

03 June 2026

**alder
king**

PROPERTY
CONSULTANTS

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(Via Email Only)

VIABILITY REBUTTAL

**Land at Oak Cottage, Boorley Green
Eastleigh Borough Council: F/26/101013**

We refer to the Independent Viability Assessment dated May 2026, prepared by Aspinall Verdi (AVL) on behalf of Eastleigh Borough Council (EBC) which provides a review of the Financial Viability Assessment (FVA) submitted by Alder King (AK) in February 2026 on behalf of the Applicant, McCarthy & Stone Retirement Lifestyles. The above documents relate to the proposed redevelopment of the site to provide 50 retirement living (RL) apartments.

In summary, there is a substantial level of agreement between the AK and AVL on the core inputs underpinning the viability assessment. The principal differences between the parties arising not from fundamental inputs, but from specific adjustments to profit assumptions, certain cost allowances, and the treatment of benchmark land value. I detail below the key differences and our response to the issues identified.

a) Contingency and Professional Fees: Difference £104,540

Both parties agree the core build costs, external cost allowance percentage and abnormal costs. There is also agreement on the contingency allowance at 5% and professional fees at 8%.

There is no explanation as to why externals/abnormal costs are excluded from this calculation. It is common practice to allow for contingency sums/professional fees on these elements as at this stage of an application the costs are estimated. We see no reason why this has been excluded.

b) Sales Rate and EPC

AK's adopted sales rate was 50 units sold over 36 months (1.38 per month). AK assumed that 20% were sold in month 1, allowing for reservations made at the end of the construction period.

AVL have amended the sales period to 28-months. They have agreed to 20% at PC and then assume a sales rate of 1.44no. units a month.

The result of these changes is a reduced EPC of £222,254 and slightly lower finance costs. We reserve our position on this point. The retirement market is currently seeing sales rate collapse to sub-1 unit per month. The sales rate adopted in our original appraisal was optimistic and not evidenced based. If we are unable to reach agreement then we will produce evidence to demonstrate that lowering the sales period is unrealistic in the current financial/economic climate.

c) Developer Profit: 20% v 18.5% Difference £215,215

AVL confirm that the profit allowance of 20% on GDV adopted in our original FVA is not unreasonable and reflects the risk of older persons development. This is in line with the Local Plan Viability Study. However, AVL argue that because the outcome of our assessment was negative, profit should be reduced to 18.5%.

There is no policy requirement or evidential basis to default to a mid-point or lower figure where schemes show viability pressure. Importantly the PPG emphasises that returns should vary according to development specific risk. Developer returns should not be used as a balancing mechanism to artificially improve the viability outcome.

Paragraph 010 of the PPG requires viability assessments to balance developer return against risk and policy objectives. In this case, AVL have recognised that retirement development carries enhanced delivery risk yet have reduced the developer's return below an accepted market benchmark of 20% GDV. This approach does not represent a balanced or evidence-based assessment, but instead artificially constrains profit to improve policy compliance. This is contrary to the PPG, which requires inputs to reflect market realities and ensure deliverability.

For the reasons set out above:

- A 20% GDV return is fully compliant with national guidance,
- It is consistent with the Council's own evidence base, and
- It is justified by the elevated risk profile of retirement development.

The reduction to 18.5% is not supported by robust or site-specific evidence, and therefore should not be relied upon in determining viability. Accordingly, the Applicant maintains that a 20% profit on GDV is appropriate and necessary to reflect market expectations and ensure deliverability of the scheme.

d) Benchmark Land Value: £394,000 v £138,000 (Difference £255,400)

The single biggest difference between AK and AVL is the assessment of the Benchmark Land Value. To recap, the previous planning application (F/19/85604) and viability review agreed the BLV at £394,000. This was made up from an EUV of £22,500 (adopted site rate of £25,000 per ha) and a premium multiplier of 17.5.

This methodology follows the PPG guidance, reflects the sites allocation in the Local Plan, reflects the clear principle of residential development and provides a reasonable incentive for the landowner to release the land.

The difference between the previous agreement and the view now adopted by AVL in this assessment is the treatment of the premium and specifically the treatment of abnormal costs. AVL's approach assumes abnormal costs should be deducted directly from the premium, this is not a correct interpretation of PPG. Abnormal costs are accounted for within the residual appraisal for the proposed scheme, the impact of these costs are tested against the residual land value.

AVL's methodology leads to double counting with abnormal costs included in the development appraisal and then used again to deduct from the premium. There is also an arbitrary selection of abnormal costs. The costs adopted are not uncommon for development sites and inherent in most development land.

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More importantly, AVL's adjusted premium (after deduction of abnormal costs) represents a significant reduction in the premium and therefore the incentive for the landowner to bring forward the land. As with the manipulation of profit, revising down the premium is solely intended to manipulate the outcome of the viability test, rather than be an objective assessment of the viability of the scheme, including whether the BLV (previously agreed) incentivises the landowner to bring forward the land for development. We would argue a BLV of £138,600 is not a level the landowner would accept.

e) Review Mechanism

Finally, we note that AVL seek the inclusion of a review mechanism. As previously argued, Eastleigh have no written Policy that confirms that review mechanisms should be applied or setting out the methodology of how a mechanism should work. In addition, we would argue that as a single-phase development there is no justification in national policy for a review mechanism to be agreed. However, we note in the previous application that a delayed review was agreed, and we are prepared to consider this again on the basis that implementation of a review is linked to practical completion i.e. is this hasn't been reached in a defined period of time then a review is implemented, if the scheme has reached practical completion within the timeframe then the review falls away.

For the reasons set out above, AK's position remains that the proposed scheme cannot viably support policy-compliant planning obligations. On a robust and policy-compliant assessment of viability, including an appropriate developer's return and benchmark land value, the scheme is unable to support planning obligations beyond £411,000. Any requirement above that level would undermine deliverability and would not reflect the scheme's genuine viability position.

Alder King LLP
May 2026