



Steve Birch
Land and Planning Director
Bargate Homes

By Email: [REDACTED]

26th June 2026

Dear Steve,

The delivery of affordable housing with VIVID Homes

We have discussed the delivery of affordable housing that Bargate provides for VIVID as a principal partner and funder. I understand this is being increasingly constrained and delivery of new affordable homes is hampered due to development viability.

I understand there are challenges in relation to viability on a number of Bargate sites that you control and own and this was principally in relation to where land was bought historically or where land has been held in option and the challenges prevailing in building out these sites due to:-

1. An increase in Land and Planning taxes now applied or required whilst you have held these sites.
2. An increase in Development Management standards in Building Regs changes.
3. An increase in your supply chain costs and subcontractor pricing following the pandemic and Brexit, these are widely known and accepted within the industry and have increased certainly in double digits close to 20% in recent times.
4. An increased level of finance costs that need to be accommodated with higher rates in the cost of borrowing for developments.
5. The current value of S106 affordable housing as valued by RICS registered valuers.

The compounding effect of these taken together makes for unviable delivery and as such therefore, the delivery of affordable homes to VIVID is delayed and can't be brought into production. VIVID relies upon this regular production of new homes to deliver on our Corporate objective for new affordable housing for our Local Authority partners.

VIVID are keen to continue the delivery of affordable housing and support affordable new homes for our local authority partners. Where we have had similar challenges as listed above we have made a commitment to honour the original supply of affordable housing by varying the section 106 agreement following a viability review or detailed discussion with our Local Authorities to demonstrate our costs and revenues, to then deliver those homes with the benefit of Homes England (HE) grant through our Strategic Partnership delivery model.

HE understands the challenges of delivering schemes in the current economic climate and maintain a position that a scheme must be assessed on its own viability merits and so can only deliver the number of S106 homes that it can afford. We, as an RP provider are here to serve our communities and with Bargate being one of our Group Companies it is incumbent upon us to support this objective as much as we can.

Our commitment to Bargate and our Local Authority partners is to try and deliver the remaining percentage of affordable homes with the addition of grant. HE will only allow grant to be provided against market homes, as the use of public subsidy is delivering homes that would not otherwise come forwards. Our ability to pay a proportionate price also rests on how these homes are valued by a RICS redbook valuer so that we can charge them at Market Value Subject to Tenancies rather than Existing Use Value Social Housing as would be the case with S106 homes.

We have adopted this approach in a number of Local Authorities including Portsmouth where we delivered Kingston Prison in Milton and Tipner (Victory Quay) in this manner and at Waverley Borough Council on a scheme with Nicholas King Homes at Amber Waterside, in Cranleigh.

I have enclosed a brief summary which provides the background to these examples listed above.

An important consideration for Bargate and each Local Authority is that any reprovion in grant funded new homes will be provided as Social Rent and Shared Ownership in tenure, as this is the tenure our grant is linked to. Social Rent Homes are the most affordable tenure for families to access and allows them to considerably reduce their outgoing housing costs, with the current cost of living crisis impacting many residents these will make accessing a family home with long term sustainable rent levels all the more important. It is likely that the nomination made by housing teams for the rented homes will be the same whether the homes are for affordable rent or social rent. The benefit of the initial nomination is to each Local Authority and its local residents.

If there is any further information that I can provide to assist you and any Local Authority with these deliberations, I would be happy to do so.

Yours sincerely,

A black rectangular box used to redact the signature of Sunita Aujla.

Sunita Aujla
Land and New Business Director
VIVID Homes.