

MERSEAHOMES

EST. 1947

Colchester City Council
Rowan House
33 Sheepen Road
Colchester
C03 3WG

Representations on Behalf of Mersea Homes to the Colchester City Council Preferred Options Local Plan (Regulation 18 Consultation) – Colchester Whole Plan Viability Assessment Oct 2025

Dear Sir

As part of the consultation process for the emerging Local Plan we have reviewed the evidence with regards viability and make the following comments

Executive Summary:

While the Preferred Options Local Plan proposes the delivery of at least 20,800 homes by 2041, there is significant doubt as to whether this level of growth is achievable in practice. Current uncertainty in house prices and market conditions, alongside the cumulative burden of Section 106 contributions, infrastructure funding requirements, and in particular additional local policy expectations that exceed national standards, including proposed Net Zero requirements, raise serious concerns regarding development viability. The assessment's optimistic assumptions risk the Plan's soundness under NPPF tests. Mersea Homes urges the Council to engage further with developers to refine the evidence base to ensure their policies meet the required tests.

Key Findings:

- The Colchester City Council's Preferred Options Local Plan (Regulation 18 Consultation, November 2025) establishes a framework for sustainable development, emphasizing health, environmental sustainability, and infrastructure provision. The supporting Whole Plan Viability Assessment by Newmark (October 2025) evaluates residential typologies (9–2,500 units) across high, medium, and low-value zones, integrating policies such as 30% affordable housing (Policy H2), 10% biodiversity net gain (BNG, Policy EN2), Future Homes Standard (FHS), Net Zero requirements (Policy NZ1–NZ3), and S106 contributions. Newmark concludes viability in most cases but adopts overly optimistic assumptions and incorrect inputs in our view.

- Our experience in delivering schemes such as those suggested would point to BCIS median build costs (£1,600–£1,800 psm or £149–£167 psf) especially due to, and quite rightly, the high quality standards required by CCC, 15% rather than 10% externals costs would be an absolute minimum again especially due to the standards expected by CCC, ECC, LFA etc, £10,000+ for FHS, and at least £15,000 - £20,000 for Net Zero policies, plus aligning with BCIS forecasts of 15% cost inflation to 2030 and 2.0% annual housebuilding inflation in Q3 2025.
- Newmark's model prevents detailed review of residential mixes, cashflows, and finance. Finance in particular cannot be correct as for example a 300 dwelling site with £21,000,000 of infrastructure cannot reasonably be expected to be delivered with only £472,000 cost of finance.
- The report carried out to assess the Colchester market by McLaren Clark Consultancy (MCC) to give detail analysis in October 2025 is a well-considered and useful report (Which CCC have a copy of) and the report recommends £389 psf net for private sales, adjusted down from £400 psf after a 3–4% decline in prices this year, we would agree with this however as set out in previous consultations we disagree with the three classifications of High, Medium & Low and believe that High should be removed as it does not make sense knowing the market as we do i.e. how could Dedham is in Medium whereas Abberton is in High. Our experience is that all of the allocations should be medium or low i.e. The High category areas should all be reduced to Medium. We agree with the location of the Low category.
- Affordable revenues are overstated at 60% OMV; current 45–50% for rent, 65% for shared ownership (blended 50–55%).
- Newmark assumption for Affordable Housing tenure is 60% rent, 25% First Homes & 15% intermediate – is this new policy or an error as it is likely to further overstate GDV?
- Policy H2's mix requirements will depresses GDV as it is prescriptive. We believe it would be a big mistake to not be more flexible.
- The denial of live appraisals being made available for us to consider in detail contravenes PPG transparency and therefore causes significant concern and should be rectified.
- We believe there are inconsistencies in the reporting and application within the appraisals and therefore undermines the appraisal outcomes being sound.
- BLVs £62,500/acre (5x EUV) inadequate; Harman Report suggests 10–20 times.

- FHS: £7,500 per unit is low; DLUHC consultations indicate £10,000+ including Part L uplifts not yet in BCIS.
- Net Zero: a 5–8% of lower quartile BCIS uplift cost significantly understates the huge upheaval and cost that these policies would impose, and history shows it is a mistake to deviate from national standards.
- BNG: £1,003 per dwelling is not our understanding of the likely costs of BNG to a scheme.
- Water efficiency (80 l/p/d): Additional £500–£1,000 per unit to comply with policy NZ3 cannot be right when grey water harvesting is suggested as the requirement.
- S106 at £10,500 per unit (non-strategic) is too low; recent Colchester schemes average £15,000–£20,000, rising to £25,000–£60,000 for strategic (including IADP £5,000–£35,000).
- Cumulative impacts – There are a plethora of policies such as archaeology, trees & tree canopy, SUDS, EV charging, elderly tenure, self-build plots that have not been properly assessed by Newmark in our view. This is highlighted by Newmark implications comments in Appendix 1 of their report where the seemed to underestimate or misinterpret policy requirements, for example:
 - EN1 they say additional costs covered in nett to gross site area assumption (we are not clear what this means?)
 - EN8 SUDS cost again is apparently in nett to gross assumptions
 - LC1 Newmark say additional cost for quality and materials is allowed for in BCIS lower quartile figures
 - NZ3 - they says water saving is accounted for in external works cost?
 - H1 – They say it will have a direct impact on maximum GDV and construction costs but not clear if its been applied in appraisals
 - PC6 – They say that additional design standards already allowed for in standard BCIS costs
 - PC7 – They say that improvements in design requirements by this policy will also increase GDV so it will cancel each other out which is not correct.
 - ST8 higher standards and design costs apparently allowed for in BCIS
- To demonstrate that the draft Local Plan is in our view overly complex with many hidden additional costs we have identified the additional criteria on top of an already complex and cumbersome system that requires 32 documents/reports to make a planning application of 10 or more homes. With the new requirements below that would rise to 43 documents.
 - GN1 - Green Network and Waterways Plan
 - ST7 - Infrastructure Viability Assessment

- ENV1 - Nature-based welcome packs
- ENV1 - Signage and interpretation boards
- EN3 - Essex biodiversity validation checklist
- NZ1 & NZ2 - Net Zero / Renewable Statement
- NZ3 - Wastewater Assessment
- H1 - Housing Mix Viability Statement [optional]
- H6 - Self Build Housing Need Assessment
- CS4 - Sports Provision Assessment
- Development frameworks, masterplans, design codes, and other design guidance documents to be prepared in consultation with stakeholders

We would therefore conclude by saying that once the above points have been taken into consideration policy amendments may well have to be made such as reducing the affordable percentage and/or removal of policies that are already adequately covered by national policy e.g. Net Zero.

The assessment's optimistic assumptions risk the Plan's soundness under NPPF tests and therefore Mersea Homes therefore urges the Council to engage further with developers to refine the evidence base to inform policy.

Yours faithfully

Fergus Cock on behalf of Mersea Homes

Citations:

- ONS House Price Index (October 2025)
- House Prices in Colchester - Rightmove
- Colchester Whole Plan Viability Assessment (October 2025)
- Evidence Base and Supporting Documents - Colchester City Council
- Colchester House Prices & Property Market Analysis - Housemetric
- Colchester House Prices in Maps and Graphs - Plumplot
- House Prices in Colchester - GetAgent
- Colchester House Prices - Property Solvers
- Colchester Housing Market - Varbes
- 2025 Guide: Average House Prices in Colchester - GoodMove
- MCC Market Report Oct 2025
- BCIS Private Housing Construction Price Index (November 2025)
- BCIS Construction Industry Forecast (October 2025)
- Typical UK Construction Costs of Buildings (July 2025)
- Future Homes Standard 2025 Updates (December 2025)
- Future Homes and Buildings Standards Consultation (December 2025)
- Seventh Carbon Budget (February 2025)
- Breakdown of BNG Unit Cost (2024 Report)
- Understanding Biodiversity Net Gain (GOV.UK)
- Essential Guide to Biodiversity Net Gain (July 2025)
- Section 106 Agreements and Unspent Developer Contributions (September 2023)