

From: [REDACTED]
Sent: 24 July 2026 13:25
To: [REDACTED]
Subject: Haglands, West Chiltington

Dear Charles,

Re: Proposed Purchase of Haglands

We write to explain why Elivia Homes decided not to proceed with the acquisition of the above site, following a detailed appraisal of the planning permission and associated development obligations.

Whilst we considered the site to have merit, our assessment concluded that the affordable housing requirements attached to the planning permission rendered the scheme commercially unviable for our business.

A key issue was the requirement to provide a disproportionately high percentage of affordable housing. Although the development comprises only 14 dwellings, the site exceeds the 0.5-hectare threshold contained within Policy 16 of the Horsham District Planning Framework, triggering a requirement for 35% affordable housing. Given the low number of units, this has a significant impact on the proportion of private-sale dwellings required to absorb the development costs and generate an acceptable return.

In our opinion, this demonstrates an unintended consequence of the policy. Whilst the threshold is intended to maximise affordable housing delivery, in this instance it has had the opposite effect by rendering an otherwise attractive and deliverable residential development commercially unviable.

During our due diligence, only one Housing Association expressed an interest in acquiring the affordable housing. The offer received was substantially below the cost of delivering those units. Consequently, Elivia Homes would have been required to fund both the land acquisition and the full construction costs of the affordable homes through to Practical Completion before recovering only a proportion of those costs. This would have resulted in a significant negative cash flow impact and represented an inefficient and commercially unjustifiable deployment of capital.

In addition, the scheme is of relatively low density and includes extensive landscaped and ecological areas that will require ongoing management and maintenance throughout the development's lifetime. These include significant Biodiversity Net Gain areas, as well as other communal open spaces. The costs associated with establishing and maintaining the management company would fall predominantly on the private-sale dwellings, with affordable housing making little or no contribution towards these obligations. This further increases the financial burden on the market housing and adversely affects the scheme's overall viability.

Taken together, the unusually high affordable housing requirement, the lack of competitive demand from Housing Associations, the substantial upfront funding requirement, and the ongoing management obligations placed on a relatively small number of private sale dwellings meant that the development did not meet Elivia Homes' commercial investment criteria.

It is important to emphasise that our decision to withdraw was not due to any concerns regarding the site's location, planning permission or market demand for new homes. On the contrary, we considered the site to be fundamentally attractive. Our decision was driven solely by the cumulative effect of the planning obligations, and in particular the affordable housing requirement arising from the application of Policy 16.

Kind regards

Steve



Steve Brownlie | Land & Development Director | Elivia Homes Eastern



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