

Mr Julian Goodban,
Bellway Homes Ltd,
30 Tower Hill,
Kings Hill,
West Malling,
ME19 4UY

02 June 2026

Dear Julian,

RE: VIABILITY REVIEW – THAKEHAM MUSHROOMS

Further to our recent discussions, please find below my detailed review of the Dixon Searl Partnership's report dated May 2026 ("Viability Review") – which was provided in response to my viability submission – dated March 2026 - which considered the viability of the proposed scheme, comprising 150 dwellings.

DSP have effectively concluded that the site would need to comprise 150 residential dwellings for it to be considered viable / deliverable; they have shown it to be viable than scheme illustrated within my analysis/ report.

I have examined the areas of variance between us below, because I believe DSP have currently over-stated the viability position for this site and the proposed scheme.

Summary of Key Issues

The key areas within the DSP report that I believe require a response can be summarised as follows:

1. Benchmark Land Value
2. Building Safety Levy
3. S106 Contributions
4. Finance Costs
5. Developer return

Detailed Response

I will now examine each of the above points in more detail, on a sequential basis

Benchmark Land Value

At section 3.2 that DSP have recommended a BLV of £250,000 per hectare, based upon an underlying presumption that the subject site is agricultural land and suggest that this should represent a suitable premium to the hypothetical landowner. DSP state at paragraph 3.2. that the "mushrooms farm itself is defunct" – in justification for their reduced BLV per acre figure.

DSP have also dismissed the benchmark values per acre that have / were adopted within the HDC's viability evidence base, that has been proposed for Local Plan purposes. For the following reasons, DSP's approach to this issue is not considered to be correct.

32-33 Cowcross Street London EC1M 6DF • Tel: 020 7490 5505 • Web: www.tmlp.co.uk • Email: enquiries@tmlp.co.uk

Partners: • Thomas Hegan BSc(Hons) MRICS • Nicholas Bignall BSc(Hons) MRICS • Oli Smith BSc(Hons) MRICS
• Peter Marshall BSc (Hons) MRICS Dip Rating • Ramsay Evans BA(Hons) MRICS

Consultants: John Turner BSc(Hons) MRICS • Ian Charman FRICS FIRR V • Charlie Hill BSc(Hons) IRRV(Dip)

Turner Morum LLP is a limited liability partnership registered in England & Wales. Company No: OC373392. Registered office: 32-33 Cowcross Street London EC1M 6DF. Regulated by RICS

Firstly, there are a considerable number of existing buildings within the subject site that could immediately be used for storage purposes – totalling 386,000 square feet. If one assumed just £1 per square foot (which is very low) and assumed that only 50% was rented at any one time (which is wholly conservative), this would amount to approx. £193k per annum as an assumed rental income, which would capitalise to c. £2.4m alone based on an 8% yield. If you then applied £150k per acre to the remaining land (or even £100k based on DSP's figures) you would arrive at a BLV well in excess of both of our (previously adopted) total BLV allowances. For this reason, my previous BLV was already wholly conservative.

It is also difficult to see how DSP can objectively dismiss the BLVs per acre adopted within the LPA's viability evidence base. The PPG viability guidance (which can be found here - <https://www.gov.uk/guidance/viability>) states at paragraph 9 that: ***“....Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then....”***

It is therefore clear that the recommended approach to assessments of this nature is to base the BLVs on the LPA's latest position, which I have done (much of this site is effectively Brownfield land – which would support a much higher BLV than has been adopted).

For these reasons, the BLV adopted in my analysis of £150k per gross acre is a wholly conservative allowance, and should therefore be included within this assessment.

Building Safety Levy (BSL)

With regards to the Building Safety Levy, I am struggling to see how omitting these costs can be justified. All dwellings delivered within this scheme will be required to comply with the Building Safety Levy requirements, which will be mandatory for all market dwelling completions from Autumn 2026 onwards, with rates payable by Local Authority area – which is £41.57 per square metre of market housing within Horsham, as reflected within my analysis.

DSP appear to have suggested that the subject scheme will be 'on-site' by October 2026, and they therefore believe that the scheme will be exempt. Clearly, there is absolutely no possibility that this scheme will have commenced on-site by October 2026 and these costs should therefore be included. I'm also conscious that BSL costs have been accepted/ adopted by DSP in numerous other viability assessments.

S106 Contributions

Within DSP's review, it is noted that DSP have included S106 costs totalling £1.435m, which is not correct. The £1.435m figure was the s106 amount that was confirmed for Bellway's previous 186-dwelling proposal, and this should therefore be reduced to £1.145m to reflect this 150-dwelling scheme. I understand that Bellway are continuing to review the s106 requirements and in particular, the bus contributions, which are likely to come out of the s106 proposals, for both viability and Reg 122 reasons.

Finance costs

DSP have confirmed that they've adopted a consistent approach to our cashflow analysis – albeit with their revenue / cost assumptions, which results in a c. £1.1m reduction on the finance costs within our appraisal. DSP's cash flow has not been provided, so I'm unable to definitively explain this variance – but I believe a significant proportion of it can be attributed to the lower BLV.

Developer Return

Finally, DSP have applied a 17.5% return on the market housing, which I consider to be insufficient in normal market conditions, but even more so in the current economic climate, which is as poor as I have experienced. Market sales values are flatlining; S106 affordable values are extremely poor, with Housing Associations' offers difficult to obtain; build cost inflation is high and likely to increase further; and development finance is extremely expensive. Given these various risks and challenges, it is hard to see how a 20% margin would not be justified.

Summary Conclusions

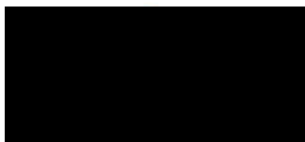
In terms of a summary comparison, my viability analysis showed the 150-dwelling scheme to be approximately £3.666m in deficit, whereas the DSP assessment shows the scheme to produce a surplus of c. £220k.

Further to my analysis of DSP's inputs, it should be noted that Bellway are close to finalising an agreement to 'gift' the Parish Council nearly 29 acres of land to the west of the Public Right of Way. In viability terms, this is worth c. £2.9m, based upon DSP's Benchmark Land Value of £100k per gross acre. This is unquestionably a further benefit to this scheme, which has not currently been reflected in this analysis.

DSP also refer to the site as being 'currently at outline stage', which it is not, as this is a detailed application. I would request that DSP amend this within the review.

I trust this provided a helpful overview. Please let me know your thoughts once you have had the chance to consider.

Yours sincerely,



Thomas Hegan MRICS