parcel. Elsewhere the affordable housing mix on any site should normally be “pepper potted” throughout the scheme in groups, the size and location of which should be discussed and agreed with the Local Planning Authority.</i> <i>Affordable housing development in villages will be supported on rural exception sites adjacent or continuous to village settlement boundaries or where it will enhance or maintain the vitality of rural communities, provided a local need is demonstrated by the Parish Council on behalf of their residents, based on evidence gained from an approved local housing needs survey. A proportion of market housing which facilitates the provision of significant additional affordable housing may be appropriate on rural exception sites. Information to demonstrate that the market housing is essential to cross-subsidise the delivery of the affordable housing and that the development would not be viable without this cross-subsidy will be required. At the scheme level, the number of open market units on the rural exception site will be strictly limited to only the number of units required to facilitate the provision of significant affordable housing units on a rural exception site. The number of affordable units and total floorspace on a site should always be greater than the number of open market units or floor space. The actual</i>

		<i>number will be determined on local circumstances, evidence of local need and the overall viability of the scheme.”</i>
Emerging Colchester Local Plan	3.4.	The draft Colchester Local Plan policies have been reviewed. A detailed matrix of all the proposed planning policies is included in Appendix 1 to this report. This matrix outlines and confirms whether the policies directly impact on viability, and how these policies have shaped the typologies and assumptions adopted within out appraisals.
	3.5.	Policy H2 of the emerging Plan covers affordable housing and proposes: <i>“The Council is committed to improving housing affordability in Colchester.</i> <i>30% of new dwellings should be provided as affordable housing for developments of:</i> a) <i>10 or more dwellings or a site area of 0.5 ha or more in urban areas;</i> b) <i>5 dwellings or more in designated rural areas.</i> <i>Affordable dwellings should be delivered on site. In exceptional circumstances, off-site provision or a financial contribution in lieu may be accepted. This will be determined on a case-by-case basis.</i> <i>Where it is considered that a site forms part of a larger development area, affordable housing will be apportioned with reference to the site area as a whole.</i> <i>The Colchester Local Housing Needs Assessment identifies a clear and acute need for rented affordable housing, this should be prioritised where delivery does not prejudice the overall delivery of affordable homes.</i> <i>In exceptional circumstances where high development costs undermine the viability of housing delivery, developers will be expected to demonstrate an alternative affordable housing provision.</i> <i>For sites where an alternative level of affordable housing is proposed below the requirement, it will need to be supported by evidence in the form of a viability appraisal. In such cases the Council may seek a review of the viability of a scheme with the aim of achieving policy compliance over time. This may include securing a review mechanism by legal agreement specifying trigger points for undertaking a review such as later phases of a scheme or reserved matters applications with the aim of achieving policy compliance and improving the affordable housing contributions.</i> <i>Proposals should be designed tenure blind, demonstrating no distinctly different design characteristics between affordable and market homes. To promote social cohesion, affordable housing provision should not dominate an area, road or building across the development.</i> <i>95% of affordable housing should meet Building Regulations 2015 Part M4 (2) accessible and adaptable standards (or its successor) and 5% of affordable homes to be Part M4 (3)(2)(b) wheelchair user standards (or its successor).</i> <i>Rural Exception Sites</i> <i>Affordable housing development in villages will be supported on rural exception sites where:</i> a) <i>Adjacent or continuous to village settlement boundaries or where it will enhance or maintain the vitality of rural communities,</i> b) <i>Meeting a local need that is evidenced by an approved Local Housing Needs Survey by the relevant Town or Parish Council on behalf of their residents.</i> <i>A proportion of market housing which facilitates the provision of significant additional affordable housing may be appropriate on rural exception sites. Information to demonstrate that the market housing is essential to cross-subsidy the delivery of the affordable housing and that the development would not be viable without this cross-subsidy will be required.</i> <i>At the scheme level, the number of open market units on the rural exception site will be strictly limited</i>

	<i>to only the number of units required to facilitate the provision of significant affordable housing units on a rural exception site. The number of affordable units and total floorspace on a site should always be greater than the number of open market units or floorspace. The actual number will be determined on local circumstances, evidence of local need and the overall viability of the scheme.”</i>
3.6.	We have adopted the provisions of Policy H2 as our baseline assessment of viability. We have also provided a sensitivity analysis to determine whether differing levels of affordable housing are viable.

4. Viability Assessment Model

Introduction	4.1.	This section of the report sets out our methodology we have adopted in assessing the viability of the typologies as discussed in Section 6.
Viability Framework	4.2.	The PPG provides the framework for defining whether a development is viable or not by calculating the value generated from the development against the overall development costs. This is the Residual Valuation framework set out in the RICS Professional Standard 'Assessing viability in planning under the NPPF for England 2019' which is also detailed in the RICS Professional Standard 'Valuation of Development Property (October 2019)'. The FVA will have regard to the impact of a number of policy requirements and developer contributions and movements in costs will impact what is available for the others. The framework is shown in the figure below.
	4.3.	Figure 1: RICS Residual Valuation Framework Source: RICS Professional Standard Assessing viability in planning under the National Planning Policy Framework for England 2019
	4.4.	In our assessment, where the RLV equals or exceeds the BLV, the development is deemed to be viable. The RLV has been calculated by deducting all developments costs (including planning obligations and developer's profit but excluding land) from the Gross Development Value (GDV).
	4.5.	It is important to note that there will be variations between Brownfield and Greenfield sites, so we have run all typologies on both basis.
Benchmark Land Value Approach	4.6.	PPG expects that viability is determined regarding a BLV which reflects the site's Existing Use Value (EUV) (component 1) and a premium for incentivising the landowner to release the land for development (component 2), or an Alternative Use Value (AUV), having regard to policy.
	4.7.	Paragraph 013 of the PPG on Viability sets out that land value for viability should be defined for the purpose as follows; <i>"To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value 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</i>

		<i>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+)."</i>
	4.8.	Paragraph 014 of PPG adds that BLV should: • <i>"be based upon existing land value</i> • <i>allow for a premium to landowners (including equity resulting from those building their own homes)</i> • <i>reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees"</i>
	4.9.	Paragraph 017 of PPG provides an alternative method to establish a BLV by considering an AUV which refers to the value of land for uses other than its existing use. When determining BLV, alternative uses should be restricted to those that align with current development plan policies. This includes adhering to contribution requirements for affordable housing as specified in the Local Plan. If an existing use is planned to be refurbished or redeveloped, it should be considered as an AUV during the BLV assessment.
	4.10.	Current guidelines dictate that land value assessments should use the EUV plus a premium approach rather than the traditional Market Value method. We set out the key elements of the EUV plus approach below; • Existing Use Value is determined by assessing the land's current use (excluding any hope value), supported by evidence from comparable properties and local market conditions. This establishes a foundational value based on its existing status. • The premium is an additional amount over the EUV designed to incentivize landowners to sell for development. Calculating this premium can be complex, as it's influenced by factors such as anticipated future uses, local market trends, and specific development challenges. • The Benchmark Land Value, comprising the EUV and the premium, must include the total cost of meeting all relevant policy requirements. These policies could involve affordable housing mandates, environmental regulations, infrastructure expenses, and other planning obligations during development.
	4.11.	The Planning Practice Guidance (PPG) specifies that policy costs need to be incorporated into any land value assessment, ensuring that the calculated value accurately reflects the financial implications of policy compliance.
Premium Consideration	4.12.	The premium should provide a reasonable incentive for a landowner to bring forward their land for development whilst also allowing for compliance with policy requirements.
	4.13.	Paragraph 016 of the PPG on Viability states: <i>"Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to</i>

		<i>be paid through an option or promotion agreement)."</i>
	4.14.	In determining the premium for the EUV, it is important in each scenario that regard is given to current planning policy requirements and that these requirements are not forgone at the cost of the land.
Interpretation of Viability Results	4.15.	In development, a site's price is determined by its RLV, calculated by subtracting all associated costs, including planning and profit margins, from the GDV. A positive RLV indicates a viable project, while a negative RLV suggests it is not feasible. Developers aim to identify low-value sites and redevelop them into higher-value uses. Site owners decide whether to sell based on their circumstances. Pre-2008 financial crisis, the market dictated this process without much planning interference.
	4.16.	Post-crisis and especially after the 2012 National Planning Policy Framework, there has been a shift. Authorities now set a 'Benchmark Land Value' for landowner returns, affecting negotiations around affordable housing and land values. For a project to proceed, its RLV must surpass this BLV.
	4.17.	Each project and landowner have unique motivations, requiring a tailored approach. In plan-making, RLVs are compared against BLVs. If the RLV exceeds the BLV ('balance positive'), policies like affordable housing are viable. If not ('balance negative'), they might need revisiting. Sometimes, the RLV is positive but not feasible due to the BLV, referred to as 'marginal', then further analysis may be required.
Sensitivity Analysis	4.18.	Alongside the initial assessment, we have developed various sensitivity scenarios for each type of development. These scenarios help analyse project viability, especially focusing on the viability buffer. They assess how sensitive the appraisals are to essential factors like planning conditions, affordable housing mandates, profit margins, and the effects of increasing construction costs or a change in the market resulting in a change in market values.

5. Land Values

Introduction	5.1.	Chapter 4 sets out the policy and methodology basis used in this study to assess viability. A pivotal aspect of this assessment is the assessment of the Benchmark Land Value. We have produced a Benchmark Land Value paper, containing our evidence base and methodology attached at Appendix 4. The also includes a full analysis of applicable policy and guidance in relation to Benchmark Land Values (BLVs).																												
Assessment of Benchmark Land Value	5.2.	Appendix 4 sets out the Benchmark Land Values applied within our testing, reflecting policy prerequisites and methodologies for appraising land values. The analysis relies on the National Planning Practice Guidance methodology set out above, which dictates that the BLV should be derived from the Existing Use Value coupled with a premium for landowners. Applying principles set out in PPG, Appendix 4 sets out that land valuations ought to reflect site-specific infrastructure expenditures and abnormal costs.																												
	5.3.	Appendix 4 explores the UK land market, setting out market trends, noting interplay of economic stability alongside the issuance of planning consents on the development pipeline. The market evidence set out at Appendix 4 illustrates a gradual resurgence in market sentiment. It also discusses various influences like economic conditions, shifting interest rates, and emerging environmental regulations such as biodiversity net gain, which collectively are shaping the evolving landscape of real estate values and activity.																												
	5.4.	Appendix 4 also explores existing evidence from local plans and viability assessments in Colchester to identify a spectrum of BLVs, with case studies of brownfield and greenfield sites. The analysis indicates that brownfield sites typically require a 20% premium over EUV, while greenfield sites may necessitate a premium multiplier ranging from 5 to 10 times the EUV, contingent on-site characteristics and infrastructure demands.																												
	5.5.	We set out below a summary of the EUVs, Landowner Premium and BLV applied within our testing.																												
	5.6.	Table 1: Applied Benchmark Land Values <table><tr><th>Location</th><th>All Value Zones</th><th>Medium & Low Value Zone</th><th>High Value Zones</th></tr><tr><th>Type</th><td>Brownfield</td><td>Greenfield</td><td>Greenfield</td></tr><tr><th>EUV Per Acre (gross)</th><td>£375,000</td><td>£12,500</td><td>£12,500</td></tr><tr><th>EUV Per Ha (gross)</th><td>£925,000</td><td>£30,888</td><td>£30,888</td></tr><tr><th>Landowner Premium</th><td>20%</td><td>5 x</td><td>10 x</td></tr><tr><th>BLV Per Acre (gross)</th><td>£450,000</td><td>£62,500</td><td>£125,000</td></tr><tr><th>BLV Per Ha (gross)</th><td>£1,111,950</td><td>£154,438</td><td>£308,900</td></tr></table> Source: Newmark, Appendix 4	Location	All Value Zones	Medium & Low Value Zone	High Value Zones	Type	Brownfield	Greenfield	Greenfield	EUV Per Acre (gross)	£375,000	£12,500	£12,500	EUV Per Ha (gross)	£925,000	£30,888	£30,888	Landowner Premium	20%	5 x	10 x	BLV Per Acre (gross)	£450,000	£62,500	£125,000	BLV Per Ha (gross)	£1,111,950	£154,438	£308,900
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6. Residential Typologies, Values and Costs

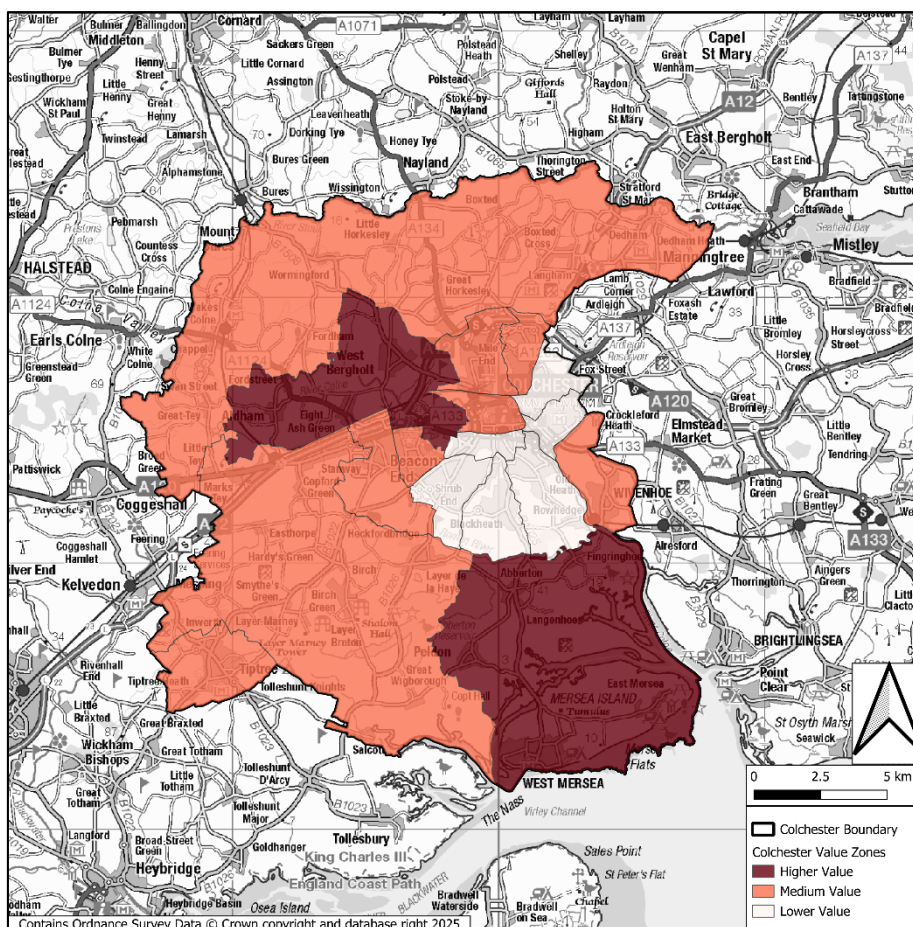
Residential Typologies	6.1.	In order to derive typologies to test the emerging plan against, we have had consideration for the types of development site that are likely to come forward during the plan period. This involves taking into consideration previous sites developed within the Borough and the sites put forward during the “call for sites” exercise.
	6.2.	In order to derive value assumptions within Colchester, our Residential Market Paper, included at Appendix 3, examines the current evidence base and offers an in-depth market analysis, explaining the basis for our assumptions.
	6.3.	Additionally, as discussed above our Land Market Paper, found at Appendix 4, evaluates the evidence and assumptions pertaining to Benchmark Land Values (BLV).
	6.4.	Detailed appraisals for each site and scheme typology, along with sensitivity analysis, are presented in Appendix 7. Below is a summary of these assumptions and results.
Existing Evidence Base	6.5.	We have undertaken a review of the existing evidence base which comprises the following studies. This is to provide a baseline of assumptions for us to build-upon.
	6.6.	The review of Colchester's existing evidence base, including the Strategic Land Availability Assessment (SLAA) and Local Housing Needs Assessment (LHNA), highlights key strategies in addressing housing challenges. The SLAA involves a methodical exploration of potential development sites to meet growing residential, commercial, and green demands. This process involved public consultations and identifying a broad range of site sizes for prospective development.
	6.7.	The Local Housing Needs Assessment, prepared by Icen Projects, offers a comprehensive analysis of Colchester's current and future housing needs. It covers areas such as housing market dynamics, demographics, and specific needs for affordable housing. The analysis reveals that there is a growing demand for affordable housing, particularly rented options, and highlights the importance of catering to demographics such as the aging population and increased disability needs.
	6.8.	The Strategic Director's Housing Insight Report further discusses the broader UK housing crisis, with an emphasis on balancing supply and demand, housing affordability, and the rising dependency on the private rental market due to insufficient affordable options. It underscores the need for strategic planning and government intervention to address these issues.
	6.9.	The reviews highlight several critical conclusions for addressing housing demand and supply in Colchester: Firstly, effective strategic planning and organised land allocation are essential to meet Colchester's expanding needs. These measures will ensure a balanced development of residential, commercial, and green spaces, accommodating diverse developmental purposes.
	6.10.	Secondly, there is an urgent need to prioritise the delivery of affordable housing. Addressing affordability challenges and homelessness is paramount, and this requires a stringent focus on increasing the supply of affordable homes, particularly in the social and affordable rented sector, where wider socio-economic benefits can be realised.
	6.11.	Thirdly, housing policies must consider demographic changes, especially the aging population and the growing number of individuals with disabilities. Ensuring that new developments are both accessible and adaptable will be critical in catering to these demographic shifts.
	6.12.	In conclusion, meeting Colchester's housing challenges requires structured planning, increased affordable housing, and adaptable policies for diverse community needs. This includes public consultation and strategic collaboration to ensure a sustainable and inclusive housing environment for the present and future.
	6.13.	In terms of values, we append our Residential Market Paper which reviews the existing evidence base and provides a detailed residential market analysis setting out how we have arrived at our assumptions. We provide a summary of the findings of this research paper herein.

Residential Typology Assumptions	6.14.	We have established an extensive series of typologies for evaluation, which include specific site categories, such as greenfield and brownfield, as well as scheme categories, like the number of units, estate housing, and flats.																											
	6.15.	The detailed Typologies Matrix is contained in Appendix 2.																											
	6.16.	The typologies illustrate the standard development sites anticipated during the plan period. However, they do not account for site-specific constraints that may affect individual site values and all assumed outcomes. Evaluating every potential site within the Borough is impractical.																											
	6.17.	Our assessment draws upon evidence to present these typical site typologies across the Borough, to investigate whether emerging policies might fundamentally impact viability.																											
	6.18.	It is important to recognise that Strategic Allocations result in site-specific scenarios that necessitate individual testing. The outcomes of these tests are detailed in the Strategic Site Addendum Paper, contained in Appendix 8																											
Unit Mix	6.19.	The assessment of Colchester's future housing needs takes into account demographic trends, such as the rise in family households and an aging population. Different household types have distinct living arrangements; for instance, married couples typically own homes, whereas lone parents are more likely to rent. Factors like demographic changes, economic conditions, and housing affordability affect the demand for various home sizes. The analysis highlights a significant need for 2-bedroom homes across all sectors, with differing demands for 1-bedroom and homes with 3 or more bedrooms. Although the recommended housing mix provides guidance, it should remain adaptable to local circumstances and be regularly reviewed. Larger family homes could potentially release smaller properties for other households, while 1-bedroom units may pose challenges due to limited flexibility, higher turnover, and management issues. Therefore, 2-bedroom units might be a preferable alternative given current market conditions.																											
	6.20.	The recommended housing mix is as follows, although it is noted this should not be prescribed but should be reviewed as a monitoring tool																											
	6.21.	Figure 2: Iceni Project's Recommended Unit Mix <table><tr><th></th><th rowspan="2">Market</th><th rowspan="2">Affordable Home Ownership</th><th colspan="2">Affordable Housing (rented)</th></tr><tr><th></th><th>General Needs</th><th>Older Persons</th></tr><tr><td>1-bedroom</td><td>4%</td><td>21%</td><td>21%</td><td>56%</td></tr><tr><td>2-bedroom</td><td>29%</td><td>44%</td><td>38%</td><td rowspan="3">44%</td></tr><tr><td>3-bedroom</td><td>44%</td><td>26%</td><td>33%</td></tr><tr><td>4-bedroom</td><td>24%</td><td>8%</td><td>8%</td></tr></table> Source: Colchester City Council, 2025				Market	Affordable Home Ownership	Affordable Housing (rented)			General Needs	Older Persons	1-bedroom	4%	21%	21%	56%	2-bedroom	29%	44%	38%	44%	3-bedroom	44%	26%	33%	4-bedroom	24%	8%
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4-bedroom	24%	8%	8%																										
	6.22.	The Typologies Matrix for the specific mix assumed for each typology is available at Appendix 2. It should be noted that in the Typologies Matrix there are some nuances for particular scheme typologies e.g., 100% flatted typologies (Greenfield and Brownfield also differentiated).																											
Housing Value Zones	6.23.	In order to derive our Value Zones, we have had regard to: - Existing evidence base, e.g. Housing Needs Study; - New build sales values; and																											

- Second-hand sales values.

6.24. Our assessment has concluded three different Value Zones representing a 'lower', 'medium' and 'higher' value areas which have been mapped on a ward basis across the Colchester Borough. The figure below shows the Values Zones adopted within this study.

6.25. **Figure 3: Colchester Value Zones**



Source: Newmark, Appendix 3

Residential Value Assumptions

6.26. For the purpose of this study, we have applied the following values in our appraisals. These values were the subject of the stakeholder consultation.

6.27. **Table 2: Residential Value Assumptions**

Property Type	Floor Area (sqm)	Lower Value Zone	Medium Value Zone	Higher Value Zone
1-bed Flat / Maisonette	50.00	£200,000	£210,000	£220,000
2-bed Flat / Maisonette	61.00	£225,000	£230,000	£240,000
1-bed House	58.00	£230,000	£245,000	£260,000
2-bed House	70.00	£285,000	£305,000	£325,000

		3-bed House	93.00	£370,000	£400,000	£430,000
		4-bed House	117.00	£470,000	£510,000	£550,000
		5-bed+ House	165.00	£635,000	£670,000	£710,000
		<i>Source: Newmark, Appendix 3</i>				
	6.28.	The table below sets out our average unit size assumptions and £ per sq m rates based on the values in the table above.				
	6.29.	Table 3: Residential Value Assumptions Per Sq M				
		Property Type	Floor Area (sqm)	Lower Value Zone	Medium Value Zone	Higher Value Zone
		1-bed Flat / Maisonette	50.00	£4,000	£4,200	£4,400
		2-bed Flat / Maisonette	61.00	£3,689	£3,770	£3,852
		1-bed House	58.00	£3,965	£4,224	£4,482
		2-bed House	70.00	£4,071	£4,357	£4,623
		3-bed House	93.00	£3,978	£4,301	£4,623
		4-bed House	117.00	£4,017	£4,358	£4,700
		5-bed+ House	165.00	£3,848	£4,061	£4,303
		<i>Source: Newmark, Appendix 3</i>				
Affordable Housing	6.30.	We have tested the emerging H2 Policy of 30% affordable housing across the borough.				
Section 106 Contributions	6.31.	We have applied a rate of £10,500 per unit for Section 106 costs. This has been calculated by taking an average of the Section 106 commitments of residential schemes delivered in the last 5 years.				
Residential Cost Assumptions	6.32.	The development costs included in our assessment are supported by evidence when required and are detailed below. We have engaged with stakeholders during the consultation process to discuss the assumptions and have revised them based on the input received.				
Construction Cost Assumptions	6.33.	Table 4: Residential Development Costs				
		Item	Assumptions		Comments	
		Build Costs – Estate Housing Generally	£1,416 – £1,657 per sqm		Lower – Median BCIS, Essex, 5 years Build Out Rate – 3-6 units per month dependant on typology Lower Quartile Applied to <100 Median Applied to >100	
		Build Costs – Flats 3-5 Storey	£1,834 per sqm		Median BCIS, Essex, 5 years	
		Build Costs – Flat 6+ Storey	£1,866 per sqm		Median BCIS, Essex, 5 years	
		Affordable Housing	30%		Policy H2: Affordable Housing	
		2025 Future Homes Standard	£7,500 per Unit		Future Homes Standard 2025: Consultation Impact Assessment (DLUHC, December 2021).	
		Additional Net Zero	8% on Build Costs <100 units 5% on Build Costs > 100 Units		Approach used in Horsham District council's Local Plan Viability Assessment.	

	Building Safety Levy 2025	£16.37 psm – Previously Developed Land £32.74 psm Non-Previously Developed Land	MHCLGL: Building Safety Levy: Guidance – Section 2: Levy Rates and calculations. (July 2025)
	Site Clearance / Demolition / Remediation	£100,000 per Gross Acre	Applied to Brownfield Sites only.
	Biodiversity Net Gain (BNG) 10%	£1,003 per unit for Greenfield sites £268 per unit for brownfield sites	DEFRA Biodiversity net gain and local nature recovery strategies Impact Assessment (15/10/2019) (Reference No: RPC-4277(1)-DEFRA-EA).
	External Works	10.00% of Base Construction Costs	Drainage and utilities connections, boundary treatments, landscaping and open space, plot works, retaining structures, minor earthworks, external lighting and signage.
	Site Abnormals	£5,000 per unit	Allowance for abnormal site works including ground remediation, abnormal foundations, demolition and site clearance, cut and fill, retaining structures, SuDS and drainage attenuation, utility diversions and off-site connections, access improvements, and other site-specific enabling works not captured in base build costs.
	M4(2) Category 2 – Accessible and Adaptable housing	Cost Applied to 100% of all units.	Set to become the mandatory minimum standard across England.
	M4(3)(2)(b) Category 3 - Wheelchair Adaptable dwellings	Costs applied to 5% of Affordable Units	Equality and Human Rights Commission & Habinteg, A toolkit for local authorities in England: Planning for accessible homes.
	EV Charging	£0	Now Mandatory, Assuming will be included in BCIS.
	Site Infrastructure Costs	£5,000 per unit	Excluding Strategic Sites.
	Strategic Site Infrastructure Costs	£35,000 per unit	Evidence provided during strategic site assessment.
	Section 106 Contributions	£10,500 per Unit	Estimated average amount provided by the Council to include: open space; sport provisions; education and

				healthcare (see Typologies Matrix). Please note further S106 costs will be analysed at a site-specific basis.
	6.34.	The costs outlined have been evaluated based on average values. While many assumptions lean towards a slightly negative perspective, there is potential for adaptability and practical application of the Plan's policies. For instance, these evaluations do not consider potential increases in property values due to local energy-efficient homes or new market opportunities from regeneration projects. Moreover, they also overlook savings in construction costs as innovative low-carbon and energy-efficient building technologies are increasingly adopted in the industry.		
Other Cost Assumptions	6.35.	Table 5: Fees and Finance Costs		
		Item	Assumptions	Comments
		Professional Fees	8.00%	Dependent on complexity of scheme.
		Contingency	5.00%	BCIS + Abnormals.
		Marketing & Disposal	3.00%	Industry Standard Allowance.
		Finance – Debit	7.50%	
		Profit on Market Sales	20.00%	Reflecting consideration of developer risk.
		Profit on Affordable Sales	6.00%	Industry Standard Profit Assumption.
		Site Acquisition – Stamp Duty	At the Prevailing Rate	
		Site Acquisition – Agent Fee	1.00% of Land Value	Industry Standard Allowance.
		Site Acquisition – Legal Fee	0.50% of Land Value	Industry Standard Allowance.
Profit	6.36.	We have set a standard profit margin of 20% based on the Gross Development Value for market housing, conducting a sensitivity analysis to demonstrate how profit adjustments between 15% and 20% affect outcomes. This approach aligns with the Planning Practice Guidance (PPG) from May 2019, which deems a 15-20% profit margin as an appropriate return for developers to ensure the viability of plan policies.		

7. Stakeholder Consultation

Consultation Summary	7.1.	We have consulted with industry by way of a stakeholder consultation workshop held on Thursday 9 th January 2025. Following this, there was a 14-day period to allow stakeholders to provide feedback.
	7.2.	A copy of the slide presentation is included at Appendix 5 and the stakeholder feedback is included at Appendix 6 of this report.
	7.3.	During the 14-day period, we received feedback from six parties. We have collated the responses into a matrix, reviewed and added our comments as necessary. Any changes that we felt were reasonably evidenced and justified have been made.

8. Viability Results

Introduction	8.1.	We have conducted our viability assessments through a collaborative process with Colchester City Council. This process has helped us form recommendations regarding the potential to align affordable housing within the framework of the emerging Colchester Local Plan policies and the infrastructure requirements in the area.																																								
	8.2.	The typologies have been evaluated based on the baseline assumptions detailed previously, and we have conducted extensive sensitivity tests for each evaluation.																																								
	8.3.	As detailed in Section 4 and Appendix 1, the evaluations comply fully with policy requirements, incorporating all policy costs layer-by-layer. Generous allowances for land value and profit have been included, which positions these as potential 'worst-case scenarios'.																																								
Viability Testing	8.4.	We present the results following the order of the Typologies Matrix, beginning with Low Value Zone – Brownfield to High Value Zone – Greenfield, then progressing to specialist housing and strategic typologies. The complete residential evaluations are included in Appendix 7, with a summary table following each batch of evaluations.																																								
	8.5.	Across the varying Value Zones, we have tested the following typologies																																								
	8.6.	Table 6: Example Typologies <table><tr><th>Ref</th><th>No. of Resi Unit</th></tr><tr><td>1</td><td>9</td></tr><tr><td>2</td><td>25</td></tr><tr><td>3</td><td>50</td></tr><tr><td>4</td><td>100</td></tr><tr><td>5</td><td>150</td></tr><tr><td>6</td><td>250</td></tr></table>						Ref	No. of Resi Unit	1	9	2	25	3	50	4	100	5	150	6	250																					
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6	250																																									
	8.7.	The following tables summarise the viability results of the typologies in Colchester. The tables indicate viability using a RAG rating system as indicated below.																																								
	8.8.	Table 7: Viability RAG Rating <table><tr><th>Viability of rag rating</th><th>Comments</th></tr><tr><td>Viable</td><td>If Residual is greater than Benchmark</td></tr><tr><td>Marginal</td><td>If Residual is lower than the Benchmark but the Residual is positive</td></tr><tr><td>Not Viable</td><td>If The Residual is lower than the Benchmark and negative</td></tr></table>						Viability of rag rating	Comments	Viable	If Residual is greater than Benchmark	Marginal	If Residual is lower than the Benchmark but the Residual is positive	Not Viable	If The Residual is lower than the Benchmark and negative																											
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Brownfield	8.9.	Table 8 below summarises the appraisal results for Higher Value Zone – Brownfield typologies.																																								
Higher Value	8.10.	Table 8: Higher Value Zone – Brownfield <table><tr><th>Site Number</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th></tr><tr><th>Resi. Units</th><td>9</td><td>25</td><td>50</td><td>100</td><td>150</td><td>250</td></tr><tr><th>RLV / Acre</th><td>£564k</td><td>£369k</td><td>£378k</td><td>£763k</td><td>£774k</td><td>£780k</td></tr><tr><th>BLV / Acre</th><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td></tr><tr><th>Surplus / Deficit / Acre</th><td>£114k</td><td>-£81k</td><td>-£72k</td><td>£313k</td><td>£324k</td><td>£330k</td></tr></table>						Site Number	1	2	3	4	5	6	Resi. Units	9	25	50	100	150	250	RLV / Acre	£564k	£369k	£378k	£763k	£774k	£780k	BLV / Acre	£450k	£450k	£450k	£450k	£450k	£450k	Surplus / Deficit / Acre	£114k	-£81k	-£72k	£313k	£324k	£330k
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	8.11.	A series of Higher Value Brownfield typologies were tested to assess the viability of different scales of development, consisting of schemes of 9, 25, 50, 100, 150 and 250 units. All typologies were assessed with an assumption of 30% affordable housing, except for the 9-unit scheme, which was tested at 0% affordable housing to reflect the reduced requirement for small-scale schemes. A benchmark land value (BLV) of £450,000 per acre was applied across all typologies, representing a reasonable return for the landowner which allows for policy costs and developer profit.																																			
	8.12.	Residual land values (RLVs) across the typologies range from around £369,000 to £780,000 per acre. Four of the schemes present RLVs that are comfortably above the BLV, indicating viability, while two of the typologies have RLVs that are below the BLV, indicating that these are marginal.																																			
	8.13.	The 9-unit typology achieves an RLV of around £564,000 per acre, comfortably above the BLV and is thus clearly viable. The 25 and 50-unit schemes both tested at 30% affordable housing, achieve RLVs of £369,000 and £378,000, respectively, indicating that these are marginal. We attribute this marginality to lesser economies of scale during construction and to the relatively higher low carbon/energy reduction costs incurred by smaller scale developments; sensitivity analysis for these schemes is discussed below.																																			
	8.14.	The larger typologies of 100, 150 and 250 units produce RLVs ranging between £763,000 and £780,000 per acre at 30% affordable housing; these are well in excess of the BLV, indicating that these are highly viable schemes. We attribute this viability to the higher market values, economies of scale when constructing and lower carbon/energy reduction costs in relation to the smaller sites.																																			
	8.15.	Overall, the analysis indicates that larger-scale typologies are highly viable but that smaller schemes of 25 and 50 units are marginal due to reduced economies of scale. The 9-unit typology is viable but benefits from not having to adhere to the 30% affordable housing provision policy.																																			
Sensitivity	8.16.	Our sensitivity testing indicates that the larger brownfield typologies remain resilient even with stricter policy requirements or less favourable market conditions. The analysis indicates these sites could withstand higher Section 106 costs of between £35,000 and £40,000 per unit, well above our base assumption of £10,500 per unit.																																			
	8.17.	By contrast, the 25 and 50-unit schemes would require an approximately 5% decrease in build costs or an increase in market values of around 4% to become viable.																																			
Medium Value	8.18.	Table 9 below summarises the appraisal results for Medium Value Zone – Brownfield typologies.																																			
	8.19.	Table 9: Medium Value Zone – Brownfield <table><tr><th>Site Number</th><th>7</th><th>8</th><th>9</th><th>10</th><th>11</th><th>12</th></tr><tr><th>Resi. Units</th><td>9</td><td>25</td><td>50</td><td>100</td><td>150</td><td>250</td></tr><tr><th>RLV / Acre</th><td>£334k</td><td>£163k</td><td>£176k</td><td>£563k</td><td>£522k</td><td>£575k</td></tr><tr><th>BLV / Acre</th><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td></tr><tr><th>Surplus / Deficit / Acre</th><td>-£116k</td><td>-£287k</td><td>-£274k</td><td>£113k</td><td>£72k</td><td>£125k</td></tr></table>	Site Number	7	8	9	10	11	12	Resi. Units	9	25	50	100	150	250	RLV / Acre	£334k	£163k	£176k	£563k	£522k	£575k	BLV / Acre	£450k	£450k	£450k	£450k	£450k	£450k	Surplus / Deficit / Acre	-£116k	-£287k	-£274k	£113k	£72k	£125k
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Surplus / Deficit / Acre	-£116k	-£287k	-£274k	£113k	£72k	£125k																															
	8.20.	A series of Medium Value Brownfield typologies were tested to assess the viability of different scales of development, consisting of schemes of 9, 25, 50, 100, 150 and 250 units. All typologies were assessed with an assumption of 30% affordable housing, except for the 9-unit scheme, which was tested at 0% affordable housing to reflect the reduced requirement for small-scale schemes. A benchmark land value (BLV) of £450,000 per acre was applied across all typologies, representing a reasonable return for the landowner which allows for policy costs and developer profit.																																			
	8.21.	Residual Land Values (RLVs) across these typologies range from around £163,000 per acre to £575,000 per acre. Smaller schemes of 9, 25, and 50 units produce marginal results, meaning that their RLVs are positive but remain below the BLV. These RLVs range from approximately £163,000 to £334,000 per acre, in some cases significantly below the BLV of £450,000 per acre, even in the case of the 9-unit scheme																																			

		which has not affordable housing provision. This is attributable to poorer economies of scale during construction and the heavier energy reduction costs of smaller schemes.																																			
	8.22.	In contrast, all three of the larger typologies of 100, 150 and 250 units produce RLVs that are comfortably above the BLV, strongly indicating viability; these values range from £522,000 to £575,000 per acre. We attribute this viability to the higher market values, economies of scale when constructing and lower carbon/energy reduction costs in relation to the smaller sites.																																			
	8.23.	Overall, the analysis indicates that the three smaller typologies are marginal and the three larger typologies are viable. Larger sites have some headroom to withstand additional cost pressures, whereas the smaller sites often fall well below the BLV while retaining positive RLVs.																																			
Sensitivity	8.24.	Sensitivity analysis has been conducted to determine how changes in our assumptions would affect the viability of the sites. The results confirm that significant changes to market and construction conditions would be necessary for the marginal schemes of 9, 25 and 50 units to become viable. Market values would need to increase by between 12 and 14% or construction costs drop by approximately 15%.																																			
	8.25.	In contrast, the three larger typologies of 100, 150 and 250-unit sites could withstand increased S106 costs of between £16,000 and £22,000 per unit or drops in market value of between 2 and 4%. This suggests that these schemes are more sensitive to market changes than policy-driven cost modifications.																																			
Lower Value	8.26.	Table 10 below summarises the appraisal results for Lower Value Zone – Brownfield typologies.																																			
	8.27.	Table 10: Lower Value Zone – Brownfield <table><tr><th>Site Number</th><th>13</th><th>14</th><th>15</th><th>16</th><th>17</th><th>18</th></tr><tr><th>Resi. Units</th><td>9</td><td>25</td><td>50</td><td>100</td><td>150</td><td>250</td></tr><tr><th>RLV / acre</th><td>£81k</td><td>-£65k</td><td>-£54k</td><td>£359k</td><td>£308k</td><td>£372k</td></tr><tr><th>BLV / acre</th><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td><td>£450k</td></tr><tr><th>Surplus / Deficit / Acre</th><td>-£369k</td><td>-£515k</td><td>-£504k</td><td>-£91k</td><td>-£142k</td><td>-£78k</td></tr></table>	Site Number	13	14	15	16	17	18	Resi. Units	9	25	50	100	150	250	RLV / acre	£81k	-£65k	-£54k	£359k	£308k	£372k	BLV / acre	£450k	£450k	£450k	£450k	£450k	£450k	Surplus / Deficit / Acre	-£369k	-£515k	-£504k	-£91k	-£142k	-£78k
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	8.28.	A series of Lower Value Brownfield typologies were tested to assess viability at different scales of development; these schemes consist of 9, 25, 50, 100, 150 and 250 units. All typologies assume an affordable housing provision of 30% with the exception of the 9-unit scheme where this provision is assumed to be 0%. All sites were assumed to have a Benchmark Land Value (BLV) of £450,000 to reflect a reasonable return for the landowner that takes policy costs and developer profit into account.																																			
	8.29.	RLVs across the sites range from -£64,612 to £372,000 per acre. Two of the schemes have negative RLVs and are thus not viable; the remaining four are marginal because their RLVs are positive, however, they remain below the BLV of £450,000 per acre.																																			
	8.30.	The 9-unit typology achieves an RLV of £81,289, far below with BLV of £450,000. As such, the scheme is marginal even with an affordable housing provision of 0%. This is attributable to the lack of economies of scale during construction and the higher costs for adhering to energy and carbon standards.																																			
	8.31.	The 25-unit scheme is the most unviable of the brownfield typologies, generating a negative RLV of -£64,612 per acre against a BLV of £450,000 per acre. The 50-unit scheme is also unviable, generating a negative RLV of -£53,641 per acre against a BLV of £450,000 per acre. These schemes are unviable because of the high affordable housing commitment in a low-value area and build costs which still cannot take full advantage of economies of scale.																																			

	8.32.	The larger typologies of 100, 150 and 250 units produce RLVs between £308,000 and £372,000 per acre, indicating that these are marginal. The schemes have higher RLVs than the smaller typologies due to economies of scale during construction and lower costs for energy and carbon standards. Nevertheless, as they are situated in a lower-value area, the sales values are insufficient to make these viable.																																										
	8.33.	Overall, the analysis indicates that the smaller sites are unviable, except for the 9-unit scheme which benefits from a lack of affordable housing provision. Larger sites produce stronger RLVs due to lower construction costs, but these are still insufficient for exceeding the BLV, meaning that these schemes are marginal.																																										
Sensitivity	8.34.	Our sensitivity analysis indicates that the 9-unit scheme would require a significant 25% decrease in build costs or a 24% increase in market values to become viable even when at 0% affordable housing contribution. The unviable 25- and 50-unit typologies would also require a 25% decrease in build costs or 24% higher market values to become viable. The larger typologies would require reduced built costs of between 5 and 10% to become viable or increased market values of between 4 and 8% to become viable.																																										
Higher Value	8.35.	Table 11 below summarises the appraisal results for Higher Value Zone – Greenfield typologies.																																										
Greenfield	8.36.	<table><tr><th colspan="7">Table 11: Higher Value Zone – Greenfield</th></tr><tr><th>Site Number</th><th>19</th><th>20</th><th>21</th><th>22</th><th>23</th><th>24</th></tr><tr><td>Resi. Units</td><td>9</td><td>25</td><td>50</td><td>100</td><td>150</td><td>250</td></tr><tr><td>RLV per acre</td><td>£400k</td><td>£268k</td><td>£278k</td><td>£664k</td><td>£676k</td><td>£682k</td></tr><tr><td>BLV per acre</td><td>£125k</td><td>£125k</td><td>£125k</td><td>£125k</td><td>£125k</td><td>£125k</td></tr><tr><td>Surplus / Deficit Acre</td><td>£275k</td><td>£143k</td><td>£153k</td><td>£539k</td><td>£551k</td><td>£557k</td></tr></table>	Table 11: Higher Value Zone – Greenfield							Site Number	19	20	21	22	23	24	Resi. Units	9	25	50	100	150	250	RLV per acre	£400k	£268k	£278k	£664k	£676k	£682k	BLV per acre	£125k	£125k	£125k	£125k	£125k	£125k	Surplus / Deficit Acre	£275k	£143k	£153k	£539k	£551k	£557k
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Surplus / Deficit Acre	£275k	£143k	£153k	£539k	£551k	£557k																																						
	8.37.	A series of Higher Value Greenfield typologies were tested to assess viability across different scales of development, comprising schemes of 9, 25, 50, 100, 150 and 250 units. All typologies were appraised assuming 30% affordable housing, apart from the 9-unit scheme, which was tested at 0% affordable housing to reflect the lower policy requirement for smaller sites. A benchmark land value (BLV) of £125,000 per acre was applied across all typologies, representing a reasonable return to the landowner after allowing for policy costs and developer profit.																																										
	8.38.	Residual land values (RLVs) across the typologies range from approximately £268,000 to £682,000 per acre, all of which are comfortably above the benchmark land value. The 9-unit typology achieves an RLV of around £400,000 per acre, well in excess of the BLV, and is therefore clearly viable. The 25- and 50-unit schemes, both tested at 30% affordable housing, achieve RLVs of approximately £268,000 and £278,000 per acre respectively, also comfortably above the benchmark and indicating viable outcomes with moderate headroom.																																										
	8.39.	The larger typologies of 100, 150 and 250 units achieve significantly stronger results, with RLVs ranging from approximately £664,000 to £682,000 per acre. These typologies are highly viable, reflecting the combined effects of higher market values, economies of scale in delivery, and the ability to absorb policy requirements and infrastructure costs while maintaining competitive land value returns.																																										
	8.40.	Overall, the analysis indicates that all higher value greenfield typologies are viable under the tested assumptions. Viability is strong across all scheme sizes, with larger sites showing the greatest capacity to accommodate additional costs while maintaining healthy land value outcomes.																																										

Sensitivity	8.41.	Sensitivity testing has been undertaken to assess the impact of changes in key appraisal assumptions on scheme viability. The results confirm that all higher value greenfield typologies remain viable under the base assumptions at 30% affordable housing and are resilient to changes in market conditions. The analysis indicates that the smaller schemes up to 100 units are capable of absorbing higher Section 106 contributions of up to around £20,000 per unit, compared with the base assumption of £10,500 per unit. The larger typologies over 100 units demonstrate a significantly greater capacity to absorb additional costs, remaining viable with Section 106 contributions of up to around £60,000 per unit. This highlights the strength of viability in higher value areas, particularly for larger greenfield sites that benefit from economies of scale and higher market values.																																								
Medium Value	8.42.	Table 12 below summarises the appraisal results for Medium Value Zone – Greenfield typologies.																																								
Greenfield	8.43.	Table 12: Medium Value Zone – Greenfield																																								
		<table><tr><th>Site Number</th><th>25</th><th>26</th><th>27</th><th>28</th><th>29</th><th>30</th></tr><tr><td>Resi. Units</td><td>9</td><td>25</td><td>50</td><td>100</td><td>150</td><td>250</td></tr><tr><td>RLV per acre</td><td>£211k</td><td>£129k</td><td>£127k</td><td>£495k</td><td>£447k</td><td>£508k</td></tr><tr><td>BLV per acre</td><td>£125k</td><td>£125k</td><td>£125k</td><td>£125k</td><td>£125k</td><td>£125k</td></tr><tr><td>Surplus / Deficit per acre</td><td>£86k</td><td>£4k</td><td>£2k</td><td>£370k</td><td>£322k</td><td>£383k</td></tr></table>						Site Number	25	26	27	28	29	30	Resi. Units	9	25	50	100	150	250	RLV per acre	£211k	£129k	£127k	£495k	£447k	£508k	BLV per acre	£125k	£125k	£125k	£125k	£125k	£125k	Surplus / Deficit per acre	£86k	£4k	£2k	£370k	£322k	£383k
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Surplus / Deficit per acre	£86k	£4k	£2k	£370k	£322k	£383k																																				
	8.44.	A series of Medium Value Greenfield typologies were tested to assess viability across different scales of development, comprising schemes of 9, 25, 50, 100, 150 and 250 units. All typologies were appraised assuming 30% affordable housing, apart from the 9-unit scheme, which was tested at 0% affordable housing to reflect the lower policy requirement for smaller developments. A benchmark land value (BLV) of £125,000 per acre (equivalent to £308,875 per hectare) was applied across all typologies, representing a reasonable return to the landowner once policy and profit requirements are accounted for.																																								
	8.45.	Residual land values (RLVs) across the typologies range from approximately £127,000 to £508,000 per acre, with all schemes producing positive land value uplifts above the benchmark. The 9-unit typology, tested without affordable housing, achieves an RLV of around £211,500 per acre, comfortably exceeding the BLV and indicating a viable outcome. The 25- and 50-unit schemes, both tested at 30% affordable housing, produce RLVs of approximately £129,000 and £127,000 per acre, marginally above the benchmark and therefore considered viable, albeit with limited headroom.																																								
	8.46.	The larger typologies (100, 150 and 250 units) generate significantly stronger results, with RLVs ranging from £447,000 to £508,000 per acre. These typologies are clearly viable, demonstrating that larger greenfield sites in medium value areas can comfortably absorb the assumed affordable housing requirement, infrastructure and S106 contributions (£15,500 per unit), and developer profit, while maintaining strong land value outcomes.																																								
	8.47.	Overall, the analysis indicates that all medium value greenfield typologies are viable under the tested assumptions. The smallest schemes show limited flexibility to accommodate higher costs or lower values, but viability strengthens markedly as site scale increases. This reflects the greater efficiency of larger sites, which benefit from economies of scale in build costs and delivery, as well as a stronger capacity to absorb policy requirements.																																								
Sensitivity	8.48.	The results show that all medium value greenfield typologies are viable under the base assumptions at 30% affordable housing, with smaller schemes displaying limited headroom. The sensitivity analysis indicates that the larger 100-, 150- and 250-unit schemes are capable of absorbing higher Section 106 contributions of up to around £38,000 per unit, significantly above the base assumption of £10,500 per unit. This demonstrates that larger greenfield sites in medium value areas have substantial capacity to accommodate increased S106 costs while maintaining viable outcomes.																																								

Lower Value	8.49.	Table 13 below summarises the appraisal results for Lower Value Zone – Greenfield typologies.						
Greenfield	8.50.	Table 13: Lower Value Zone – Greenfield						
		Site Number	31	32	33	34	35	36
		Resi. Units	9	25	50	100	150	250
		RLV per acre	£9k	-£119k	-£107k	£287k	£229k	£303k
		BLV per acre	£62.5k	£62.5k	£62.5k	£62.5k	£62.5k	£62.5k
		Surplus / Deficit / Acre	-£53.5k	-£181.5k	-£169.5k	£224.5k	£166.5k	£240.5k
	8.51.	A series of Lower Value Greenfield typologies were tested to assess viability at different scales of development, comprising schemes of 9, 25, 50, 100, 150, and 250 units. All typologies were tested on the basis of 30% affordable housing, with the exception of the 9-unit scheme, which was tested at 0% affordable housing to reflect the lower policy requirement for smaller sites. A benchmark land value (BLV) of £62,500 per acre was applied across all typologies to represent a reasonable return to the landowner after allowing for policy costs and developer profit.						
	8.52.	Across the range of typologies, residual land values (RLVs) vary from approximately –£118,500 to £303,000 per acre. The smallest scheme (9 units) generates a marginal result, with an RLV of around £9,000 per acre, falling below the benchmark and therefore only marginally viable even in the absence of affordable housing. The 25- and 50-unit schemes generate negative RLVs (–£118,500 and –£107,000 per acre respectively), indicating that these are not viable under current assumptions.						
	8.53.	In contrast, the larger typologies of 100 units and above are viable and achieve positive RLVs well above the benchmark, ranging from approximately £229,000 to £303,000 per acre. These results demonstrate that larger greenfield sites benefit from economies of scale, enabling them to absorb policy costs, including affordable housing and the assumed per-unit infrastructure/S106 contributions of £15,500, while maintaining viable outcomes.						
	8.54.	The results therefore identify a clear viability threshold between 50 and 100 units, beyond which schemes become capable of supporting policy-compliant development. The weaker performance of the smaller typologies is primarily driven by higher relative build costs and increased costs associated with implementing additional net zero requirements, which have a proportionally greater impact on smaller schemes. Fixed infrastructure and professional costs also represent a higher proportion of total development costs at this scale, further constraining viability.						
	8.55.	Overall, the analysis indicates that small to medium-sized greenfield schemes (below 100 units) in lower value areas are unlikely to be viable under current cost and policy assumptions, whereas larger sites (100 units and above) demonstrate viable outcomes capable of supporting the full affordable housing and developer contribution requirements.						
Sensitivity	8.56.	Sensitivity testing has been undertaken to assess the impact of changes in key appraisal assumptions on scheme viability. The analysis indicates that the smaller 25- and 50-unit lower value greenfield typologies, which were unviable under the base assumptions at 30% affordable housing, are highly sensitive to changes in market conditions. The results show that an 8% increase in either build costs or market values would be sufficient to shift these typologies into a viable position, with residual land values exceeding the benchmark land value of £62,500 per acre.						
	8.57.	The sensitivity analysis also indicates that the larger 100-, 150- and 250-unit schemes are capable of absorbing higher Section 106 contributions of up to around £22,000 per unit, which is above the base						

	assumption of £10,500 per unit.
8.58.	This suggests that modest improvements in sales values or efficiencies in delivery costs could enable smaller greenfield schemes to achieve viable outcomes, while larger schemes have greater capacity to accommodate increased policy costs while maintaining viable results.

9. Strategic Allocations Assessment

9.1.	We have undertaken a full assessment of the strategic sites; this is contained as an addendum in Appendix 8
9.2.	The purpose of the study is to assess the financial viability and deliverability of the strategic development sites identified in the emerging Colchester Local Plan Review. It examines whether the Council's current and proposed planning policies, particularly those relating to affordable housing, infrastructure, and sustainability, can be supported by the market without undermining development viability. The assessment provides evidence to inform the Local Plan's policy approach and ensure that the identified sites are capable of delivering the required housing growth to 2041 in a viable and sustainable manner.
9.3.	The assessment concludes that the strategic sites forming the basis of the emerging Colchester Local Plan Review are viable and deliverable under current market conditions. All sites tested are capable of supporting a fully policy-compliant level of 30% affordable housing alongside standard infrastructure and planning obligations without compromising viability. Each site generated a positive residual land value above the benchmark land value (with a S106/Infrastructure cost of £60k/unit), confirming that the Council's policy requirements are achievable across a range of market areas and development typologies.
9.4.	Overall, the findings indicate that Colchester's strategic growth strategy is financially deliverable, with sufficient headroom to support both affordable housing and infrastructure needs. It is recommended that the Council maintains the existing 30% affordable housing policy and continues engagement with site promoters to ensure deliverability, particularly where land assembly or phasing arrangements are ongoing. The Council should also monitor market conditions and infrastructure costs as policy and construction standards evolve.
9.5.	In summary, the evidence demonstrates that the strategic sites within the Colchester Local Plan Review are broadly viable and capable of supporting sustainable housing growth to 2041, with the current policy framework considered deliverable in the prevailing market context.

10. Conclusions

Summary	10.1.	This report details our methodology in undertaking this Whole Plan Viability Assessment on Colchester’s emerging Local Plan followed by our assessment and results of the viability testing of each scheme typology.		
	10.2.	The targets for affordable housing have been determined based on the viability analysis presented here. For each of the Value Zones and site types, the table below compares the current policy requirements with the maximum feasible outcomes.		
Value Zone Viability Conclusions	10.3.	Table 14: Value Zone Viability Conclusions		
		Value Zone	Greenfield	Brownfield
		Higher Value Zone	Higher value greenfield typologies are viable across all scales and can support 30% affordable housing.	Higher value brownfield typologies are generally viable at 30% affordable housing, although smaller schemes are marginal and may require site-specific consideration.
		Medium Value Zone	Medium value greenfield typologies are viable and can support 30% affordable housing across all scales.	Medium value brownfield typologies are marginal to viable, with larger sites capable of supporting 30% affordable housing. Smaller schemes should be assessed on a case-by-case basis given limited headroom.
		Lower Value Zone	Lower value greenfield typologies show a viability threshold around 100 units. Larger sites are viable at 30% affordable housing, while smaller schemes (below 100 units) are not viable and may require policy flexibility.	Lower value brownfield typologies are mostly marginal but can generally sustain up to 30% affordable housing depending on site-specific factors. Viability is most constrained for smaller schemes with higher costs and lower values.
	10.4.	The table above illustrates the maximum feasible affordable housing levels likely to be viable for most development sizes across Colchester, based on the appraisal assumptions adopted in this study. This applies to both greenfield and brownfield sites within the higher, medium, and lower value zones.		
	10.5.	In general, the higher and medium value zones yield positive viability outcomes. Greenfield sites in these zones can sustain 30% affordable housing across all scales of development. Brownfield sites are typically marginal to viable, reflecting the stronger benchmark land values applied to represent realistic market conditions within Colchester’s urban areas. These figures may influence outcomes for smaller urban infill sites, and future benchmarking should recognise the diversity of land values across brownfield locations in the Borough.		
	10.6.	In the lower value zone, smaller greenfield schemes (below 100 units) remain challenging under current market conditions, while larger sites demonstrate viable results and can support the proposed 30% affordable housing target. Brownfield sites in this zone are generally marginal, but not wholly unviable, and should therefore be assessed individually at application stage to confirm deliverability.		

	10.7.	Delivery on these sites may be supported through targeted interventions such as public sector land assembly, infrastructure funding, or grant support through programmes like the Brownfield Land Release Fund, the Brownfield Housing Fund, or Homes England's Affordable Housing and Strategic Partnerships funding. These measures can help address abnormal or remediation costs and enable policy-compliant development rather than requiring a reduction in affordable housing at this stage
	10.8.	Over time, improvements in market values or reductions in build costs may further strengthen viability. Continued monitoring of delivery and funding opportunities will be important to ensure assumptions remain up to date and to support implementation of the Local Plan.
	10.9.	Finally, this assessment has been undertaken at the plan-making stage using area-wide assumptions that reflect current market evidence. It provides a clear framework for assessing the deliverability of the Local Plan and should form the principal reference point when determining planning applications. Site-specific viability evidence should only be considered in exceptional circumstances where there are significant, evidenced changes in costs or values since the Plan's adoption
Infrastructure and S106 Cost Moderation	10.10	Infrastructure and planning obligation costs have been incorporated into all appraisals to reflect realistic and deliverable assumptions for plan-wide viability testing in Colchester. While the Infrastructure Delivery Plan (IDP) identifies the total scale of infrastructure (known at the time of writing) required to support growth, the costs tested for Local Plan viability must be evidence based and represent the typical levels of contributions achieved locally. This ensures that the Local Plan remains grounded in realistic development economics and is deliverable across a range of market conditions.
	10.11	For the generic (non-strategic) typologies, a combined allowance of £15,500 per unit has been applied, comprising £10,500 per unit for Section 106 contributions and £5,000 per unit for site infrastructure. The £10,500 S106 allowance is based on local evidence drawn from analysis of previously secured planning obligations within the Borough and reflects a reasonable average of contributions typically made toward education, transport, open space, and community facilities.
	10.12	For the strategic sites, higher combined costs have been tested to reflect the greater infrastructure requirements associated with large-scale development, including £35,000 per unit for infrastructure and £25,000 per unit for S106 contributions. Despite these higher allowances, all strategic sites remain viable, demonstrating that large-scale development in Colchester can sustain substantial infrastructure investment while delivering policy-compliant affordable housing.
	10.13	Extensive sensitivity testing has also been undertaken to explore the potential impact of higher infrastructure and S106 costs on overall viability. These tests simulate the effect of rising costs more closely aligned with the levels identified in the IDP, up to approximately £60,000 per unit in higher value zones. The results confirm that larger greenfield schemes in medium and higher value areas can absorb such increases while remaining viable, whereas smaller or lower-value schemes are more cost sensitive and could become marginal if higher contributions were applied universally.
	10.14	Overall, the analysis highlights that while strategic and higher-value sites have the capacity to accommodate substantial infrastructure costs, plan-wide assumptions must remain evidence based and proportionate to ensure deliverability. The sensitivity results provide assurance that the Local Plan has sufficient resilience to accommodate potential increases in infrastructure costs, consistent with the objectives of the IDP, without undermining overall development viability across the Borough.
Final Conclusions	10.15	The results of this viability assessment demonstrate that Colchester's emerging Local Plan policies are broadly deliverable under current market conditions. Higher and medium value areas can support 30% affordable housing across both greenfield and brownfield sites, with strong viability on larger schemes. Lower value areas show greater sensitivity, particularly for smaller developments, where a proportionate approach to policy application may be necessary to maintain delivery. Delivery in these locations may also be supported through other mechanisms and incentives such as infrastructure funding, the Brownfield Land Release Fund, the Brownfield Housing Fund, Homes England programmes, or targeted local interventions aimed at reducing abnormal or remediation costs. Where schemes are marginal, the use of review mechanisms can ensure that affordable housing and infrastructure contributions are maximised if market conditions improve during the development period. Strategic sites perform robustly,

		with sufficient headroom to contribute towards the Borough's wider infrastructure objectives while maintaining viable outcomes.
	10.16	Overall, the assessment confirms that the Local Plan is supported by a sound and proportionate evidence base. Maintaining flexibility in applying affordable housing and infrastructure requirements, informed by site-specific viability evidence, will help to ensure a balanced and deliverable approach to growth across all parts of Colchester.

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We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

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