



Property Address:

Land at Lands Beck Way
Hightown
Liversedge
WF15 6NB

Applicant

John Brooke Builders Limited

Planning Application Ref:

2020/62/90494

RICS Registered Valuer:

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1.0 INTRODUCTION AND BASIS OF REPORT

- 1.1 The following viability appraisal report has been produced on the instruction of John Brooke Builders Limited to review the financial viability of the proposed residential development named above, pursuant to application number 2020/62/90494 for the erection of 19 dwellings and associated external works.
- 1.2 This is an open greenfield site which has not been developed for any significant purposes historically, being open land, although the western section of the site was previously occupied by allotment gardens including small buildings now demolished. The site appears to have been open and used for informal equine grazing over an extended period.
- 1.3 The scheme proposed comprises of a residential re-development to include 19 dwelling houses being 14 detached houses, 2 pairs of semi-detached houses and one bungalow. The houses are of differing type and size ranging from 76m² to 256m² and providing 3 to 5 bedroom accommodation.
- 1.4 In total, the development will provide 2,446m² of new dwellings.
- 1.5 This viability report has been undertaken by Graeme Haigh BSc (Hons) MRICS who is a suitably qualified practitioner as defined by the RICS Professional Statement: Financial Viability & Planning: Conduct & Reporting issued in May 2019 being:-
- Experienced in undertaking valuations of development land and advising on financial viability of development.
 - Having an understanding of the application of inputs into the residual appraisal model from other professional disciplines.
 - Having appropriate and up-to-date knowledge of the planning system.
- 1.6 Bramleys LLP is a company regulated by RICS and this viability appraisal has been undertaken in accordance with RICS Guidance Note – Financial Viability & Planning First Edition published 2012. The Guidance Note represents best practice in the context of preparing financial viability appraisal. The advice contained within this report does not constitute a valuation of the site in accordance with the RICS Valuation Global Standards and should not be relied upon as such.
- 1.7 The following viability appraisal reflects an appraisal of the site utilising a residual calculation achieved by deducting, from the anticipated gross development value, all those costs required for the development of the site. These costs include costs for ground works, retaining, site preparation and erection of physical structures, together with abnormal costs which in this case include surface water attenuation, levels equalisation and dealing with a services easement protecting an underground electricity cable which crosses the site.
- 1.8 The following inputs to the report include our independent assessment and commentary on the anticipated completed development value of the scheme and review and interpret the anticipated build costs as included within the cost plan prepared for feasibility study by Bowcliffe LLP which is attached as an appendix and has been used to inform our viability appraisal.

2.0 PROPERTY OVERVIEW AND BACKGROUND

- 2.1 The site on which the development is planned is a greenfield site which has been open and under-utilised over an extended period and is currently used for equine grazing. Historical mapping data indicates that the western portion of the site has previously been developed as allotment gardens with associated buildings but that this use ceased before 1989.
- 2.2 The site is situated in a residential land use area bordered to the west, north and east by dwelling houses and facing to open land to the south. The local development forms a ribbon of housing arranged in a linear pattern adjacent to Halifax Road with a series of smaller cul-de-sacs and access roadways leading to the north and south thereof providing access to a number of houses with a dispirit mix of ages, architectural types and styles.

- 2.3 In total the site extends to 1.75 acres (0.71 hectares) and follows the line of the local topography and slopes downwards from north to south and there is also additional fall across the site from west to east.
- 2.4 The viability appraisal is pursuant to application no. 2020/62/90494 for the erection of 19 attached and detached dwelling houses with associated external works. The development is to be served by a single access roadway leading to the east of Lands Beck Way and providing access to driveway car parking areas for each of the dwelling houses together with dedicated on street visitor car parking. The highway will terminate within the centre of the site from where an access track will be provided to the south to provide access to onsite surface water attenuation. In addition, the development will retain an enhanced public footpath SPE114/30 which crosses the site to the north and will also ensure the retention of footpath SPE128/20 to the west.

3.0 SITE HISTORY

- 3.1 This is an unused greenfield site with no known previous planning history and we understand that the financial viability appraisal is required in connection with the first planning application for residential re-development on the site. No structures currently exist and there is no active vehicular access to the site at the current time and all structures associated with the previous allotments on site have been cleared and accordingly the existing use/established use of the site is in connection with agriculture and open areas.
- 3.2 The site is an allocated site, designated for housing - and listed as site H278 on the Kirklees Local Plan.

4.0 PROPOSED SECTION 106

- 4.1 We are informed that, in accordance with the requirements of Policy H10 of the Council's Unitary Development Plan and The Interim Affordable Housing Policy 2016, the Council requests that 20% of the total number of dwellings on site be provided as affordable. Accordingly, in this case, there is a request for 4 units to be provided as affordable which should:-
- Cater for the type of affordable need identified in the latest housing evidence in terms of type, tenure and size.
 - Incorporate appropriate arrangements to retain the benefits of affordability for initial and subsequent occupiers for affordable rent and shared ownership.
 - Be indistinguishable from market housing in terms of achieving the same high quality of design.
- 4.2 Annex 2 of NPPF includes a definition of affordable housing based on the 2016 Housing and Planning Act as "housing for sale or rent for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership....and complies with one or more of the following definitions:
- a) Affordable housing for rent
 - b) Starter homes
 - c) Discounted market sales homes
 - d) Other affordable routes to home ownership
- 4.3 In accordance with evidence within the SHMA, it would normally be anticipated that the units be provided as 54% for social rent and 46% for intermediate sale and accordingly we assume that the division of accommodations would be 2/2 (social rent/intermediate sale). We note that there is an identified shortage of family housing within the locality and accordingly, that the affordable housing requirements could be met by the designation of plots 2 & 3 and 7 & 8 (3 bed, 2 storey semi-detached dwellings) for affordable purposes.
- 4.4 In their interim affordable housing policy adopted on 14 January 2020, Kirklees indicate that upon a developer request and to allow a starter home to be secured in Kirklees, the Council has taken

	the initiative to allow new homes which meet starter home definition to be secured through the Section 106 agreement and, until secondary legislation is introduced, where starter homes are defined in agreement by reference to Section 2 of the Housing Act and where age restrictions are not required, then discounted market sales is available.
4.5	The starter homes definition refers to Sections 2 and 3 of the 2016 Housing and Planning Act and defines these as new dwellings to be available for purchase for qualifying first time buyers only sold at at least 20% below the market value and less than the price cap (£250,000 outside Greater London).
4.6	Accordingly we have assumed that discounted market sales housing will be housing sold with a discount of 20% to market value.
4.7	As at January 2021 it is noted that, as the Government has stated an intention to replace the community infrastructure levy process with a nationally set infrastructure levy, Kirklees Council has decided not to adopt CIL at the current time and accordingly, the following FVA excludes any payments due. The parties should be aware that should CIL be levied in accordance with the draft charging schedule attaching to the Council's Local Plan this will represent a significant additional cost which would affect the viability of the development as herein appraised and accordingly in such an event the conclusions of this report are set aside and should be reviewed.
4.8	The Council's Planning School Places Policy (PSPS) provides the framework within which decisions relating to the supply and demand for school places are made to ensure adequate school provision over the next 5 years. Accordingly, the need for the provision of additional school places will be material consideration when planning applications for new housing developments are considered. However, it is noted that only housing proposals of 25 dwellings or more are likely to generate the need for a contribution.
4.9	We are not aware of any consultation responses changing this requirement and therefore the site is appraised on the basis that, at 19 units, the number of additional pupils generated from the development would not increase NOR over the net capacity measure and accordingly, no financial contributions are required.
4.10	Contributions to the West Yorkshire combined authority under the Residential Metro Card Scheme are likely to be sought and we note the consultancy response indicating that a series of bus only tickets will be required with costs of £9,718.50 being estimated.
4.11	As per Local Plan Policy LP63, 19 dwellings triggers the requirement for green space and a LAP and there is a stated deficiency in quantity of natural and semi-natural and quality in the parks and rec's within this locality. On the basis that the proposed layout does not include any on site provision of public open space, nor a play space, we note that KC Landscape Team have requested a payment in the sum of £36,000 as an off-site lump sum to improve local facilities, primarily King George VI playing field in addition to other local green facilities.
4.12	Accordingly, in addition to the requirement for affordable homes the Council seek payment of £45,718.50 in terms of additional planning gain agreements by way of Section 106.
5.0	APPRAISAL COMMENTARY
5.1	Although the affordable housing requirements and other planning gain payments associated with council policy are noted, guidance contained within national planning policy and particularly paragraph 173 of the NPPF indicates that planning authorities should not impose Section 106 costs where these reduce the return to a land owner and developer to an unsustainably low level and accordingly the following viability appraisal has been undertaken to demonstrate the maximum contributions which can be made while retaining appropriate returns in accordance with market norms.
5.2	The appraisal methodology and approach follows the guidelines laid down by the RICS Professional Guidance – Viability in Planning 2012 and the National Planning Practice Guidance (PPG) 2014

and Revised NPPF and PPG July 2018. In addition, the NPPF was further updated in February 2019 and the PPG in May 2019 following the decision in Park Hurst Road Ltd versus Secretary of State for Communities & Local Government.

5.3 RICS have subsequently updated guidance relating to financial viability in planning by way of a professional statement, Financial Viability & Planning: Conduct & Reporting First Edition May 2019. This professional statement sets out mandatory requirements and good practices for RICS members and dictates what must be included within reports and how the process must be conducted to achieve a reasonable objective and impartial outcome as to support the planning decision process.

5.4 In preparing this appraisal, I therefore confirm that I have complied with the guidance and RICS professional conduct requirements and state that I have acted with objectivity, impartiality and without interference and with reference to all appropriate available sources of information.

5.5 I can confirm that neither Bramleys nor the Valuer have any substantial financial arrangement with the developer and the report is not provided with the anticipation of any future fee paying arrangement and my fee for the preparation of the report is not conditional upon the outcome of any negotiations. I can accordingly confirm that there are no conflicts of interest which affect my objectivity or impartiality in providing this report.

6.0 VIABILITY ISSUES

6.1 Only when allowing for the cost of development, suitable levels of profit and land value will a site be deemed viable and, where the introduction of Section 106 costs (including the requirement for affordable housing) reduces these outputs below acceptable benchmark levels, guidance within the NPPF indicates local authorities should consider the reduction of such costs to a point at which a viable outcome is reached.

6.2 In accordance with RICS Professional Guidance: Financial Viability & Planning 2012 (paragraph 2.1.3) and DSLG documents Section 106 Affordable Housing Requirements – Review & Appeal April 2013 and NPPF (paragraph 173) there are 2 basic criteria that require to be satisfied for a development to be considered viable being:-

1. The residual value of the land, as calculated by deducting from the gross development value the estimated cost for development including fees, finance and profit, should be positive and exceed the existing value in the land prior to the granting of planning for development and:
2. In addition to demonstrating a positive residual value (as in 1 above) the development appraisal should provide for a development profit for the developer of between 15% to 20% of GDV.

7.0 APPRAISAL METHODOLOGY

7.1 RICS Professional Guidance (paragraph 2.2.2) states *"the residual appraisal method can be used in 2 ways: first, to assess the level of return generated from a proposed project where cost is an input into the appraisal and second, to establish a residential site value by inputting a pre-determined level of return"*.

7.2 We will adopt the residual method of appraisal in this case to ascertain viability in accordance with the planning requirements set out in the guidance and policy documents outlined above and, in particular, the recent Professional Statement Financial Viability in Planning: Conduct & Reporting May 2019.

7.3 The methodology accordingly utilises the standard residual appraisal methodology whereby a gross development value is calculated, being the aggregated value of the anticipated sales receipts of all

units on-site. In this case, these have been valued utilising a direct comparison method of valuation comparing the completed units with their peers when sold in the open market.

7.4 There will be a variance in value of units on site as a result of house type and position within the estate. Accordingly, in undertaking a valuation of the units it is necessary to extrapolate on a comparison unit basis the values of other sales within the locality. This has been done in this case on an average rate per ft² basis in order to arrive at a gross development value. This averaging may produce some anomalies and it should be noted that those units with a larger floor area are likely to achieve a lower rate per ft² in order to achieve a market appropriate end value reflecting that there is likely to be a ceiling value for any dwelling house within this locality.

7.5 In order to consider the average values in this case we have taken into account the values as shown on the attached schedule which we have analysed on average rate per se ft basis which produces a number of out comes as summarised in the table below. In addition, we have also taken into account the general market averages published by some data sites in relation to house sales in the Hightown, Liversedge and surrounding areas.

Comparison	Average Sales Value	
	Detached	Semi detached
Zoopla Index WF15 (last 12 months)	£302,352	£231,261
Rightmove WF15 (last 6 months)	£299,000	£236,000
Land Registry Kirklees (Feb 2023)	£325,039	£198,079

7.6 The above indicates a spread of some 18% between the averages although this is marginally skewed by the Land Registry data which encompasses the whole of Kirklees. The remaining published indexes (Zoopla and Rightmove) indicate a more reduced variance in terms of the average house prices within the WF15 postal code area.

7.7 In addition to the above averages, we have also taken into account specific sales including those shown on the attached. On the basis that there has been little significant new house building within the immediate vicinity, it is not possible to provide evidence of completed new housing developments of comparable type and therefore, it is necessary to consider the sales of second hand houses and sales over an extended period. Shown on the attached are a series of house sales in relation to 3, 4 and 5 bedroom detached and semi-detached houses which have been extrapolated from sales data. These have all been rebased using the Nationwide House Price Index to reflect fluctuations in prices which rose significantly in the period to late 2022 although have more recently begun to decline accordingly to the indexes.

7.8 The attached show a median value, on an adjusted rate per square foot basis of £234/ft² and an adjusted mean value of closer to £236/ft². Although adopting averages can be misleading as this does not always make provision for the advantages of a particular site or particular houses within the development and it may be that those houses to the south of the subject, which have south facing gardens overlooking the countryside, will be potentially more attractive than the same house types positioned to the north, on more inner plots with east or west facing gardens and reduced plot sizes. In addition, some premium for the anticipated quality of development is applicable.

7.9 Notwithstanding, the prices achieved at Scite House Meadows (377-379 Halifax Road) should be seen as comparable although these do require adjustment as a result of the time which has elapsed since these sales. These show an average value of around £233/ft² which is in line with the median value locally. The development at Duxbury Gardens when allowing for adjustments shows a higher value tone (mean £269/ft²) although it is noted that sales on this site have been generally slow with extended marketing periods and this may indicate that these are optimistic price levels. In addition, there is likely to be an element of new build incentive included within the sales prices which may skew the averages. The remaining units with a mean value of £228/ft² and a median £234/ft² broadly support the averages.

7.10 However, in this case, we have adopted a rate closer to £250/ft² to take account of the good quality scheme and in line with the higher comparable rates. We have made a marginal adjustment to the rates adopting a higher value (£300/ft²) in respect of the detached bungalow and a lower value

(£235/ft²) in respect of Plots 16-18 which are larger 5 bedroom 2.5 floor units. This caps their unit price at £600,000 which we consider to be the ceiling value for the area and it is noted that the highest individual values in this locality have been in respect of 357 Halifax Road, a property providing similar accommodation and achieving £220/ft² (adjusted) and the property at Hartshead Court which achieved only £148/ft² and accordingly this demonstrates that lower rates per square foot are applicable for larger properties and those over more than 2 floor levels, as a result of quantum and the ceiling value.

- 7.1.1 Accordingly, when applying these rates, the average detached on site has a plot value of circa £425,000 which is above the averages shown and reflects the quality of the proposed accommodation in this case.

8.0 DEVELOPMENT COSTS

8.1.0 Construction Costs

- 8.1.1 The construction costs are taken directly from the cost plan prepared by Bowcliffe and attached as appendix hereto. The specific cost plan has been prepared using a mixture of internal data and published cost information. Published data was taken from SPON's 2023 Edition, Laxton's 2023 Edition, and the Building Cost Information Service (BCIS).
- 8.1.2 The cost plan concludes that, from the published and internally derived data from a number of recently completed projects, the suggested construction cost for the development will be £5,583,752 equating to approximately £1,941/m² GIA (£180/ft²). However, this total includes an element of contractors overheads and profit and there may be an element of double counting in this for a contractor developer. Stripping this out, and reflecting developer returns by way of profit as a percentage of GDV, would reduce total costs to circa £5,017,000 at £1,836/m² (£171/ft²) including contingency (1,744m²) (£162/ft²) excluding contingencies, which have been added back at 5%.
- 8.1.3 The development has been appraised to reflect engineered solutions in relation to retaining/cut and fill, surface water attenuations, and cost associated with the protected easement in relation to services crossing the site and accordingly includes an element of abnormal costs which are site specific in this case.
- 8.1.4 In comparison to general construction costs for residential developments in the Yorkshire region, the BCIS data would suggest that current average construction costs for a 2 storey residential housing scheme is £2,012/m² (£187/ft²). However, it is noted that the proposed scheme is a private housing development and the property's data is largely based on publicly funded projects which tend to be slightly more expensive on a rate per m² basis and therefore downward adjustment may be due to reflect the cost savings and particularly reduced preliminaries and overheads for a private developer.
- 8.1.5 It is considered that the costs are consistent with current market rates and represent a similar cost per m² in relation to a number of projects held on the BCIS database.

8.2.0 Planning & Design Costs

- 8.2.1 We have included costs for architects (assuming that the majority of initial design costs will be extinguished and therefore costs are for dealing with issues arising during the implementation phase). Building regulation fees, planning fees (in relation to application and other costs), structural engineer (overseeing onsite works), highways engineer (in dealing with issues in relation to adoption etc) and warranty costs (relating to the construction of the units).
- 8.2.2 In this case, we have assumed fees at circa 5-6% of total cost. This is a low figure and it would be normal to anticipate rates of 8-10% but we have excluded any setup fees and initial application costs in relation to the architects on the basis that have been extinguished as part of the pre planning exercise. We have therefore taken into account fee for architects (3%), planning and building control fees, other professional fees including structural and highways engineers and indemnity costs (NHBC or similar).

8.2.3	The professional fees do not make any provision for Section 106 costs which are included under a separate heading.
8.3.0	Disposal Costs
8.3.1	These are the costs of marketing and selling the residential units which have been included based on percentage rates for estate agency's fees together with additional costs in relation to marketing. The marketing costs would cover the design and preparation of bespoke websites as well as the costs of manning and maintaining a sales cabin and/or show flat on site. Additional fixed fees for conveyancing with regards to disposal is also included and is summarised as follows:-
8.3.2	We have therefore made allowances for selling costs of 1% of GDV with additional marketing costs of £25,000 to cover production of literature and promotional material and a charge of £650 per plot for conveyancing. This totals approximately 1.6% of GDV.
8.3.3	This is a reasonable allowance and disposal costs are typically between 3-4% for schemes of this type.
8.4.0	Finance Costs
8.4.1	We have inputted the appraisal Valuer's cost into a standard appraisal format based on the anticipated development programme. We have utilised a finance rate of 7% which reflects current lending, particularly for speculative residential development of this type and applied a 1% finance arrangement fee
8.5.0	Affordable Housing
8.5.1	As indicated above, we have considered the viability of the scheme both considering the policy for the provision of affordable housing onsite, in accordance with the Council's aspirations for affordable rent and intermediate sale, and assuming a discounted market sale model.
8.5.2	When considering the former, we have taken into account those figures indicated in the Kirklees transfer values viability assessment from February 2022 at £861/m ² social rented/affordable rent and £1,292/m ² intermediate/shared ownership, accordingly the following appraisal is based on an assumption that receipts for a transfer of the affordable units would be £65,436 and £98,192 respectively.
8.5.3	In addition, we have also taken into account that, as an alternative, affordable housing could be delivered as discounted market sales housing in accordance with Annex 2 of NPPF and the Council's interim affordable housing policy 2020. In this case, we have assumed that an appropriate discount would be 20% of market value based on the valuation calculations as indicated above.
8.6.0	Other Section 106 costs
8.6.1	The calculations take into account that the Council, and other stakeholders, will seek payments of £45,718.50 in terms of additional planning gain agreements by way of Section 106.
9.0	VIABILITY APPRAISAL AND CONCLUSION
9.1	As indicated above, the residual appraisal can be undertaken to achieve 2 outcomes, being a) site value and b) profit. In order for the scheme to be considered viable, the results of the residual appraisal should demonstrate a positive residual site value, one exceeding the benchmark value when considering a gross developer's profit of 15% to 20% of GDV, or alternatively generating a gross profit in this range when including land value as a fixed cost in accordance with the benchmark.

9.2.0	Developer's Profit
9.2.1	Based on the anticipated sales levels above, the developer's profit should fall within the range of 15% - 20% of GDV.
9.2.2	These profits should be achieved after meeting the other Section 106 costs and at a BLV in line with that indicated below.
9.2.3	There is an acceptance that, where there is a defined market for the affordable units (i.e a willing social housing provider) the level of profit should be reduced (reflecting reduced risk). Therefore, in initial appraisals including affordable housing, the profit should be in the range of 15-20% GDV for market sales with a reduced profit level of 6% in relation to the affordable houses would be a suitable outcome at policy levels and contribution.
9.3.0	Base Land Value (BLV)
9.3.1	As indicated in order to be considered a viable development, the residual site appraisal should, when allowing for a level of profit in accordance with that above, demonstrate a positive land value and one which exceeds the existing use value. The PPG clarifies that to define land value for any viability assessment, benchmark land value (BLV) should be established on the basis of the existing use value (EUV) plus a premium for the planning permission. EUV is the value of the land in its existing use determined by assessing the value of the specific site using published sources of information such as individual land values and being informed by market evidence.
9.3.2	Thereafter, the premium (the plus in the EUV+) should reflect the minimum return at which it is considered a reasonable land owner would be willing to sell their land. This should provide a realistic incentive in comparison with other options available for the land owner to sell land for development while allowing sufficient contribution to fully comply with policy requirement (014 of the 2019 National Planning Guidance).
9.3.3	KC viability guidance note dated June 2020 confers with the PPG that a BLV (benchmark land value) would be based on existing use value (EUV) plus a premium for the landowner (EUV+).
9.3.4	In the case of agricultural land, the premium over EUV is usually expressed as a multiple reflecting that a percentage uplift of the nominal base figure (reflecting low values for agricultural land) will not sufficiently reflect the premium. Higher multiples apply to sites which lie on urban fringes, or are allocated or benefit from planning consent, to reflect the fact that these sites are more likely to come forward and therefore are more valuable and that planning policy should encourage land in sustainable locations to be brought forward for development. In our experience multiples between 15 to 25 times are most commonly applied.
9.3.5	According to Farmers Weekly, average farm land land values continued to climb in value in 2022 with the average price of arable land in England forecast to reach £10,000 per acre by the end of 2022. The Strutt and Parker English Estates and Farmland Market Review of 2022/2023 confirms the average price of arable farmland in England rose by 12% to reach £10,600 per annum and the average price of pasture land rose to £8,500 per annum with reductions for poorer quality land. However, such figures relate to farming lots and as may be seen from the attached comparables (appendix 2) prices for urban land with development potential and/or small plots suitable for private buyers for amenity/equine purposes exceeds this average.
9.3.6	The Ministry of Housing, communities and local Government periodically commissions land value estimates for policy appraisals which are calculated by the VOA using residual calculations. Figures provided relate to a hypothetical site, regularly shaped and serviced assuming that planning consent is in place but not allowed for any affordable housing, Section 106/CIL contributions or abnormal costs. The resultant greenfield value represents a figure below which it is considered that land would not be released for development. That figure is currently £370,000 per hectare (£150,000 per acre) for areas outside London. The CILVU acknowledges that <i>"the precedent has been established in viability cases within Kirklees of the minimum landowners return of £370,650 per hectare (£150,000 per acre) where sites incur high abnormal costs"</i> .

- 9.3.7 The attached schedule shows 10 recent sales at a median value of £37,000 per acre and a mean value of £29,600 per acre which indicates that values paid for small equine lots in urban areas significantly exceed the averages indicated above and therefore utilising £150,000 per acre is a premium of only approximately 5x the mean value (4x median value) which is a low multiplier. Notwithstanding, adopting this as a benchmark land value for a viability appraisal would reflect the above, whilst it must be seen as the **minimum** land value which would be applicable in this case.
- 9.3.8 In their advice to the Council February 2022 Align Property Partners established low, medium and high values of land across the Kirklees area for indicative benchmark land values which indicated a range of low values of £100,000 to £150,000 per acre, medium £250,000 to £300,000 per acre and high £400,000 to £500,000 per acre and therefore when making an allowance the suggested land value falls within the low price range despite the area being of medium/high value output for residential development.
- 9.3.9 The Land Registry states the price paid for this site was £400,000 in January 2016 and therefore even making no allowance for inflation/market movement this equates to some £228,500 per acre being in excess of the benchmark land value used in the calculations. Therefore, if site purchase, or any of the other land value measures detailed above was to be used as an input, the residual outcome (and viability of the site) would be reduced.

10.0 APPRAISAL CALCULATIONS & CONCLUSIONS

10.1.0 Onsite Provision of Affordable Housing

- 10.1.1 We have adopted the various costs and values as outlined above to identify what the scheme can support in total by way of Section 106 contributions. We have considered within our calculation the requirement for the provision of 4 affordable units split between social rent and intermediate sale as indicated and taking into account the anticipated sales receipts thereof if transferring to an RSL. The results of this calculation are presented below.

10.2.0 On Site Affordable Housing (social rent/intermediate sale)

Assumption	Description	Unit Value	Total
Gross Development Value			
Plots 1 and 4	3 bed, 2 storey detached	£335,000	£670,000
Plots 2 and 3	3 bed, 2 storey semi-detached/ affordable social rent	£65,436	£130,872
Plot 5	3 bed, 1½ storey detached	£280,000	£280,000
Plot 6	4 bed, 2 storey detached	£395,000	£395,000
Plots 7 and 8	3 storey, 2 storey semi-detached/ intermediate sale	£98,192	£196,384
Plots 9 and 12	2 floor, 3 bed detached	£280,000	£560,000
Plot 10	4 bed, 2½ storey detached	£485,000	£485,000
Plot 11	3 bed, 2 storey detached	£335,000	£335,000
Plot 13	3 bed detached bungalow	£280,000	£280,000
Plot 14, 15, 19	4 bed 2½ storey detached	£485,000	£1,455,000
Plots 16, 17 and 18	5 bed 2½ storey detached	£600,000	£1,800,000
		Total	£6,587,256
Less			
Sales costs	Sales agent 1% (residential) Selling Costs Conveyancing £650/unit	£66,000 £25,000 £12,350	£103,350 (1.6%)
	Net Receipts (GDV)		£6,483,906
Less			
Build cost	Based on Bowcliffe report inc:	£5,016,848	

	Construction costs		
	Preliminaries		
Contingency	5%	£250,842	
Professional fees	5.6% net build costs (excluding contingency)	£279,250	£5,546,940
Section 106/CIL	CIL	£0	
	Metrocards	£9,719	
	Public Open Space	£36,000	£45,719
Finance costs	Debit rate 7%		£175,000
	Plus 2% finance arrangement costs		
	Total Development Costs		£5,767,659
	Gross Residual (GDV – Total Development Cost)		£716,247
Outcomes			
A	Deduct land value	£262,500	
	Net Residual A (developer's profit)		£453,747 (6.9% GDV)
B	Deduct developers profit (at 17.5% market sales/6% affordable)	£1,115,135	
	Net Residual B (land value)		-£399,000

10.2.2 The above therefore demonstrates that the scheme is not, at the suggested level of Section 106 contributions, including affordable housing, capable of achieving a financially viable outcome taking into account the accepted benchmarks in terms of land value and return to a developer.

10.2.3 We therefore conclude that, in order to maintain a viable development some adjustment to the provision of onsite affordable housing should be considered. This could be achieved through a reduction in the number of units provided (although in order to reach viability benchmarks in this case this may require a reduction to zero). Alternatively, and on the basis of a preference to maintain the supply of affordable houses to the market, we have considered the potential to deliver affordable housing at 20% of units as Discounted Market Sales (Annex 2 NPPF).

10.3.0 Discounted Market Sale

10.3.1 Assuming delivery of 4 affordable units on a Discounted Market Sale basis (and assuming a discount of 20% to GDV) we consider that the scheme will produce the following outcomes:

Assumption	Description	Unit Value	Total
Gross Development Value			
Plots 1 and 4	3 bed, 2 storey detached	£335,000	£670,000
Plots 2 and 3	3 bed, 2 storey semi-detached/ discounted market sale	£205,000 less 20%	£328,000
Plot 5	3 bed, 1½ storey detached	£280,000	£280,000
Plot 6	4 bed, 2 storey detached	£395,000	£395,000
Plots 7 and 8	3 storey, 2 storey semi-detached/ discounted market sale	£205,000 less 20%	£328,000
Plots 9 and 12	2 floor, 3 bed detached	£280,000	£560,000
Plot 10	4 bed, 2½ storey detached	£485,000	£485,000
Plot 11	3 bed, 2 storey detached	£335,000	£335,000
Plot 13	3 bed detached bungalow	£280,000	£280,000
Plot 14, 15, 19	4 bed 2½ storey detached	£485,000	£1,455,000
Plots 16, 17 and 18	5 bed 2½ storey detached	£600,000	£1,800,000
	Total		£6,916,000

Less			
Sales costs	Sales agent 1% (residential) Selling Costs Conveyancing £650/unit	£69,000 £25,000 £12,350	£106,350 (1.54%)
	Net Receipts (GDV)		£6,809,650
Less			
Build cost	Based on Bowcliffe report inc: Construction costs Preliminaries	£5,016,848	
Contingency	5%	£250,842	
Professional fees	5.6% net build costs	£279,250	£5,546,940
Section 106/CIL	CIL	£0	
	Metrocards	£9,719	
	Public Open Space	£36,000	£45,719
Finance costs	Debit rate 7% Plus 2% finance arrangement costs		£175,000
	Total Development Costs		£5,767,659
	Gross Residual (GDV – Total Development Cost)		£1,041,991
Outcomes			
A	Deduct land value	£262,500	
	Net Residual A (developer's profit)		£779,491 (11.3% GDV)
B	Deduct developers profit (at 17.5% market sales/6% affordable)	£1,144,700	
	Net Residual B (land value)		-£102,709

10.3.2 As may be seen from the above, although producing a more positive outcome, provision of affordable housing by way of discounted market sales still fails to address the viability gap for the development in this case. Although, based on the lowest benchmark land value, this is a profitable scheme (11.3% GDV) this still falls below the minimum expected developer return of 15% GDV. At a benchmark level of developer's profit (17.5% market sale / 6% affordable) the calculation produces a negative land value.

10.3.3 Alternatively, allowing for the lowest level of profit (15%/6%), this shows a nominally positive land value of circa £55,000 only, falling well below the minimum benchmark land value as indicated above.

10.3.4 Therefore, although being broadly positive, this is at the lowest conceivable level of viability, and the scheme (to including affordable housing, even as DMS) remains, in light of the current uncertain housing market, a marginal development only.

10.4.0 Sensitivity Analysis

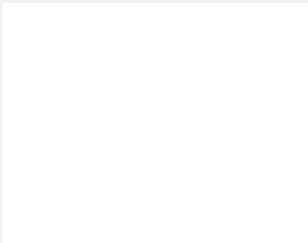
10.4.1 Based on onsite affordable housing in accordance with the policy (scenario A above) with a split of social rent and intermediate sale, either the number of affordable units must be reduced or alternatively unrealistic assumptions made with regards to input levels in order for the proposed development to reach a viable outcome.

10.4.2 A 5% increase in sales revenue together with a 5% decrease in build costs would produce an outcome with a land value around £225,000 (at profits of 17.5%/6%) or alternatively a profit level of circa 16.5% at the benchmark Land Value (£262,500). Should sales prices increase by a greater margin or costs fall by a greater margin, then the scheme therefore becomes more viable at policy levels of contribution.

10.4.3	However, although it may be possible to achieve a viable outcome with onsite affordable provision for social rent and/or intermediate sale), this does require an assumption of both increases in sales rates and decreases in construction costs.
10.4.4	Although inflation is slowing, it is unrealistic to consider that this will become negative in terms of build costs during the development period and further, most indices suggest that house prices are currently decreasing and therefore forecasting any increase in house prices over the build period is an unrealistic assumption.
10.4.5	Although the Discounted Market Sale model fails to achieve a benchmark land value of £262,500 whilst returning a profit of 17.5%/6% GDV, (with 4 affordable units) this, as indicated above, may return a positive outcome albeit one below the minimum benchmark measures of developer return and land value.
10.4.6	A reduction in the number of discounted market sales by 1 (to a total of 3) would increase the developer return marginally to circa 15.6% GDV (at benchmark Land Value) and return a positive land value of £85,000, based on 15%/6% developer return. However at the mean benchmark developer return (17.5%/6% GDV), the land value is marginally negative and therefore this still falls below the anticipated benchmark.
10.4.7	Therefore, although we consider that there may be the potential for fluctuation in the number of units provided, our calculations indicate that only with unrealistic assumptions can a viable outcome be achieved with onsite affordable housing. Therefore in order to ensure a viable development outcome which protects the delivery of new affordable houses for the market, the provision of affordable housing should be dealt with by the allocation of 3-4 plots for market sale at a discount of 20% to market value (Discounted Market Sale).

11.0 CONCLUSIONS

11.1	The above financial viability appraisal, scenario 1, (on site affordable housing for transfer to an RSL for social rent and intermediate sale) concludes that: based on the anticipated level of values and costs, the scheme is not capable of being undertaken viably at the rate of 2 units for market rent and 2 for intermediate sale. A viable outcome can only be reached with unrealistic assumptions of both increasing selling prices and decreasing development costs or a substantial reduction in the number of affordable units provided (potentially to zero).
11.2	Alternatively, if affordable housing is dealt with on a Discounted Market Sale basis (discounted by 20% to market level), a broadly viable scheme can be delivered at between 3 and 4 discounted market sale units.
11.3	Therefore, in order to assist the Council with addressing the current shortage of available affordable housing and to achieve the requirement to deliver 20% of new housing units as affordable the developer in this case would be prepared to proceed with the development providing 4 units as affordable but only on the basis that these would be delivered as discounted market sales.
11.4	In light of the above, the applicant requests that Council acknowledge the viability evidence when considering the application and agree that the provision of 4 units at discounted market sale (20% to market value) is acceptable when considering the provision for affordable housing in determining the current planning application.

SURVEYOR'S DECLARATION	
Valuer:	Graeme Haigh
Qualifications:	B.Sc. (Hons) MRICS
RICS Number:	0101121
Phone Number:	01484 530361 / 07983 413341
Company:	Bramleys LLP
Address:	14 St Georges Square Huddersfield HD1 1JF
Email:	graeme.haigh@bramleys1.co.uk
Website:	www.bramleys.com
Property Address:	Land at Lands Beck Way Hightown Liversedge WF15 6NB
Applicant:	John Brooke Builders Limited
Subject:	Financial viability appraisal for planning
Appraisal Date:	May 2023
I confirm that I have inspected the property and prepared this report	
Signature:	 Graeme Haigh B.Sc. (Hons) MRICS RICS Registered Valuer For and on behalf of Bramleys

SCHEDULE OF COMPARABLES – SALES – HOUSES

	Address	Description	GIA	Sale Price	Sale Date	Sale Price ft ²	Adjusted ft ² *
Comparable 1	Duxbury Gardens Huddersfield Road Liversedge	Gated development of high quality detached executive dwellings.	Plot 1: 170m ²	£435,000	December 2020	£238/ft ²	£271/ft ²
			Plot 2: 199m ²	£495,000	September 2020	£231/ft ²	£270/ft ²
			Plot 5: 171m ²	£430,000	October 2020	£234/ft ²	£267/ft ²
Comparable 2	Hartshead Court Hartshead Lane Liversedge	3 storey 5 bedroom executive detached houses in gated development.	#3: 243m ²	£447,000	May 2019	£171/ft ²	£210/ft ²
			#5: 349m ²	£585,000	April 2022	£155/ft ²	£148/ft ²
Comparable 3	Scite House Meadows Liversedge	New executive style development close to the subject property with dwellings facing to Halifax Road and in courtyard to rear.	377 Halifax Road: 181m ²	£350,000	December 2019	£180/ft ²	£221/ft ²
			379 Halifax Road: 193m ²	£380,000	January 2020	£183/ft ²	£219/ft ²
			379a Halifax Road: 197m ²	£355,000	December 2019	£167/ft ²	£205/ft ²
			377A Halifax Road: 131m ²	£315,000	December 2019	£223/ft ²	£274/ft ²
Comparable 4	7 Victoria Close Liversedge	4 bedroom detached estate house with attached garage.	123m ²	£340,000	May 2022	£257/ft ²	£245/ft ²
Comparable 5	6 Cuniver Court Liversedge	3 bedroom detached estate house with attached garage.	79m ²	£220,000	May 2022	£259/ft ²	£247/ft ²
Comparable 6	371A Halifax Road Liversedge	Fully refurbished 4 bedroom dormer house.	187m ²	£505,000	November 2019	£251/ft ²	£308/ft ²
Comparable 7	357 Halifax Road Liversedge	A 5 bedroom 3 floor modern detached house with integral garage.	349m ²	£795,000	September 2021	£212/ft ²	£221/ft ²
Comparable 8	223 Halifax Road Liversedge	An extended 4 bedroom detached dwelling with conservatory.	133m ²	£350,000	June 2021	£245/ft ²	£261/ft ²
Comparable 9	498A Halifax Road Liversedge	4 bedroom detached dwelling built in 1995.	166m ²	£440,000	March 2022	£246/ft ²	£243/ft ²
Comparable 10	12 Lands Beck Way	Adjacent to the subject development being much extended 6 bedroom detached dwelling.	175m ²	£575,000	Available	£305/ft ²	N/A
Comparable 11	2 Lands Beck Way	4 bedroom 2 reception 2 bathroom detached on same development.	141m ²	£360,000	August 2020	£237/ft ²	£277/ft ²

Comparable 12	Wadsworth Gardens Whitechapel Road Cleckheaton	Development by Barrett Homes of 2, 3 and 4 bedroom dwellings.	Woodcote - Semi- detached 2.5 floor 4 bedroom.		£298,000 - £310,000			
			Denby - 3 bedroom detached dwelling with integral garage.		£300,000 - £320,000			
			Moresby - 3 bedroom 2 storey detached house.	77m ²	£290,000		£350/ft ²	
Comparable 13	14 Park View Court Cleckheaton BD19	4 bedroom detached house with integral garage.		138m ²	£386,000	Under offer	£260/ft ²	-
Comparable 14	254 Halifax Road Liversedge	Well presented 3 bedroom detached house with gardens and conservatory		98m ²	£220,000	August 2022	£209/ft ²	£196/ft ²
Comparable 15	12 Low House Fold Liversedge WF15	3 bed detached dwelling with attached garage		134m ²	£282,500	October 2022	£196/ft ²	£193/ft ²
Comparable 16	12b Titchbourne Street Liversedge	2 ½ floor 3 bed semi-detached		105m ²	£176,000	November 2021	£156/ft ²	£160/ft ²
Comparable 17	17 Fair View Liversedge	Detached 4 bedroom 2 bathroom dwelling		140m ²	£340,000	November 2021	£225/ft ²	£232/ft ²
Comparable 18	3 Middle Hall Close Liversedge	Detached 2 floor, 4 bed, 2 bathroom dwelling		123m ²	£340,000	January 2022	£257/ft ²	£253/ft ²
Comparable 19	498A Halifax Road Liversedge	Detached 4 bedroom dwelling house, immaculate condition with detached double garage with room over		166m ²	£440,000	March 2020	£246/ft ²	£243/ft ²
Comparable 20	7 Richmond Park Avenue Liversedge	2 storey 4 bed, 2 bath dwelling with integral garage		131m ²	£290,000	March 2022	£206/ft ²	£203/ft ²
Comparable 21	25 Richmond Park Avenue Liversedge WF15	Detached 5 bedroom 2 bathroom executive dwelling with conservatory		192m ²	£420,000	June 2022	£203/ft ²	£194/ft ²
Comparable 22	29 Radolph Gardens Liversedge	Detached 2 ½ floor 5 bed dwelling with attached garage		108m ²	£345,000	November 2022	£297/ft ²	£292/ft ²
Comparable 23	12a Knowler Hill Liversedge	Detached 5 bed dwelling with integral garage		206m ²	£500,000	Under offer	£225/ft ²	-

*Sales have been adjusted to reflect changes in market conditions by reference to the Nationwide House Price Index.

LR = Land Registry
RM+ = Rightmove Plus
Co-Star = Comparables website
EIG = Auction website

SCHEDULE OF COMPARABLES – SALES – AGRICULTURAL LAND

	Address	Description	GIA	Sale Price	Sale Date	£/acre
Comparable 1	Plot 1 Haigh Moor Road Tingley	0.5 acre greenfield site on fringe of urban area	0.5 acres	£72,000	November 2022	£144,000 per acre
Comparable 2	Turbury Lane Greetland Halifax	Upland pasture land	11.41 acres	£95,000	March 2023	£8,325 per acre
Comparable 3	Green Lane Oakenshaw Bradford	Open agricultural land adjacent to housing area	3.7 acres	£89,000	December 2022	£24,054 per acre
Comparable 4	Land off Hallas Lane Kirkburton Huddersfield	Parcels of rural pasture/farmland in more detached location	Plot 1: 4.32 acres	£89,000	September 2022	£20,602 per acre
			Plot 2: 1.77 acres	£75,000		£42,373 per acre
			Plot 3: 4.27 acres	£95,000		£22,248 per acre
Comparable 5	Land off Woodlands Drive Rawdon Bradford	Agricultural open upland	0.5 acres	£16,000	December 2022	£32,000 per acre
Comparable 6	Land at Woodlands Drive Bradford BD10	Detached pony paddock in agricultural area	0.5 acres	£22,500	December 2022	£45,000 per acre
Comparable 7	Land at Close Head Thornton Bradford	Open agricultural land but adjoining to areas of housing	1.15 acres	£75,000		£65,200 per acre
Comparable 8	Land at Victoria Chase Bailliff Bridge Brighouse	Freehold banking land forming extension of housing	0.38 acres	£10,000	February 2022	£33,333 per acre

