

From: Nick Molyneux - Dixon Searle Partnership [REDACTED]

Sent: 27 July 2026 14:51

To: Jason.Hawkes [REDACTED]

Subject: DC/26/0266 - Thakeham Mushrooms - Viability Review – DSP25252R (F1) (Horsham DC) – further comments in response to TM's letter of 2 June 2026

Dear Jason,

DC/26/0266 - Thakeham Mushrooms - Viability Review – DSP25252R (F1) (Horsham DC) – further comments in response to [REDACTED]'s letter of 2 June 2026

I have reviewed [REDACTED] comments on our viability review and provide DSP's comments below on the points TM have raised. I also attach a revised appraisal with some assumptions adjusted, as discussed below.

Benchmark Land Value

[REDACTED] refer to Aspinall Verdi's Local Plan Viability Assessment which assumed [REDACTED]/hectare for brownfield land and [REDACTED]/hectare for greenfield land. We noted in our previous review that the Local Plan had not been through examination and in our view the levels of BLV tested by AV were excessive. In addition, the amount paid for the site (based on Land Registry records) appears to have been equivalent to c. [REDACTED]/hectare, albeit likely reflecting some hope/development value prospects. Although this amount is below the assumptions applied by Aspinall Verdi for greenfield land any overpayment for land is not a justification for non-compliance with policies (as the Viability PPG refers).

DSP adopted a BLV of [REDACTED]/hectare (amounting to a BLV of [REDACTED]), based on the mushroom farm being defunct and this being a general assumption for agricultural land. We noted that a marketing report submitted with the planning application indicates that there was/is no demand for continuation of the use of the site for agricultural activity, and little demand for anything that does not involve residential use. TM note that despite this the existing buildings could be use [REDACTED]d for storage and can be regarded as brownfield land, therefore a combination of brownfield/storage values and greenfield land would lead to a higher BLV. We are unsure what the demand would be for such a use (storage) in this location or the practicalities of this as a basis for a suitable AUV (alternative use value) in the circumstances, however upon further consideration we feel there is merit in the points around the site having different characteristics to an overview of agricultural land, with its buildings and nature of previous use, and note that a blended approach and higher BLV could be considered on this basis.

Taking [REDACTED]'s assumed [REDACTED] annual income from storage for the part of the site with buildings on it and in the circumstances applying a less positive yield of 10% would lead to an AUV (potential alternative use value) of c. [REDACTED] after purchaser's costs, again assuming the [REDACTED] consideration of storage would be a suitable use for this 3.33 hectare part of the site (which HDC may have a view on, in planning terms). Applying our assumed [REDACTED]/hectare to the remainder of the site would add a further [REDACTED], therefore a BLV of [REDACTED] in total (equating to [REDACTED] per hectare across the whole 13.45 hectare site). This compares with DSP's review level of [REDACTED] and [REDACTED]'s BLV of [REDACTED] million (latter being equivalent to [REDACTED]/hectare).

We will test this increased DSP [REDACTED] BLV as the assumed land cost within the appraisal.

Building Safety Levy

This was not included in our appraisal at the time and [REDACTED] note that the BSL will soon be in place. In our view this was a valid scrutiny/checking point, as a future levy cost. [REDACTED] also note that DSP have included BSL elsewhere – which is correct as we have very recently started applying this on the basis that the Government is unlikely to change its mind on applying BSL (particularly for larger developments). On this basis and upon

further consideration we think [REDACTED]'s position is fairly judged - agree that the cost of the BSL should be included and therefore I have now added this into a revised appraisal.

S106 contributions

[REDACTED] note that the figure applied by DSP was based on a previous scheme iteration and a lower figure now applies [REDACTED]. We have updated this in our revised appraisal – which has a positive effect on the viability outcome. [REDACTED] also note that the S106 amount might reduce further *‘for both viability and Reg 122 reasons’*. DSP has simply been adopting provided information on this, and we are unable to comment further. As noted in our review report, any further reduction in cost would show positively in the viability (as per the current adjustment) but the converse could also be seen (HDC will need to consider this and a final appraisal iteration could be run to reflect any significant change, if necessary).

Finance costs

As noted by [REDACTED], amendments to the appraisal as above effect finance costs, and when a higher land cost (at the BLV level) is reflected, finance costs will increase (with the land cost being applied at the start of the project and then interest charged on that).

Developer return

[REDACTED] consider that a 20.0% profit on GDV for market housing should apply. DSP have tested 17.5%. This is an area where we will have to ‘agree to disagree’. In terms of the profit assumption generally we stand by our view due to the nature of the scheme (low rise housing on a village site in a relatively strong market area and without any particular high risk site conditions/constraints as far as we can ascertain).

The available profit level is something that will need to be considered in the round, finding the appropriate balance between the developer’s risk, scheme deliverability and community benefits such as affordable housing. In this case the applicant is offering 35% affordable housing – and also notes that a significant amount of public open space land is being gifted to the Parish Council which forms an additional community benefit.

Description of application

[REDACTED] note that DSP described the application as being in outline and that there is in fact a detailed application. When commenting on the outline nature of the scheme we were quoting [REDACTED]'s own assessment which noted at 7.12 that *‘Due to the outline nature of the scheme, further works are ongoing to establish / evidence the costs for this scheme, which has only recently been fixed – in layout terms.’* We apologise for continuing that terminology in our write-up. To avoid any confusion we have amended our original report to remove reference to ‘outline’. Please see attached updated version which can replace the previous, for publication.

Revised appraisal

We have updated our appraisal to include the Building Safety Levy cost and to reduce the S106 costs as per [REDACTED]'s update, and have tested an increased BLV of [REDACTED].

The overall outcome indicated by our revised appraisal (when including the revised land cost (BLV) assumption and profit at 17.5% GDV is a deficit (overall shortfall) of [REDACTED] and we comment on what this means below.

Conclusion

Having reviewed [REDACTED]'s comments and revised our appraisal as considered appropriate, as previously we consider that the 150 units proposed represent the minimum quantum required to produce a deliverable scheme, and we consider the 35% affordable housing being proposed to be a suitable offer in the circumstances. Taking into account the deficit shown in our updated appraisal, the ‘actual profit’ indicated (target profit minus deficit) is [REDACTED], equating to 16.3% on market housing GDV and 6.0% on affordable housing GDV which we consider suitable – noting as previously that the assessment has been carried out at a time when the relationship between costs and values is poor and quite likely to be a low point or close to that in terms of the various effects of economic cycles. With the scheme appearing deliverable based on the figures as assessed and reviewed according to the PPG and under current relatively constrained economic conditions, this may well mean that there is capacity to see an improved and more regular returns should the scheme be progressed - the circumstances could have recovered to some degree by the time the scheme is actually built.

I hope that is helpful. If you have any questions, please do not hesitate to contact me.

Kind regards,

Nick

Nick Molyneux BA (Hons) CIHCM MRICS – Associate Director (Technical)



Viability in Planning | Affordable Housing | CIL & S106 | Local Plan Policy | Development Management

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From: Jason.Hawkes [Redacted]

Sent: 03 June 2026 13:53

To: Nick Molyneux - Dixon Searle Partnership [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Subject: RE: DC/26/0266 - Thakeham Mushrooms - Viability Review – DSP25252R (F1)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

DSP25252R (F1) Thakeham Mushrooms July 2026 - revised
98 units market housing and 52 units AH

Thakeham Mushrooms
RH20 3EQ

Development Pro Forma
Prepared by DSP appraisal 14 05 2026
ARGUS Software
July 27, 2026

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Project Pro Forma for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft	Sales Rate ft²	Unit Price	Gross Sales
Market Revenue	98	150,008	444.38		
Shared Ownership	16	16,106	304.04		
Affordable Rent	36	33,528	205.48		
Totals	150	199,642			

TOTAL PROJECT REVENUE

DEVELOPMENT COSTS

ACQUISITION COSTS

Benchmark Land Value				
Benchmark Land Value (33.23 Acres @		/Acre)		
Residualized Price (Negative land)				
Land Transfer Tax				
Effective Land Transfer Tax Rate		4.76%		
Legal Fee		1.50%		
CIL				
Section 106				

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Construction Cost	1 un		
Contingency		5.00%	
Building Safety Levy			

Other Construction Costs

Infrastructure (DSP reduced cost)			
Externals		10.00%	
Garages			
Part L and F Building Regs addition			

PROFESSIONAL FEES

Other Professional Fees		8.00%	
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DISPOSAL FEES

Market Housing - Sales/Marketing		2.50%	
Affordable Hsg Transfer		1.00%	
Market housing legal costs			

DSP25252R (F1) Thakeham Mushrooms July 2026 - revised

98 units market housing and 52 units AH

TOTAL COSTS BEFORE FINANCE

FINANCE

Debit Rate 7.50%, Credit Rate 0.00% (Nominal)

Land

Construction

Total Finance Cost

TOTAL COSTS

PROFIT

Performance Measures

Profit on Cost% 18.73%

Profit on GDV% 15.77%

IRR% (without Interest) 33.16%