Floringham Lodge, Bracknell – Developer Profit Summary Note

DJC Housing Consultants Ltd – August 2026

Purpose

Developer profit is the sole remaining area of disagreement. All other appraisal inputs are agreed. DJC's professional judgement is that **18.75% of GDV** is the fair, reasonable, and PPG-compliant profit assumption for this retirement living scheme.

PPG Requirement

PPG paragraphs 007–009 require profit to reflect the **specific risk profile** of the development. Profit must not be based on fixed sector norms, land price, or historic appeal decisions.

Risk Profile

The parties agree the scheme has:

- Single-phase build with **no sales until full completion**
- **Restricted buyer pool**
- **39-month sales period**
- **Empty Property Costs**
- **Subdued wider housing market**

Risk is therefore **higher than general needs**, but **lower than the highest-risk retirement living schemes**.

Merged Profit Logic

DJC normally adopts:

- **17.5%** profit on open-market units
- **6%** profit on affordable units

This produces a **merged rate below 17.5%** on mixed-tenure schemes.

Because this scheme is **100% open market**, with **no affordable units on site**, the overall profit requirement is **higher** than DJC's usual merged rate — but does **not** reach the upper benchmark of 20%.

This supports a rate **between 17.5% and 20%** and reinforces the balanced midpoint of **18.75%**.

Appeal Decisions

Inspectors have accepted **20%** for retirement living schemes. DJC does not dispute this. But PPG requires a **site-specific** assessment. 18.75% is a moderated, conservative rate below the appeal-tested upper benchmark.

Local Plan Testing

The BPS (2021) testing **did not include retirement living**. PPG paragraph 008 requires specialist schemes to be assessed separately.

Empty Property Costs

EPCs

- **do not justify 20%**,
- **do not justify 17.5%**,
- **but they support a balanced midpoint**, because they reduce some operational uncertainty but not overall market risk.

That balanced midpoint is **18.75%**.

Relevance to S106

Profit feeds directly into **Schedule 2** of the S106 Agreement ("Target Return"). It must be set correctly to ensure the viability review mechanism operates transparently.

Street (Crispen Centre) Clarification

DJC accepted **20%** in Street only because the applicant made a **global S106 offer** predicated on 20%. It was **not** DJC's independent judgement and sets **no precedent**.

Conclusion

18.75% is:

- PPG-compliant
- balanced
- evidence-based
- moderated
- reflective of the agreed risk profile