



**FINANCE VIABILITY REPORT
SPURR HOUSE, POLE LANE,
UNSWORTH
(P&C)**

October 2025

Executive Summary

Viability Report in relation to proposed development of land at former Spurr House, Pole Lane, Unsworth, Bury.

1. Onward Homes have produced a viability report in support of a planning application, for the development of the above site for 60 residential dwellings. All of the dwellings will be made available for rent to buy and social rent dwellings by Onward Homes.
2. Viability was tested based on the following development scenario:
 - a. A scheme of 60 affordable dwellings, 15no. one bed apartments and 45no. two bed apartments, with zero S106 contribution.
3. The purpose of the report is to comment on the viability of the proposed development in light of market conditions, at the date of the report and to set out a proposal for S106 obligations in relation to the site and scheme.
4. The proposals are to develop the subject site for affordable housing in the form as detailed above.
5. There are abnormal costs associated with bringing forward development on the site due to the site's previous use as a council care home. These are namely the demolition and site clearance, service disconnections and diversions and bio diversity.

1. Introduction

This report has been produced by Onward Homes, in support of a planning application for the proposed residential development of land at former Spurr House, Pole Lane, Unsworth.

The site is located on an area of previously developed land on Pole Lane. Currently Brownfield, the site is bound by existing residential properties to the North and adopted highways serving further residential properties to the West. The site is bordering Unsworth Cricket Club to the South and open land to the East. The site is well served by public transport links and is in walking distance of various local amenities.

The site has been identified as a potential housing site which will look to address the local housing need in Bury by delivering 60 homes for Affordable Home Ownership.

The purpose of the report is to comment on the viability of the proposed development in light of market conditions, at the date of this report and to set out a proposal for S106 obligation in relation to the site and scheme depicted in Appendix 1.

2. The scheme

The proposed scheme of 60 homes is detailed in the plan 0010-P-11. The living accommodation provided is highlighted below and provides 15no. one bed apartments and 45no. two bed apartments.

No of Plots	Beds	Type	Unit Size in Sq m
15	1 bed 2 person	Apartments	50m ²
45	2 bed 4 person	Apartments	70m ²
		Communal	1,167 m ²
		Total GIFA	5,067 m ²

3. Appraisal Inputs

3.1 Land Value:

As of yet a formal valuation has not been requested, primarily because this opportunity forms part of the new AHP programme. A valuation will only be commissioned once we're ready to take the scheme forward for approval. That said, we've had high-level conversations with our valuer, and the land value quoted in the report reflects those discussions.

3.2 Costs

The agreed contract sum for this project is £12,182,420 following a design development and value engineering process to ensure value for money is achieved and the project remained viable for Onward Homes. Onward Homes will enter into a JCT D&B contract with Watson Construction Limited which fixes the costs, fees and abnormals of the site.

The contract sum includes abnormal costs (£1,200,000), planning condition discharge fees and the contractors design fees (£845,169) which total £2,045,169. Excluding abnormals this leaves a residual build cost of £10,982,420 (which is equivalent to £2,167 per square meter which is on par with current market rates and appended are rates form ICN to confirm.

Abnormal costs for BHF

Surveys	137,000
Service disconnections	82,000
Demolition and removal of existing foundations	160,000
Piling to foundations inc ring beams	245,000
Gas membrane	128,000
Surface water drainage and attenuation	192,000
BNG off site contributions	256,000

1,200,000

As a Registered Provider, our baseline specification is enhanced from an affordable specification, with the following items being included:

- Enhanced elevational treatments including walk out balconies to all apartments
- Enhanced fabric first approach to exceed Building Regulation's environmental requirements by working to the proposed Future Home Standard requirements.
- Robust fixtures and fittings (E.g. Medium weight internal doors)
- Air source heat pump cylinders to each apartment with electric panel heaters
- Flooring to kitchen and bathroom
- Landscaping and courtyard.

The scheme is to marketed as rent to buy and social rent.. See below for table detailing all costs:

Element	Cost
Land Acquisition	£1,800,000
Works Costs inc abnormals and Dev-fees	£12,182,420
Onward Homes On Costs	£590,161
Interest	£195,032
Gross Development Costs	£14,767,613

3.3 Summary

Following discussions with our RICS surveyor—and pending receipt of the formal report—a Gross Development Value (GDV) of £14,063,116, based on sales values of £335 per sq ft, is considered appropriate. When compared to the Gross Development Cost outlined above, the scheme does not meet our internal hurdle rates without the inclusion of the £1.2m Brownfield Funding grant. This grant reduces the Gross Development Cost to £13,567,613, enabling the scheme to achieve those minimum thresholds.

It is important to note that this return remains significantly below the standard assumptions set out in RICS Red Book valuations, which typically expect a profit margin of 10–15%.

As a fully affordable scheme, the proposed units at Pole Lane will be marketed as Rent to Buy and Social Rent. Given these figures, any additional commuted sums would negatively impact viability and could render the scheme undeliverable from Onward Homes' perspective.

Our business operates with defined hurdle rates representing the minimum parameters required for approval. For this financial year, these rates are aligned with our cost of debt. With the inclusion of Section 106 contributions, the appraisal falls short of these hurdle rates, making the scheme financially unviable.