



Report for East Devon District Council

Local Plan Viability Assessment Addendum

November 2025

Three Dragons



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EXECUTIVE SUMMARY

1. Three Dragons provided a Local Plan Viability Assessment (LPVA) in January 2025 which included an analysis of the impact of the policies set out in the latest draft Plan. The LPVA used a set of typologies representative of the development proposed by the new Local Plan and was prepared in consultation with the development industry and other key stakeholders. The Regulation 19 Local Plan was published in February 2025 and was open for formal representations until March 2025.
2. This Addendum considers the representations regarding viability and responds accordingly. It also considers changes since the LPVA was published, in particular the impact of introducing the Building Safety Levy.
3. Representations covering viability issues were received regarding:
 - Building Safety Levy
 - Consideration of BNG, professional fees and accessibility
 - Cumulative impact of policy
 - Inflation, future costs and values
4. The review of the implications of the Building Safety Levy and additional costs of Air Quality management and cycle storage, suggests that in line with Government expectation (regarding the Levy), the impacts are not significant and do not imply any need to change the Plan's policies. The proposed change to HN04: Accessible and Adaptable Housing reduces costs and will improve viability.
5. The majority of development planned for in the new Local Plan is viable. However, as concluded in January 2025 LPVA, some of the development proposed in Axminster is not viable as tested, although this is a relatively low proportion of overall supply.
6. In considering the potential impacts of inflation on both values and costs over the next 5 years, the viability improves, as value forecasts are higher than cost forecasts over the same period of time. This may mean that some schemes that are currently marginal will stand a better chance of coming forward, in respect of viability, later in the plan period – noting that a significant proportion of the largest allocations are also likely to be delivered later in the plan period.

Chapter 1 Introduction

Context

- 1.1** East Devon District Council (ECC) is preparing a new Local Plan for the district. This new East Devon Local Plan will set out the opportunities for development across the district for the next 20 years, alongside the policies to support that development.
- 1.2** Three Dragons provided a Local Plan Viability Assessment (LPVA) in January 2025 which included an analysis of the impact of the policies set out in the latest draft Plan available at that time. The LPVA used a set of typologies representative of the development proposed by the new Local Plan and was prepared in consultation with the development industry and other key stakeholders.
- 1.3** This Viability Addendum provides further evidence to demonstrate the viability of the new East Devon Local Plan. It includes:
 - A review of representations from the recent consultation relating to viability and assessment of implications for viability
 - Response to new circumstances – in particular Building Safety Levy which the Government suggests will be applicable later in 2026
 - Response to changes in proposed Local Plan Policy
 - Considering potential future changes to values and costs
- 1.4** This report builds on work established in the January 2025 LPVA and should be read in conjunction with the earlier report.

Chapter 2 Consultation representations

Introduction

2.1 The Draft East Devon Plan was published on 13 February 2025 and was open for formal representations until 31st March 2025. Representations included some viability matters, and these are considered in this section of the Addendum.

Response to consultation viability issues

2.2 The viability issues raised by consultees as part of the consultation are summarised in Appendix A. Please note, that given the large number of representations (often repeated) the summary has been generated by AI, with spot checks by the consultant team to check accuracy. The main issues raised were as follows:

- Building Safety Levy – no allowance within the January 2025 LPVA
- Professional fees allowance should be increased for larger sites
- Biodiversity Net Gain at 20% requires inclusion within viability testing
- Inflation and future cost not included within the testing
- Cumulative impact of policy has not been tested, including bonds for landscaping
- Affordable housing may not be delivered as a result of other policy requirements
- Accessibility requirements may impact viability

2.3 There were also comments regarding policy requirements and how they apply to Cranbrook (and viability implications), application of policy towards older person housing and the use of viability clauses – these are all issues for the Council to address, rather than for the supporting viability work undertaken by Three Dragons.

2.4 The response to these issues is:

- Building Safety Levy proposals were published after January 2025 LPVA – these have now been considered further in this Addendum, and this Addendum includes commentary about forecast changes in values and costs.
- Professional fees, BNG (20%), and accessibility have already been considered as part of January 2025 LPVA – the response and sign posting to the original basis for these assumptions is set out in Appendix A to this report.
- All noted policies with cost implications were considered cumulatively as part of January 2025 LPVA (including affordable housing and accessibility standards) – however since publication there has been further consideration of Air Quality and cycle storage costs, and their potential impact is set out in this Addendum. Landscape bonds were not included in the earlier testing, but the Council have indicated their intention to remove this requirement from the plan.

Chapter 3 Responding to changes

Approach

- 3.1** There are a number of changes and approaches to meet national and local policy that need further consideration as part of this addendum to assist the Local Plan Examiner in understanding their impact in respect of viability.
- 3.2** These relate to both direct changes to costs and changes to allocations.
- there are some national and local changes that add costs
 - there are some local changes that both add and reduce costs in combination
- 3.3** In respect of the added costs, even when addressed cumulatively they are not considered a significant cost (being a very low percentage of overall gross development value (GDV) and therefore rather than remodel all the typologies the addendum has instead set out the potential cost increase and compared it to the available viability 'headroom' i.e. what is left after all the costs including a benchmark land value have been taken away from the expected GDV for each typology previously tested. In terms of allocations these have been reviewed and where there is a change we have checked as to whether the previously undertaken typology modelling would still be applicable.
- 3.4** The combinations are assessed separately, to determine the extent and impact of the cost changes.

Cost impact – Building Safety Levy

- 3.5** The Building Safety Act 2022 introduced powers to impose a levy on all new residential buildings requiring certain building control approvals in England, to raise revenue to be spent on building safety. The Government has now determined that the levy will come into effect in Autumn 2026, with the levy regulations to be laid in Parliament later this year. This will give all local government, the Building Safety Regulator, Registered Building Control approvers around 18 months to prepare for the levy; and housing developers who will pay the levy around 18 months (from when this was announced in March 2025) to factor levy cost into their financial planning.
- 3.6** For the purposes of calculating the levy charge applicable to a new development, floorspace should be measured using gross internal area. Where 75% or more of the land within the planning permission redline boundary falls within the definition of PDL all levy-chargeable development on the site will qualify for the discount rate. The rates proposed for East Devon as set out in the [Government response to the consultation](#) are as follows:
- Previously developed land levy rate £17.03/sqm GIA new development

- Non-previously developed land levy rate £34.06/sqm GIA new development

3.7 Given that these will come into effect next year we have reviewed the potential amounts for all the standard residential typologies in VA1 to VA5 (VA3 @35% AH & VA5@25% AH), based on their GIA and compared as a percentage of GDV to indicate the level of impact that the Levy may have on development.

Table 3.1 Standard residential VA1 – VA4 BSL as a percentage of GDV

Typology	Brownfield/ Greenfield	Dwellings	VA1 - % impact of BSL on GDV	VA2 - % impact of BSL on GDV	VA3 - % impact of BSL on GDV	VA5 - % impact of BSL on GDV
Res1a	GF	3	0.84%	0.88%	0.91%	1.06%
Res1b	BF	3	0.42%	0.44%	0.46%	0.53%
Res2a	GF	8	0.84%	0.88%	0.91%	1.06%
Res2b	BF	8	0.42%	0.44%	0.46%	0.53%
Res3a	GF	15	0.69%	0.72%	0.74%	0.93%
Res3b	BF	15	0.35%	0.36%	0.37%	0.46%
Res3c	BF	15	0.39%	0.40%	0.42%	0.52%
Res3d	BF	15	0.34%	0.36%	0.37%	0.46%
Res4a	GF	30	0.62%	0.65%	0.67%	0.85%
Res4c	BF	30	0.39%	0.40%	0.42%	0.42%
Res4d	BF	30	0.32%	0.33%	0.34%	0.52%
Res5a	GF	75	0.63%	0.65%	0.68%	0.43%
Res6a	GF	150	0.63%	0.65%	0.68%	0.86%
Res7a	GF	300	-	0.65%	0.68%	0.86%
Res8a	GF	800	-	0.65%	0.68%	-

3.8 In setting the rates, the Government's intention was not to have a significant impact on viability. The results of testing the impact of the Levy on various typologies across different values and types of residential development do suggest that aim has been achieved. The only impacts over 1% of GDV are on small sites in the lowest value area. Given that these are only just over 1% a very small rise in values would cover the cost. Therefore, it is not considered that the Building Safety Levy will significantly impact delivery of the Plan.

Cost impact – further habitat mitigation and policy costs

3.9 For the Pebblebed Heaths, a technical assessment report of vehicle impacts has been undertaken, and this shows that local plan land allocations for development, taken as a whole, will result in unacceptable adverse impacts in the absence of mitigation. An initial mitigation strategy highlights strategic plan wide options and approaches to securing identification and delivery of mitigation. Strategic approaches to mitigation delivery are to be developed further to ensure that mitigation will be provided to allow for plan implementation.

- 3.10** A 'long-list' of potential options highlighted in the mitigation report include traffic management, promotion of green vehicles and land management. Whilst mitigation measures could vary greatly, it has been agreed with the Council to make a reasonable allowance based on mitigation strategies for similar issues elsewhere – the most appropriate is in Dorset (Dorset Heathlands Air Quality Strategy), where an average figure of £112/dwelling is sought to fund a variety of mitigation measures.
- 3.11** It is not necessary to consider all the values areas as the mitigation will not be required across all of East Devon – therefore only VA 3 (with the higher tested rate of 35% AH) is used as an illustration of the potential impact, as this is the most likely area where the mitigation will be required.
- 3.12** In addition, the draft East Devon Plan and the Submitted Exeter Local Plan have a similar requirement to encourage active travel and as part of this want to make sure that new houses provide sufficient storage for equipment such as bikes. Therefore, to be consistent, an allowance of £500/house (where there is no garage i.e. 77% of houses) is considered a reasonable addition when reviewing further potential impacts of Local Plan policy.
- 3.13** This combined cost impact is illustrated in the following table for VA 3, which covers most of the district:

Table 3.2 Standard residential VA3 Air Quality mitigation and cycle storage as a percentage of GDV

Typology	Brownfield/ Greenfield	Dwellings	VA3 - % impact of AQ/cs on GDV
Res1a	GF	3	0.11%
Res1b	BF	3	0.11%
Res2a	GF	8	0.11%
Res2b	BF	8	0.11%
Res3a	GF	15	0.17%
Res3b	BF	15	0.17%
Res3c	BF	15	0.06%
Res3d	BF	15	0.20%
Res4a	GF	30	0.17%
Res4c	BF	30	0.06%
Res4d	BF	30	0.20%
Res5a	GF	75	0.17%
Res6a	GF	150	0.17%
Res7a	GF	300	0.17%
Res8a	GF	800	0.17%

- 3.14** Given the relatively small cost to address the policy requirement it is unsurprising that the impact is minimal, with highest percentage at 0.2% and the lowest at 0.06% - these are considered de minimus and therefore would not have any significant impact on delivery.

Cumulative impact of additional costs

3.15 Whilst the relative costs as a proportion of GDV for both the building safety levy, air quality mitigation and cycle storage are small, it is appropriate to also illustrate the cumulative impact. Again, this has been done using VA 3 (with 35% AH) as this covers most of the district and is likely to meet these local and national policy requirements in a number of areas. The following table shows the impact (using the middle benchmark land value 2) by both revised 'headroom' (where the cumulative cost is taken from the original headroom identified in January 2025 LPVA) and as a % of GDV:

Table 3.3 Standard residential VA3 impact of cumulative costs on headroom and as a percentage of GDV

Typology	Description GF Greenfield BF Brownfield	Dwellings	VA3 Cumulative £/dwelling	VA3 LPVA Headroom £/dwelling	VA3 Revised Headroom (LPVA minus cumulative)	% impact of cumulative cost on GDV
Res1a	GF - houses	3	4,685	22,646	£17,961	1.02%
Res1b	BF - houses	3	2,591	37,510	£34,919	0.56%
Res2a	GF - houses	8	4,685	35,404	£30,719	1.02%
Res2b	BF - houses	8	2,591	50,633	£48,042	0.56%
Res3a	GF - houses	15	2,721	-86	-£2,806	0.91%
Res3b	BF - houses	15	1,609	12,951	£11,342	0.54%
Res3c	BF - apartments	15	932	-74,249	-£75,181	0.47%
Res3d	BF - mixed	15	1,427	-959	-£2,386	0.57%
Res4a	GF - houses	30	2,511	23,552	£21,041	0.84%
Res4c	BF - apartments	30	932	-74,609	-£75,542	0.47%
Res4d	BF - mixed	30	1,351	265	-£1,086	0.54%
Res5a	GF - mixed	75	2,479	20,600	£18,121	0.85%
Res6a	GF - mixed	150	2,479	43,390	£40,910	0.85%
Res7a	GF - mixed	300	2,479	22,950	£20,471	0.85%
Res8a	GF - mixed	800	2,479	19,969	£17,490	0.85%

3.16 The results are shown with 35% affordable housing – noting that any allocations within VA 3 require less affordable housing at 30% and therefore would be more viable. In terms of 'headroom' typologies that were already negative in January 2025 LPVA, these continue to be negative with the cumulative costs added. Typologies that were positive and therefore viable, continue to be positive with the additional cumulative costs added – the exception is Res4d, which becomes marginally unviable. However, the cumulative cost does not exceed 1% of GDV for any of the typologies apart from the small greenfield sites where it is shown to be 1.02%, which could still be considered as a deminimus impact.

3.17 Overall, the inclusion of additional costs for building safety levy, air quality and cycle storage does not have any significant impact on the viability results set out in January 2025 LPVA and therefore the Plan and its policies can continue to be considered as broadly viable.

Combination cost effects

3.18 East Devon has advised that policy HN04: Accessible and Adaptable Housing will be recommended to be amended to take better account of housing need. The draft policy of 5% of affordable housing to Part M4(3) and the remaining 95% of affordable and 100% of market housing is proposed to be changed to:

- 15% of affordable housing to Part M4(3)
- 35% of affordable housing to Part M4(2)
- 50% of market housing to Part M4(2)

3.19 The net effect of these changes has been to reduce the costs of meeting accessibility standards, so viability will be slightly improved as set out in appendix B.

Impact of changes to allocations

3.20 Within January 2025 LPVA in Chapter 6 the typologies tested were assigned their most relevant typology in terms of form of development and number of dwellings, and a view provided as to the viability of the allocations. Since that report was published there have been a number of changes to sites plus further information as to their planning status. The previous assessment also did not take into account the provision in Topsham and the West End. The following tables update the previous work to the latest position.

3.21 Table 3.4 lists the allocations, and which typology is relevant. Table 3.5 below summarises the proposed allocation dwellings in each value area covered by each of typologies.

Table 3.4 Allocations, value area and typology

Proposed allocation	Value area	Greenfield/brownfield	Dwellings	Typology	In planning
Land to the South of Courtlands Lane (Exmo_23) – 12 dwellings	VA 3	GF	12	Res3a	No
Land at Courtlands Cross (Lymp_07) 100 dwellings and 0.4ha employment land	VA 3	GF	100	Res5a	No
Land west of Hulham Road (Exmo_47) – 15 dwellings	VA 3	GF	15	Res3a	No
Land at Coles Field Hulham Road (Lymp_14) – 59 dwellings	VA 3	GF	59	Res5a	Yes
Land at Marley Drive (Exmo_04a) –50 dwellings	VA 3	GF	50	Res4a	Yes
Land at St John's (Exmo_20) – 700 dwellings with 2ha employment land, social/community facilities, cemetery space and SANGS	VA 3	GF	700	Res8a	No

Proposed allocation	Value area	Greenfield/ brownfield	Dwellings	Typology	In planning
Land to the South of Littleham (Exmo_17) – 410 dwellings, 1.6ha employment , community uses and SANGS	VA 3	GF	410	Res7a	No
Littleham Fields (Exmo_08 and Exmo_16 combined) – 45 dwellings	VA 3	GF	45	Res4a	No
Land at Douglas Gardens (Exmo_06) – 44 dwellings	VA 3	GF	44	Res4a	Yes
Exmouth town centre Police Station (Exmo_50) – 20 dwellings and reprovision of police station	VA 3	BF	20	Res3d	Yes
Land east of Lyme Road (Axmi_22) – 100 dwellings including section of relief road	VA 5	GF	100	Res5a	No
Prestaller Farm, Beavor Lane (Part of GH/ED/80) – 225 dwellings with community hub and section of relief road	VA 5	GF	225	Res6a	Yes
Land west of Chard Road (GH/ED/83) – 140 dwellings and 0.8ha employment	VA 5	GF	140	Res6a	Yes
Land east of Musbury Road (Axmi_02, Axmi_08 and Axmi_09) - 438 dwellings, 1.6ha employment and community hall	VA 5	GF	438	Res7a	No
Land at Axminster Carpets (Axmi_07) – 50 dwellings plus employment uses	VA 5	BF	50	Res4d	No
Scott Rowe Building, Axminster Hospital, Chard Road (Axmi_10) – 10 dwellings	VA 5	BF	10	Res3b	No
Land at Lea Combe, Field End (Axmi_12) – 9 dwellings	VA 5	GF	9	Res2a	No
Land east of Lyme Close (Part of Axmi_11c) – 50 dwellings and 0.4ha employment	VA 5	GF	50	Res4a	No
Chard Road, Axminster (Axmi_17 Land at Millwey) – 19 dwellings	VA 5	GF	19	Res3a	No
Millwey Garages, St Andrews Drive (Axmi_18) – 6 dwellings	VA 5	BF	6	Res2b	No
Websters Garage, 9 Lyme Street (Axmi_23) – 10 dwellings as part of mixed use development	VA 5	BF	10	Res3b	No
Land west of Prestaller Farm, Beavor Lane (Axmi_24) – 29 dwellings	VA 5	GF	29	Res4a	Yes
Land west of Hayne Lane (Gitti_03, Gitti_04 and Gitti_05) – 310 dwellings and 1.16ha employment with community facilities	VA 3	GF	310	Res7a	Yes

Proposed allocation	Value area	Greenfield/brownfield	Dwellings	Typology	In planning
Former Millwater School at Bottom Road (Honi_06) – 30 dwellings	VA 3	BF	30	Res4d	Yes
Land adjacent to St Michaels Church and south east of Cuckoo Down Lane (Honi_07 and Honi_12)- 101 dwellings	VA 3	GF	30	Res4a	No
Land at Ottery Moor Lane (Honi_10) – 21 dwellings	VA 3	GF	21	Res3a	Yes
Land at Middle Hill, Church Hill (Honi_13) – 10 dwellings	VA 3	GF	10	Res3a	Yes
Land at Kings Road (Honi_18) – 136 dwellings	VA 3	GF	136	Res6a	No
Hurlakes, Northcote Hill, Honiton (Honi_14) - 30 dwellings	VA 3	GF	30	Res4a	No
Land South of Northcote Hill (GH/ED/39B) - 300 dwellings	VA 3	GF	300	Res7a	No
Land south of Northcote Hill – north of the railway (GH/ED/39a) – 100 dwellings	VA 3	GF	115	Res6a	Yes
Barrack Farm (Otry_01b) – 70 dwellings and 1.25ha employment	VA 3	GF	70	Res5a	No
Land at Thorne Farm (Otry_09) – 90 dwellings and space for an education facility	VA 3	GF	90	Res5a	No
Land at Salston Barton (Otry_10) – 20 dwellings	VA 3	GF	20	Res3a	Yes
Land at Bylands, Slade Road (Otry_15) – 8 dwellings	VA 3	GF	8	Res2a	No
Land south of Strawberry Lane (GH/ED/27) – 60 dwellings	VA 3	GF	60	Res5a	Yes
Gerway Farm (Otry_21) – 70 dwellings	VA 3	GF	70	Res5a	No
Land at Barnards Hill Lane (Seat_02) – 40 dwellings with SAC mitigation	VA 3	GF	40	Res4a	No
Land to the south of Harepath Hill (Seat_03) – 75 dwellings with SAC mitigation and with _05 football pitch	VA 3	GF	75	Res5a	Yes
Land off Harepath Road (Seat_05) – 130 dwellings and 2.2ha employment, with SAC mitigation and with _03 football pitch	VA 3	GF	130	Res6a	Yes
Land west of Axeview Road (Seat_13a) - 39 dwellings	VA 3	GF	39	Res4a	No

Proposed allocation	Value area	Greenfield/ brownfield	Dwellings	Typology	In planning
Land south-west of Woolbrook Road (Sidm_01) – 127 dwellings with SAC mitigation	VA 1	GF	127	Res6a	No
Land west of Two Bridges Road, Sidford (Sidm_06) – 30 dwellings with SAC mitigation	VA 1	GF	15	Res3a	No
Land east of Burscombe Lane / west of Windsor Mead (Sidm_31) – 15 dwellings with SAC mitigation	VA 1	GF	15	Res3a	Yes
Area Brcl_12 -100 dwellings and 0.6ha employment	VA 2	GF	100	Res5a	No
Area Brcl_29 – 24 dwellings	VA 2	GF	24	Res4a	No
Land at Barn Lane, Knowle, Budleigh Salterton (BudL_02) – 35 dwellings	VA 1	GF	35	Res4a	Yes
Land at Hillhead (Coly_02) – 49 dwellings with SAC mitigation	VA 3	GF	49	Res4a	No
Land adjacent to the Peace Memorial Playing Fields (Coly_06) – 12 dwellings with SAC mitigation	VA 3	GF	12	Res3a	No
Lymp_01 - Little Paddocks, 22 Underhill Crescent, Lympstone- 8 dwellings	VA 3	GF	8	Res2a	No
GH/ED/72a - Land at Meeting Lane, Lympstone – 42 dwellings	VA 3	GF	42	Res4a	No
GH/ED/73 - Land north west of Strawberry Hill, Lympstone – 46 dwellings with orchard/POS reinstatement	VA 3	GF	42	Res4a	Yes
Land to rear of Orchard House, Globe Hill, Woodbury (Wood_06) – 30 dwellings	VA 3	GF	30	Res4a	Yes
Land Off Globe Hill, Woodbury (Wood_09) – 28 dwellings with POS	VA 3	GF	28	Res4a	Yes
Land at Gilbrook (Wood_10) – 60 dwellings with tree planting	VA 3	GF	60	Res5a	Yes
Land south of Broadway (Wood_16) - 70 dwellings	VA 3	GF	70	Res5a	Yes
Land east of Town Lane (Wood_20) – 28 dwellings	VA 3	GF	28	Res4a	No
Land opposite the Village Hall (Brhe_09) – 10 dwellings	VA 3	GF	10	Res3a	No
Char_04a - Land off Green Lane, Chardstock – 30 dwellings	VA 3	GF	30	Res3a	No

Proposed allocation	Value area	Greenfield/brownfield	Dwellings	Typology	In planning
Development at Clyst St Mary – 72 dwellings through the Neighbourhood Plan	VA 3	GF	72	Res5a	No
Broomfields, Dunkeswell (Dunk_05) – 43 dwellings	VA 3	GF	43	Res4a	No
Land off Frogmore Road (Ebud_01) – 22 dwellings with overhead wires undergrounded	VA 3	GF	15	Res3a	No
Land west of Oaklands (Wood_01) – 14 dwellings	VA 3	GF	14	Res3a	No
Land north and east of Exton Farm (Wood_28) – 39 dwellings with cycle crossing tree planting and mitigation of existing flood issues	VA 3	GF	39	Res4a	No
Feni_05 - Land at Burlands Mead – 42 dwellings	VA 3	GF	42	Res4a	Yes
Feni_08 - Land adjacent to Beechwood – 60 dwellings	VA 3	GF	60	Res5a	No
Norton Store, Hawkchurch (Hawk_01) – 12 dwellings and 0.25ha employment, with location for village shop and parking	VA 3	GF	12	Res3a	No
Land east of George Lane (Kilm_09b) – 23 homes with A35 buffer	VA 3	GF	23	Res4a	No
Land to the west and south west of the Old Inn (Kilm_10) – 5 dwellings	VA 3	GF	5	Res1a	No
Land at Baxter's Farm (Musb_01a) – 15 dwellings with 0.15ha employment	VA 3	GF	15	Res3a	No
Land to the West of Badger Close (Newt_04) – 28 dwellings with footpaths made good	VA 3	GF	20	Res3a	No
Land to the east of Exmouth Road (Newt_05) – 27 dwellings with footpaths made good	VA 3	GF	20	Res3a	No
Land north of Behind Hayes (Otto_01) – 10 dwellings and POS	VA 3	GF	10	Res3a	No
Land adjacent to Markers Park (Payh_03a) – 15 dwellings	VA 3	GF	15	Res3a	No
Land north of the School (Plym_03) - 30 dwellings	VA 3	GF	30	Res4a	Yes
Land south of Furzehill (Sidm_34) – 43 dwellings plus section of multi-use path plus SAC mitigation	VA 3	GF	43	Res4a	Yes
Land South of Otter Close (Otry_04) – 5 self-build dwellings	VA 3	GF	5	Res1a	No

Proposed allocation	Value area	Greenfield/ brownfield	Dwellings	Typology	In planning
Land adjoining Wind Mill Lane (West_04) – 34 dwellings	VA 3	GF	34	Res4a	Yes
Land north and east of Eastfield (West_18) – 30 dwellings	VA 3	GF	30	Res4a	Yes
Land at Station Road (Whim_11) – 33 dwellings	VA 3	GF	33	Res4a	No
Land west of Bramley Gardens (Whim_08a) – 50 dwellings plus community orchard	VA 3	GF	50	Res4a	No
Development next to the M5 and north of Topsham	VA 3	GF	510	Res7a	No
Development next to the M5 and north of Topsham (Clge_20)	VA 3	GF	46	Res4a	No
Development next to the M5 and north of Topsham (Clge_24a)	VA 3	GF	40	Res4a	No
Land north of the Science Park, Tithebarn Way (Brcl-23)	VA 2	GF	90	Res5a	No

Table 3.5 Allocation (dwellings) by value area and typology

Typology	VA 1 Budleigh Salterton & Sidmouth/Sidford dwellings	VA 2 Exeter NE & Tithebarn dwellings	VA 3 Exmouth, Honiton, Ottery, Seaton & rural dwellings	VA 5 Axminster dwellings	Total dwellings
Res1a			10		10
Res2a			16	9	25
Res2b				6	6
Res3a	15		200	19	234
Res3b				20	20
Res4a		24	577	50	651
Res4d				50	50
Res5a		190	462	100	752
Res6a	127		136		263
Res7a			1,220	438	1,658
Res8a			700		700
Total (not in planning)	142	214	3,321	692	4,369
Allocations with consents/applications	50	-	1,353	394	1,797
Total supply	192	214	4,674	1,086	6,166

3.22 Although the numbers of dwellings have changed, the role of different typologies in different value areas remains broadly the same as set out in para 6.6 in LVPA January 2025:

- The relevant typologies in VA1 are Res3a, Res4a and Res6a. All of these are viable with 35% affordable housing across all BLVs
- The relevant typologies in VA2 are Res4a and Res5a. Both of these are viable with 35% affordable housing across all BLVs
- All typologies bar Res2b, Res3b and Res4d are relevant in VA3, which is where the majority of development is planned to take place. All are viable with 35% affordable housing although Res3d is only viable at the lower BLV. However, as allocations are only required to provide 30% affordable housing in VA3 the viability for allocations is strengthened significantly
- All typologies bar Res1a, Res6a and Res8a are relevant in VA5, which is the second most important value area in terms of the number of dwellings planned for. Not all of the typologies are viable – Res2a is marginally unviable (even though it is below the affordable housing threshold); Res3a and Res3b are not viable; Res4a is viable, especially if affordable

rent is used for the rented affordable component; Res4d is not viable; Res5a is viable, especially if affordable rent is used for the rented affordable component; Res6a and Res7a are both viable.

- Of the proposed 6,116 dwellings proposed in this revised list of allocations, information from East Devon District Council shows that 1,797 dwellings are either already consented or are the subject of applications – suggesting that in broad terms at least, development is viable. Importantly, 394 of the proposed 1,086 dwellings on proposed allocations in the lowest value VA5 (Axminster) are either already consented or are the subject of applications.

3.23 Overall, the majority of development planned for in the new Local Plan is viable. However, some of the development proposed in Axminster is not viable as tested. The Axminster dwellings affected amount to 98 (unchanged from the LVPA January 2025), which is 9% of those now planned for in this value area and less than 2% of the allocation dwellings across East Devon.

Chapter 4 Future market change

Market changes

- 4.1** The viability assessments have been undertaken on the basis of current cost and current value, which is the normal approach for plan wide viability testing. However, it is understood that developers and their lenders will often look to forecasts in the future to help make decisions regarding land purchases and investment in planning. Therefore, it is reasonable to provide some guidance to the Council as to the potential impact of future forecast on viability, given the length of the plan period. This is particularly important in the current economic climate which is uncertain due to macro-economic issues and causing likely short term impacts in terms of development values and cost.
- 4.2** Various value change forecasts are produced by commercial agents and BCIS produces forecast changes in costs. While the accuracy of forecasts can only be determined with hindsight, they can provide a useful indication of how development circumstances may change in the future. House values are forecast to increase more than costs over the period to 2030, which is representative of the long-term changes seen in the past¹.
- 4.3** Savills provide a set of forecasts for the UK and for South West England, covering the change in house price values from 2025 to 2030². These suggest that over this period values will change by 23.4% across the UK and by 21.6% in the South West. BCIS provides a forecast of changes in costs, with increases suggested of 15% from 2025 to 2030³. The forecast changes in house prices run from 2025 to 2030, while the values and costs used in the LPVA are from 1Q2024. The Land Registry HPI and BCIS AITPI are used to bring the LPVA data to meet the beginning of the forecasts' period⁴.

¹ The annual average change 1980-2025 has been 6.8% in values (HPI) and 3.8% in costs (BCIS AITPI)

² https://www.savills.co.uk/research_articles/229130/368934-0

³ <https://bcis.co.uk/news/bcis-construction-industry-forecast/#:~:text=BCIS%20construction%20industry%20forecast%20%E2%80%93%20Q2025,our%20latest%20construction%20forecast%20data.>

⁴ A change of 1.8% in both values and forecasts

Appendix A Summary of representation relating to viability

- i. Three Dragons has undertaken a review of the viability consultation representations received as part of the consultation ending March 2025. Chat GPT and Microsoft Co-pilot were used to assist in the analysis.

Issue		Response
1	<p>Building Safety Levy: The Local Plan Viability Assessment (LPVA) does not account for the planned Building Safety Levy (BSL), with £34.06/sq m proposed for greenfield development and £17.03/sq m for brownfield development in East Devon. This additional cost could affect scheme viability.</p>	<p>The current BSL proposals were published subsequently to the LPVA.</p> <p>The impact of BSL is considered further in this report.</p>
2	<p>Professional Fees: The professional fees allowance of 6% of build cost for larger sites is not sufficient. 10% of build cost is suggested.</p>	<p>The allowances for professional fees are within the ranges of viability assessments found sound at EiP, including locally as part of the Cranbrook Plan DPD and the Teignbridge Local Plan.</p>
3	<p>Biodiversity Net Gain: Higher 20% net gain requirements will have viability impacts.</p>	<p>The LPVA testing includes allowances for the higher level of BNG based upon the government's 2019 biodiversity net gain and local nature recovery strategies impact assessment. See LPVA table 4.11 on page 31 and para 4.29 on page 32.</p>
4	<p>Inflation and Future Costs: The assessment does not sufficiently allow for future inflation and rising costs.</p>	<p>The LPVA provides a view of viability at a point in time. It is likely that both values and costs will vary over the life of the Local Plan, and the historic pattern has been that values rise more than costs.</p>
5	<p>Cumulative Policy Impact: The cumulative effect of draft policies (e.g. 20% Biodiversity Net Gain, water usage restrictions, design standards, Future Homes, custom/self-build quotas, public open space standards, and bonds for landscaping) may affect viability.</p>	<p>The LPVA testing includes the combination of policies affecting development. Table 4.11 on page 30 of the LPVA summarises the policy costs, with explanatory text in paras 4.29-4.32.</p> <p>Further costs identified after the publishing of the January 2025 LPVA have been considered within this Addendum. It is understood that the requirement for landscaping bonds is to be removed from the plan.</p>

Issue		Response
6	Affordable Housing Delivery: The combination of policy burdens may affect the delivery of affordable housing.	The LPVA testing includes the combination of policies including the proposed affordable housing proportions and tenure. LPVA para 3.17 on page 19 lists the affordable housing scenarios, table 4.2 on page 21 sets out the affordable housing mix and size by typology, and table 4.4 on page 22 sets out the affordable proportions and tenure by development type.
7	Accessible and Adaptable Housing: The requirement for 100% of new dwellings to meet M4(2) standards (accessible/adaptable) may affect site suitability, viability, and the impact on density and costs.	The LPVA testing includes allowances for Part M(4)2 based on the 2022 national consultation on raising the accessibility standards of new homes – see LPVA table 4.11 on page 31.
Issues for East Devon District Council to address		
8 EDDC	Cranbrook: Cranbrook is excluded from the LPVA yet the plan includes some policies that could have viability implications for Cranbrook.	
9 EDDC	Older Persons Housing: The LPVA highlights the weak viability of older persons housing in lower value areas, yet this form of development is still subject to blanket requirements.	
10 EDDC	Viability clauses: Inconsistent use of subject to viability clauses.	

Appendix B Changes to HN04

- i. The table below sets out the cost reductions resulting from the proposed changes to policy HN04 Accessible and Adaptable Housing. The table sets out the net in-combination impact from the reduction in M4(2) and the increase in M4(3) for typologies with affordable housing. For other typologies with no affordable housing, the reduced Part M4(2) requirement will result in a small improvement in viability.

Changes to HN04 - cost reductions

	35% AH	30% AH	25% AH
Res3a	£4,733	£5,556	£6,380
Res3b	£4,733	£5,556	£6,380
Res3c	£7,482		£8,344
Res3d	£5,374	£6,106	£6,839
Res4a	£9,465	£11,113	£12,761
Res4c	£14,963		£16,688
Res4d	£10,748	£12,213	£13,677
Res5a	£27,196	£30,811	£34,425
Res6a	£54,392	£61,622	£68,851
Res7a	£108,784	£123,243	£137,703
Res8a	£290,089	£328,648	