

## Interim Viability Statement

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South Derbyshire Interim Affordable Housing  
Statement



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South Derbyshire District Council

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April 2026

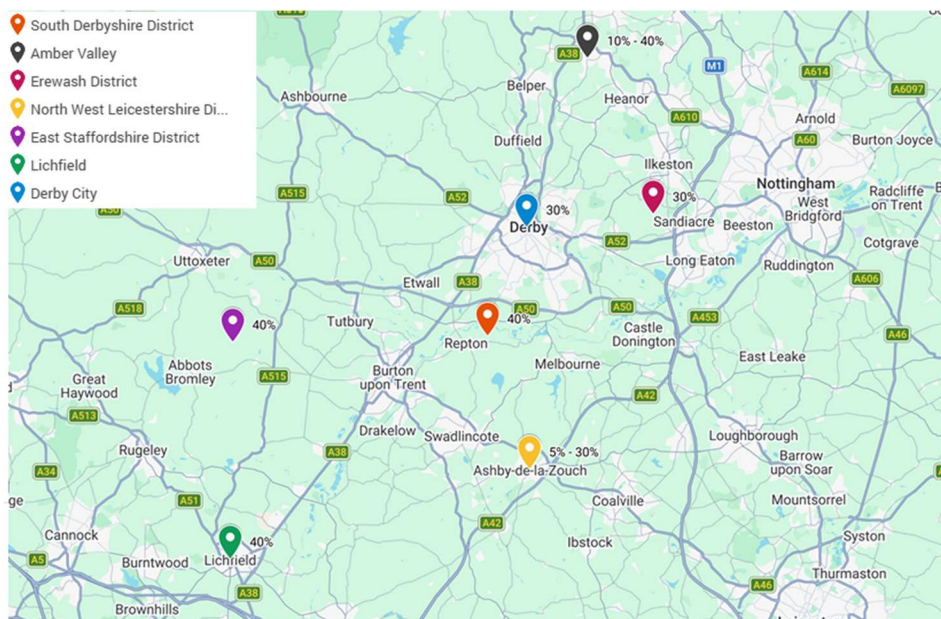
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# 1 Introduction

- 1.1 This Interim Viability Statement has been prepared to provide a high-level review of the deliverability of the emerging affordable housing policy position within South Derbyshire, in advance of detailed plan viability testing which is being undertaken.
- 1.2 The purpose of this statement is to advise the Council on the likely upper level of affordable housing that new housing development could sustain. This is being achieved through
  - Reviewing the assumptions and conclusions of previous viability evidence prepared across the Derby Housing Market Area (HMA);
  - Benchmark these against current market conditions, including changes in residential values, build costs, and development inputs; and
  - Examine the findings from recent Whole Plan Viability assessments which are in relatively close proximity.
- 1.3 This assessment is necessarily high-level and does not seek to replicate a full plan-wide viability assessment. Instead, it provides an early-stage “sense check” of viability, drawing on updated cost and value assumptions alongside a comparison with surrounding Local Authority policy positions.
- 1.4 The figure below identifies South Derbyshire within its wider geographical context and illustrates the surrounding authorities which form part of the Derby Housing Market Area and adjoining administrative areas.

**Figure 1.1 - Map of Adjacent Local Authorities**



Source: Google MyMaps

- 1.5 Table 1.1 sets out the adopted and emerging affordable housing policy requirements across South Derbyshire and the surrounding authorities. This demonstrates that, whilst there is some variation depending on site characteristics and local value areas, the majority of neighbouring authorities are targeting affordable housing provision in the range of 30%, with higher proportions generally only achievable in higher value locations.
- 1.6 In this context, the proposed requirement of up to 40% within South Derbyshire sits at the upper end of the policy spectrum and is notably more ambitious than several directly comparable authorities within the region.

**Table 1.1 - Affordable Housing Policy Requirements**

Authority	Affordable housing requirement	Threshold	Policy Basis / Date
<b>South Derbyshire</b>	Emerging Local Plan: up to 40% (subject to viability)	Major development: 10+ dwellings	Local Plan Part 1 Review (Regulation 19 Publication Version), 2024
<b>Derby City</b>	Up to 30%	15+ dwellings	Derby City Local Plan Part 1 (Core Strategy), adopted January 2017
<b>Amber Valley</b>	40% (high value); 30% (medium); 20% (low); 10% (small brownfield sites in low value areas)	Major development: 10+ dwellings	Amber Valley Borough Local Plan 2022-2040. Adopted 2026
<b>Erewash</b>	Up to 30%	15+ dwellings (policy basis)	Erewash Core Strategy. Adopted 2014
<b>North West Leicestershire</b>	Greenfield: 30% (20% in Coalville Urban Area and Ibstock); Previously developed land: 5% generally, 15% in Ashby and Measham	Greenfield: ≥11 dwellings or ≥0.3ha   PDL: ≥30 dwellings or ≥1ha	North West Leicestershire Local Plan. Adopted March 2021
<b>East Staffordshire</b>	40% (with lower proportions depending on site type and location)	≥10 dwellings or ≥0.5ha (major development)	East Staffordshire Local Plan 2012 – 2015. Adopted October 2015
<b>Lichfield</b>	Up to 40%	≥10 dwellings; ≥15 dwellings in Lichfield/Burntwood	Lichfield Local Plan Strategy 2008 – 2029. Adopted February 2015

**Source:** Adopted Local Plans and emerging Local Plan documents for each authority<sup>1</sup>.

<sup>1</sup> South Derbyshire Local Plan Part 1 Review (Publication Version); Derby City Local Plan Part 1 (Core Strategy); Amber Valley Local Plan (2022); Erewash Core Strategy (2014); North West Leicestershire Local Plan (2021); East Staffordshire Local Plan (2015); Lichfield Local Plan Strategy (2015).

## 2 Development Assumptions

- 2.1 This section compares the assumptions adopted within the Derby HMA Strategic Viability Assessment (PBA, March 2013) with updated high-level baseline assumptions reflecting current market conditions (March 2026).
- 2.2 The purpose of this comparison is to identify how key viability inputs have changed over time, including residential values, build costs and finance assumptions, and to provide a high-level indication of the implications for scheme viability.
- 2.3 The updated assumptions are informed by current market evidence, including UK House Price Index data and BCIS cost information, and reflect typical inputs used in recent viability assessments.

**Table 2.1 – Development Assumptions**

Item	Derby HMA Strategic Viability Assessment (PBA, March 2013)	High-Level Baseline Assumptions ( March 2026)	Comment on Differences
<b>Revenue</b>			
Market Housing Values	Low: £1,600/sqm; Medium: £1,900/sqm; High: £2,550/sqm	Low: £2,400/sqm Medium: £2,850/sqm High: £3,800/sqm	Market housing values have increased by c.50% based on UK House Price Index growth from 2013.
Affordable Housing Values	Affordable Rent: 55% OMV; Intermediate: 65% OMV	Affordable Rent: 55% OMV; Intermediate: 65% OMV	Subject to further testing the assumptions are appropriate for further consultation and testing.
<b>Land</b>			

Stamp Duty	HMRC standard rates (0–5%)	HMRC standard rates	In accordance with HMRC standard rates
Land Purchase Fees	Surveyor: 1.0% Legal: 0.75%	Agent 1.0% Legal 0.5%	It would be appropriate to update this assumption with a slightly lower legal fees allowance.
<b>Costs</b>			
Build Cost	£735/sqm based on BCIS Review of Building Prices Issue No 127 Oct 2012	£1,584/sqm BCIS Estate Housing median rate 2026	Based on BCIS Estate Housing lower quartile rebased to South Derbyshire showing an increase in build costs since the 2012 data. Showing a c116% increase in hard construction costs.
External Works Costs	15%	15%	A 15% allowance is consistent with the previous study and reflective of a typical high-level assumption at plan making stage.
Abnormal / Opening Up Costs	£250,000/ha (general); £100,000/ha (200-unit sites)	To be reviewed	The previous study adopts a fixed £/ha allowance. In the WPV being prepared the allowances will reflect the nature of allocations and sites being delivered.
Professional Fees (build)	8%	6- 8%	It is appropriate to consider a range of allowances where the lower rate is applied to schemes over 50 units where larger homebuilders will be involved.
Contingency	3%	3%	A 3% allowance, will be tested in the WPV work being undertaken.
Marketing / Sales Costs	3.5% of GDV	Marketing 1% Sales Agent: 1%	A 1% marketing fee and 1% sales agent fee, reflecting typical market allowances will be adopted in the WPV. This update provides reflects disposal costs.
Sales Legal Fees	£600 per unit	£700 per unit	Increased to reflect current conveyancing costs, aligning with

Finance Rate	7%	7.5%	typical per-unit allowances in the market. Rates for finance costs remain at this level..
Developer Profit	20%	17.5% on market sale housing 6.0% on affordable housing	The proposed amendment reflects current practice.

### 3 Initial Findings

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- 3.1 The Derby HMA Strategic Viability Assessment assumptions undertaken in March 2013 will need to be updated in the updated Plan Viability Assessment. It can be seen that residential values have generally increased, however construction costs have also increased significantly.
- 3.2 The table indicates that market housing values have increased by approximately 50% when benchmarked against historic levels and moderated to reflect current market evidence. However, this increase is substantially outweighed by cost inflation, most notably in relation to build costs, which have risen from £735/sqm to £1,584/sqm based on current BCIS data an increase of over 116%. In addition, finance rates have increased from 7% to 7.5% and it may be found that sales velocities have changed due to differing market circumstances.
- 3.3 We would propose to update various assumptions in order to keep with current practice, for instance assumptions on developer's profit where it is widely accepted that the approach is to apply 17.5% on market sale homes and 6.0% with respect of affordable homes.
- 3.4 Taken together, these changes demonstrate that the overall viability position for residential development has tightened, particularly the relationship with cost and value.
- 3.5 Having regard to values and costs, alongside policy positions in neighbouring authorities, it is considered that an affordable housing requirement in the order of 30% would represent a more realistic and deliverable upper bound at the present time subject to the outcome of the Plan Viability study being currently undertaken. Whilst this remains an ambitious target, it is more closely aligned with current viability conditions and would be more likely to support consistent delivery.
- 3.6 This statement is based on a high-level review of available evidence and should be treated as indicative. The appropriate level of affordable housing provision will be tested and refined through the forthcoming full Local Plan Viability Assessment, which will consider a wider range of development scenarios, site typologies and sensitivity testing in detail.

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