



**Development Financial Feasibility Appraisal in
Respect of Proposed Development Site at New
Hey Road, Salendine Nook, Huddersfield, HD3 4GP**

Kirklees Council Development Control Department

Development Financial Feasibility Appraisal

Development Financial Feasibility Appraisal Report | Rev A

19th March 2021

KL2001

**DEVELOPMENT FINANCIAL
FEASIBILITY APPRAISAL**

Development Financial Feasibility Appraisal in Respect of Proposed Development Site at New Hey Road, Huddersfield, HD3 4GP

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Document history and status

Revision	Date	Description	Originator	Checked	Approved
A	19/03/2021	Client Issue	J Fothergill	J Schofield	J Fothergill

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1 Instructions

1.1 Client

The Client in respect of this report is Kirklees Council. Our contact for this assignment is Adam Walker, Senior Planner.

1.2 Purpose of Report

We have received from you documentation including an independent viability appraisal undertaken by Allsops Leeds dated April 2020 which pertains to a proposed site development at New Hey Road in Huddersfield. We understand that a planning application has previously been submitted in respect of a new Lidl food store on land that the Council has allocated for housing. The applicant has submitted the viability appraisal to seek to demonstrate that a housing scheme on the site would not be viable and to support their argument to depart from the site's allocation in the Local Plan. The Council has now requested ourselves as a Consultant on this Framework Lot for providing a fair and impartial assessment of this viability appraisal. This report has been prepared to provide an independent review of the residential development proposals, and uses up to date assumptions to demonstrate whether the subject site has the capability to viably deliver a residential housing development, and furthermore, support the Council's required planning obligations.

1.3 Personnel

This work has been undertaken by Jonathan Fothergill FRICS ACI Arb, Director of Property of Align Property Partners assisted by Andy Bardon MRICS, Director of Quantity Surveying of Align Property Partners and Andrew Parry, Senior Quantity Surveyor of Align Property Partners.

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to provide this advice competently. We confirm that our personnel are in a position to provide external, objective and unbiased advice and are competent to provide the advice.

1.4 Subject of Report

The land which is the subject of this report is the site known as the site of the former Spotted Cow Public House, New Heys Road, Huddersfield, HD3 4GP.

1.5 Date of Report

19th March 2021

1.6 Basis of Advice

In order to provide this advice, we have carried out our own analysis based on our experience and knowledge of the local market along with having regards to information provided by the client and applicant, following the typical methodologies used to assess project viability.

1.7 Extent of Investigation and Inspection

- We have inspected the site externally.
- Neither structural surveys nor specialist inspections (including environmental) or testing of electrical heating or building service apparatus have been undertaken.
- All data upon which this report is based has been derived from information provided by the client and the applicant.

1.8 Limitations

- The options contained within the report are prepared with limited information, are not to be formally relied upon (for guidance purposes only), and are not in any way a substitute for a formal valuation prepared in accordance with the RICS Red Book.
- This report has been prepared by Align Property Partners, with all reasonable skill, care and diligence within the terms of the Appointment and with the resources and manpower agreed with the Client. Align Property Partners does not accept responsibility for any matters outside the agreed scope.
- This report has been prepared for the sole benefit of the Client for internal reporting purposes only.
- Unless stated otherwise, no consultations with authorities or funders or other interested third parties have been carried out. Align Property Partners are unable to give categorical assurance that the findings will be accepted by these third parties as such bodies may have unpublished, more stringent objectives. Further work may be required by these parties.
- All work carried out in preparing this report has used, and is based on, Align Property Partners' professional knowledge and understanding of current relevant legislation. Changes in legislation or regulatory guidance may cause the opinion or advice contained in this report to become inappropriate or incorrect. In giving opinions and advice, pending changes in legislation, of which Align Property Partners is aware, have been considered. Following delivery of the report, Align Property Partners have no obligation to advise the Client or any other party of such changes or their repercussions.
- This report is only valid when read in its entirety. Any information or advice included in the report should not be relied upon until considered in the context of the whole report.
- Whilst this report and the opinions made are correct to the best of Align Property Partners' belief, Align Property Partners cannot guarantee the accuracy or completeness of any information provided by third parties.
- This report has been prepared based on the information reasonably available during the project programme. All information relevant to the scope may not have been received.
- The content of this report represents the professional opinion of experienced general practice and quantity surveyors. The advice of other professionals may be required.
- We have undertaken limited site inspections only and our work is produced in light of this.
- We have made no inquiries whatsoever into land ownership, title, onerous restrictions, utilities or local authority intentions which affect the property. We have assumed that the property is free from any mortgage, charges or other encumbrances and that there are no easements affecting the properties.
- Professional fees are estimated only.

- We have made no planning inquiries whatsoever. Our appraisals assume that the relevant planning permission and building and statutory consents from the relevant authorities for the project has been obtained. If in reality this is not the case then the figures reported here will be negatively impacted upon.
- We have not made any inquiries whatsoever into environmental issue or site conditions and recommend that you will commission suitably qualified experts to undertake such inquiries.
- Costs of realisation are purely estimated and require verifying.
- All estimates provided in respect of abnormals (e.g. demolition, S 106 contributions etc) are provided on a lump sum, high level basis and require firming up by suitably qualified experts.

2 Location

2.1 Location Plan

The subject site is situated approximately 2 miles north west of Huddersfield town centre on New Heys Road in the Salendine Nook area. This area is bordered to the north-east by Laund Hill, Weather Hill and Low Hill and to the south-west by the natural scar of Longwood Edge, above the suburb of Longwood.

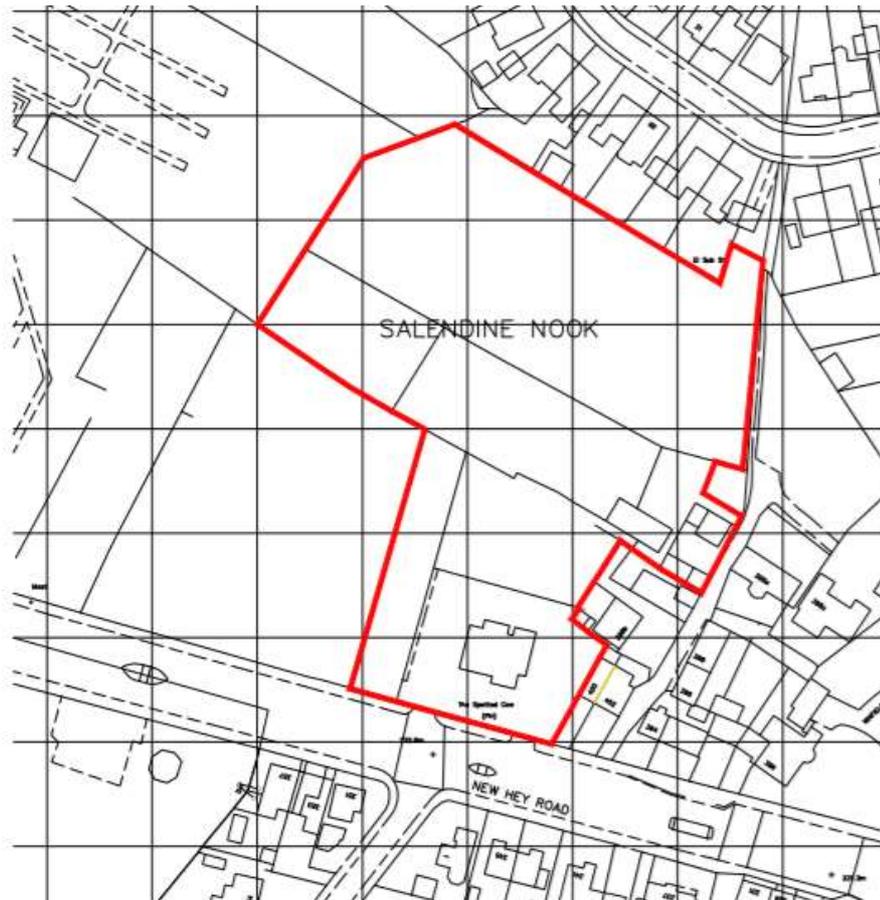


Figure 1: Boundary of site



Figure 2: Aerial View (Google, 2020)



Figure 3: Aerial View (Google, 2020)

2.2 Description of location

This is predominantly a residential location comprising older residential dwellings together with local amenities including Huddersfield New College and Salendine Nook High School and Huddersfield Royal Infirmary. New Hey Road provides efficient access into central Huddersfield and connects with the M62 which provides access to Manchester to the west and Leeds to the east. Huddersfield Railway Station is situated 2 miles to the south east and provides direct services to Sheffield, Leeds, Manchester and London Kings Cross.

The surrounding area comprises residential to the north and south, New Hey Road and further residential to the south and immediately to the west Yorkshire Housing's residential development of 22 shared ownership dwellings and beyond this Salendine Nook Baptist Church.

3 Description

3.1 Site Description

The subject site is irregularly shaped and previously accommodated the Spotted Cow Public House which we are advised was demolished in 2018/early 2019, with hardstanding remaining in-situ towards New Heys Road. The site is broadly level at the front however slopes significantly to the rear and the northern boundary.

We are advised that the total site area is 1 ha (2.5 acres) or thereabouts.

A plan showing the extent of the site is attached at **Appendix A**; photographs of the site are attached at **Appendix B**.

4 Development Proposals

We understand from the relevant planning history pertaining to the subject site that the site is in the freehold ownership of Lidl who have had a planning application for supermarket use at the site refused.

We note that subject site is allocated for housing purposes within the adopted Kirklees Local Plan as Site HS33.

From the recent planning history, we note a previous application in 2017 for a residential scheme: Ref 2017/93846 providing for 32 residential dwellings at the site including 3/4 bedroom town house, semi-detached and detached dwellings. From our working knowledge of residential development sites we consider this proposed scheme a reasonable starting point for assessing the site's viability or otherwise for residential development. We attach a layout of the proposed scheme at **Appendix C**.

The schedule of accommodation which we have relied upon is as follows:

House Type	Bedroom	Storeys	Property Type	SQ FT (GIA)	Total SQ FT	No. Units
TA6	2	2	Semi Det	741	2,223	3
TA7	3	2	Semi Det	966	1,932	2
T10	3	2	Semi / Det	966	1,932	2
T7	3	2	Semi / Det	1,001	4,004	4
RR7	3	3	Town House	1,150	6,900	6
RR6	4	3	Town House	1,250	10,000	8
T3	4	2	Detached	1,422	5,688	4
T4	4	2	Detached	1,427	4,281	3
				Total	36,960	32

As per Policy LP11 of the Kirklees Local Plan we note that for new housing projects of more than 10 dwellings, there is a requirement to provide 20% as affordable housing however this proportion may be less where it is subsequently demonstrated that a project may not be viable at this level.

As per our subsequent discussions with you and, as per your instructions of 17th March 2021 you have specifically requested that in addition to considering a development appraisal for the above that we also consider an alternative scenario to run an appraisal for **18** dwellings based on the information that we already have, removing plots 9-22 of the 32 dwelling scheme that formed the basis of the applicant's appraisal (i.e. a development which seeks to avoid as much of the abnormal costs as possible) and adopting various of your own assumptions.

5 Condition and Environmental Issues

Other than the hard standing which remains in-situ from the previous public house and car park uses adjoining New Hey Road, the site is predominantly greenfield. A series of protected mature trees line to the south-western site boundary adjacent to an old cricket pitch.

Historically the site appears to have remained broadly unchanged: the public house (until demolished last year) has stood upon the southern part of the site since the earliest reviewed maps in 1854 and the northern part of the site has remained vacant aside from several small structures considered likely to relate to the farming/smallholdings.

According to current BGS Groundwater Flooding Susceptibility information, the site has limited potential for groundwater flooding to occur. Environment Agency flood risk maps indicate that the site is not within a flood risk zone from rivers or the sea. The southern and western parts of the site are considered to be at low to high risk of flooding from surface water.

The site is not appearing on Kirklees Council's Contaminated Land Register, nor is it on their list for inspection under Part 2A of the EPA 1990.

As per the conclusion of a report undertaken by Delta Simons, we note:

“with regard to potential soil and groundwater contamination, ground gas and associated environmental liabilities, for its proposed residential use, the site can be considered to be a low overall risk”.

6 Services

Any assumptions regarding services have been derived from information provided for the purposes of this exercise.

No tests have been carried out but the service installations are assumed to be in satisfactory condition and in compliance with current regulations.

7 Tenure

We have been provided with title information confirming that the freehold to the site was acquired by Lidl with effect from 1st August 2019 at a price of £2.22 million. A copy of the title deed is attached at **Appendix D**.

8 Access / Highways

The subject land is accessed from New Hey Road. No investigations have been undertaken in respect of highways.

9 Planning Background

As mentioned above, our viability appraisal relates to a previous planning application (Ref2017/93846) for the construction of 32 dwellings at the site. Current policy within the Kirklees area, as it applies to this site, is that an affordable provision of 20%.

In addition as per our subsequent discussions with you of 16th March 2021 and as per your written instructions of 17th March 2021 you have specifically requested that in addition to considering a development appraisal for the 32 unit scheme, alternative scenarios are ran in respect of appraisals for an 18 dwellings based on the information that we already have, removing Plots 9-22 of the 32 dwellings scheme that formed the basis of the applicant's scheme and adopting various of your own assumptions.

The fundamental purpose of this report is to provide an external and independent view as to whether or not a residential project can be financially viable at the site.

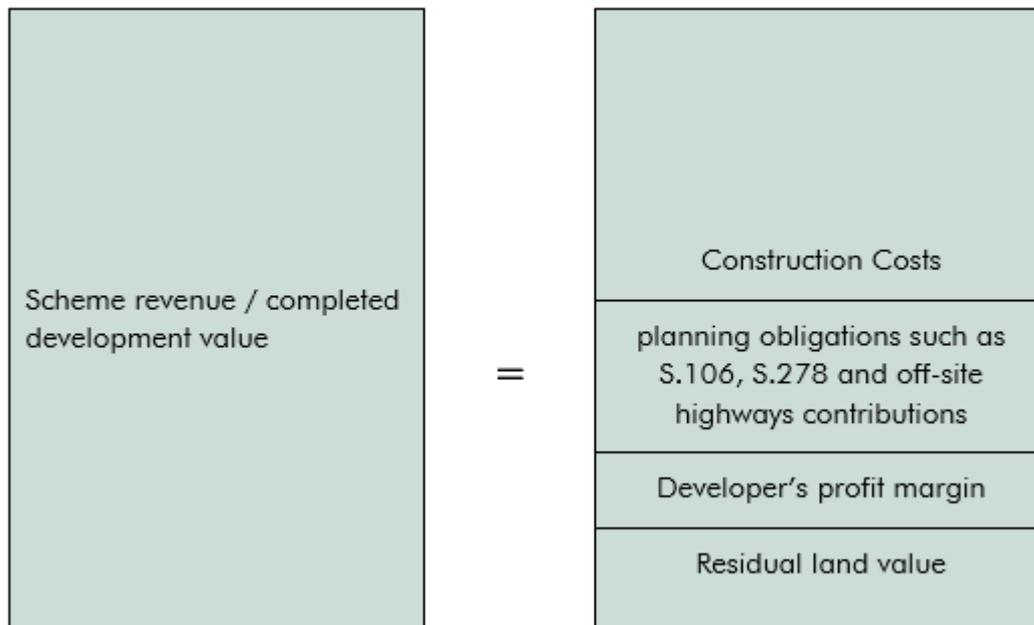
10 Methodology

The methodology that we have adopted in analysing the scope for affordable housing follows a standard residual development appraisal approach whilst considering also the existing use value (EUV) to ensure that there is sufficient margin (between the residual land value and the EUV) to provide an incentive for the landowner to release the site for development.

The residual land value (RLV) is derived from a change of use or intensification of use anticipated by the site's redevelopment. It is the value that a developer will pay a landowner for the land that can justify the implementation of development.

The residual method is adopted in the valuation of development land on the premise that the price which the purchaser/developer can pay for such land is the surplus after the cost of construction, cost of purchase and sale, cost of finance and an allowance for profit required to carry out the project has been deducted from the proceeds of the sale of the finished development.

The diagram below summarises the principles of the residual method approach:



In terms of assembling a generic development appraisal, key variables have been identified that are specific to residential development and market conditions reflecting the time at which the appraisals are undertaken. The development appraisals will require ongoing review during the Plan period in the light of changing market circumstances and planning policies both on a local and national basis.

In practice, site specific residual appraisals can be affected by a number of factors including but not limited to the following:

- “abnormal” costs related to, for example, ground conditions and the need for remediation and demolition.
- Interest rate fluctuations.
- Changes in market sentiment.
- Build costs in terms of the proposed quality envisaged by the respective developers and market fluctuations in terms of rising/falling building prices.
- Effect on sales value and rates of sale related to the performance of the local housing market.
- The extent of any other planning obligations.
- Development phasing.
- Amount of developer’s profit which will be correlated with the risk profile.

In the light of the extent of these development appraisal variables, future changes in the financial, housing and construction market together with policy requirements will all impact on development viability.

11 Development Appraisal and Assumptions

The financial feasibility of the application site has been appraised using widely utilized and accepted development appraisal software, Argus Developer (Version 8.10).

The market values of end units used in the appraisal are scheduled in Table 1 below. For the avoidance of doubt, our estimates in respect of market values of the proposed units have been derived from the planning application in 2017 for a residential scheme: Ref 2017/93846 providing for 32 residential dwellings at the site including 3/4 bedroom town house, semi-detached and detached dwellings (STEN Architecture's Plan dated 5/10/2016 Reference Number 1540.01).

As a starting point to house prices in the area we note from Right Move data that properties in HD3 had an overall average price of £172,493 over the last year however it is clear the market is dominated by older stock rather than new build which typically carries a premium.

The majority of sales in HD3 during the last year were terraced properties, selling for an average price of £126,638. Semi-detached properties sold for an average of £183,694, with detached properties fetching £276,584.

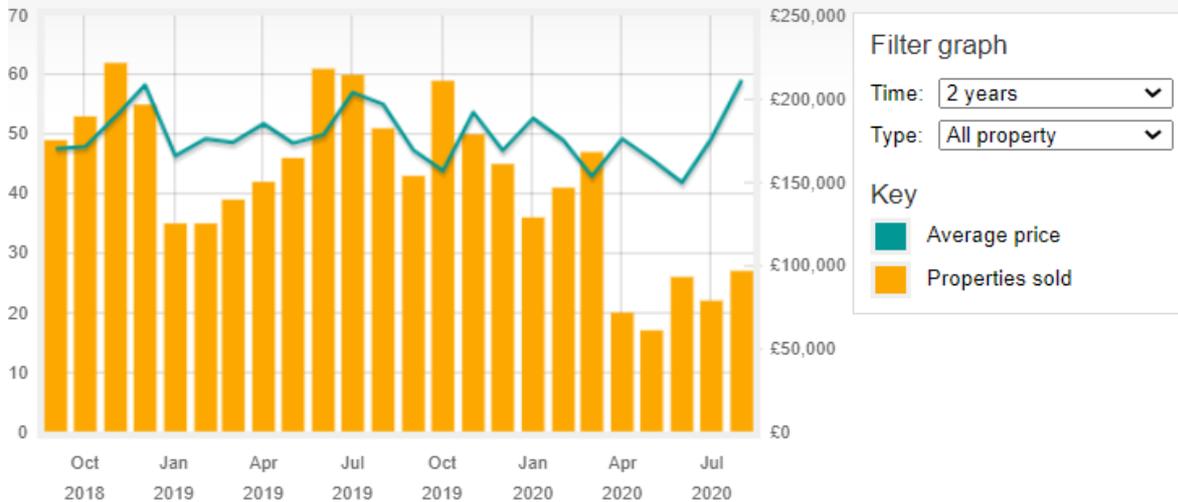
From our inquiries made with local estate agents, it would seem clear that there has been a great deal of activity in the local Lindley residential market for some time already and this level of activity has been buoyed by the recent stamp duty holiday and Help to Buy incentives during the recent pandemic circumstances. This attractive suburb is one of Huddersfield's most sought after, particularly given its access for commuters to the M62.

Sold Properties in HD3

Sold properties in HD3

[See all sold house prices in HD3](#)

This graph shows changes in the number of properties sold each month and their average price.



This table shows the average price and the amount (in brackets) of properties sold for the last available 6 months:

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
Detached	£249,427 (9)	£268,736 (4)	£266,236 (4)	£335,000 (1)	£278,700 (5)	£301,775 (5)
Semi Detached	£178,650 (10)	£160,874 (4)	£174,166 (6)	£170,857 (7)	£189,667 (9)	£215,583 (12)
Terraced	£117,792 (24)	£153,523 (11)	£99,000 (6)	£142,500 (12)	£90,500 (7)	£160,350 (10)
Flat	£87,125 (4)	£110,000 (1)	£77,500 (1)	£108,200 (6)	£138,000 (1)	£0 (0)
All	£153,337 (47)	£175,859 (20)	£163,614 (17)	£149,623 (26)	£176,000 (22)	£211,087 (27)

Source acknowledgement: House price data produced by Land Registry

This material was last updated on 11 December 2020. It covers the period from 01 January 1995 to 29 October 2020, and contains property transactions which have been registered during that period.

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Having regards specifically to new build homes, we have had made our own inquiries at the sales centres relating to new build projects, all within close proximity of the subject site as follows:

Lindley Moor Meadows (Persimmon): This project comprising 109 2,3 and 4 bed units is situated 0.7 miles away from the subject site and specifically caters to first time buyers which is reflected in more basic levels of specification of the units. The developer's asking prices list currently promotes 3 bedroom homes at asking prices in the range of £219,950 - £264,950 (circa £230 - £234/sq ft) - and a 4 bedroom unit at £324,950 (£221/sq ft). 30 units remain unsold at this time.

Weavers Chase (Barratts): This project consisting of 96 units of 3 and 4 bed units situated 1.9 miles away at Golcar in an attractive village location. A 3 bed semi detached house is being marketed at £234,995 (£288/sq ft) and a 4 bed semi detached house is being marketed at £315,000 (£260/sq ft). We were advised by the sales office that net sales prices in the order of £240-280/sq ft are being achieved, with an average of £262/sq ft.

Cross Field Park II (Taylor Wimpey): 82 2,3 and 4 bed units are being developed within 0.7 miles of the subject site with 14 units left to sell. 3 bed semi detached houses are being marketed at £236,995 - £253,995 (equating to £235 - £275/sq ft), a 3 bed 2 ½ storey property with an area of 1,089 sq ft is being marketed at £260,000 (equating to £240/sq ft) and a 4 bed detached house is being marketed at £364,000 (equating to £249/sq ft). We were advised by the sales office that net sale prices in the order of £250/sq ft are being achieved.

Fitzwilliam Grange (Avant Homes): this is a development of multiple 2,3 and 4 bed homes 3.2 miles from the subject site with prices currently ranging from £89,875 (£165/sq ft) for a 2 bed semi detached house up to £365,000 (£285/sq ft). for a 4 bed detached house.

Hazlemoor Fold (Harron Homes): this is a development completed in 2016, comprising 84 units and located 2.5 miles from the subject site. A 4 bedroom detached unit has recently transacted with offers originally invited at in-excess of £390,000.

The Heights (Mark Oliver Homes): this is a project of 2,3 and 4 bed homes, 2.9 miles from the subject site

Table 1 Anticipated Open Market Sales Values

House Types	Bedrooms	Sq. M	Sq. Ft	Sale Price	Rate / Sq. Ft
TA6 Semi Det	2		741	£177,840	£240
TA7 Semi Det	3		966	£227,010	£235
T10 Semi Det	3		966	£227,010	£235
T7 Semi Det	3		1,001	£235,235	£235
RR7 Town House	3		1,150	£258,750	£225
RR6 Town House	4		1,250	£281,250	£225
T3 Detached	4		1,422	£348,390	£245
T4 Detached	4		1,427	£349,615	£245

For appraisal modelling purposes a commencement on site in July 2021 (following 6 months of pre-construction work) has been assumed with construction works completing in December 2022. Sales receipts would accrue between January 2023 and April 2024.

Costs attributable to the scheme include:

- build costs based on appropriate data, for example that of the Building Cost Information Service
- abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites.
- site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value
- the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value
- general finance costs including those incurred through loans
- professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value

In respect of construction costs, use has been made of BCIS data with a rate of £1,198/m² applied based on a current day mean build cost figure relating to 'New Build General Estate Housing' rebased to Kirklees producing an outcome of £1,198/sq m or £111.30/sq ft.

In respect of additional or other construction costs, our Quantity Surveying team has considered a document provided by Jonathan Ketteridge Associates Ltd dated December 2020 and based on this initial analysis has recommended the following additional costs are also incorporated into our own independent development appraisal:

- Site Preparation: £95,000
- Hard Standings: £265,000
- Kerbs and edgings: £45,000
- Boundary treatments and Retaining Structures: £574,000
- External lighting: £24,000
- Drainage: £185,000
- External services: £195,000
- Landscaping: £77,288

In respect of various fees, we have made allowance of the following:

- Contingency on new build construction costs: 3%
- Developer's contingency: 5%
- Professional fees: 6%
- Marketing expenses: £130,500
- Sales agent fees: 1.5% of receipts
- Sales Legal fees: 0.5% of receipts
- CIL payment: £66,660
- Section 278 costs: £31,000

The concept of a developer return is now widely agreed in the majority of guidance and a number of appeal decisions. In October 2014 Savills produced a briefing note on behalf of the Housebuilding Federation (HBF), presenting evidence on what represents a competitive return to a willing developer. The conclusions of this report are clear that the minimum profit level used within viability testing should be 20% of GDV. We note also that some recent Appeal cases support 20% profit on GDV. We have therefore adopted a developer's return expectation of 20% profit on GDV.

We have made an allowance for bank financing at an interest rate of 6%.

As per our subsequent recent discussions with you of 16th March 2021 and as per your written instructions to us of 17th March 2021, you have specifically requested us to consider in addition to a development appraisal relating to the previous applicant's scheme, an alternative scenario comprising appraisals in respect of 18 dwellings based on the following specific assumptions which you have required us to make in our appraisal:

- To run an appraisal for 18 dwellings based on the information that we already have, removing plots 9-22 of the 32 dwelling scheme that formed the basis of the applicant's appraisal (i.e. a development which seeks to avoid as much of the abnormal and external costs as possible);
- The applicant's abnormal costs relating to the rock removal and retaining structures etc are to be reduced to a level commensurate with this lower number of houses and avoids the most steeply sloping land at the back of the site. In providing an assessment on this basis, it is recognised that such an assessment is going to have to be based on certain assumptions using professional judgement and it is accepted that this working assumption is identified as a 'limitation' of this report and which would ultimately require verification by a Chartered Quantity Surveyor. In this respect External Costs over and above pure construction costs of £781,437 have been adopted in our analysis which equates to 35% of the pure construction cost. This amount of external costs now being applied to a scheme of 18 units has been reduced from a total level of £1,460,299 appearing in the previous model corresponding to 32 units, thereby representing a 46% reduction.
- Profit level at 15% to be incorporated (as opposed to 20%) as per your own request;
- Affordable Housing:

Three different scenarios to be considered as per your own request:

- Policy compliant scenario of four units comprising two Affordable Rent and two Intermediate adopting sales rates of £588/sq m and £999/sq m respectively as per your authority's prescribed transfer rates.
 - 4 Starter homes (at 80% of market value).
 - Zero affordable.
-
- The applicants appraisal includes circa £66,000 for CIL but this can be removed as advised by yourselves and not replaced by any contribution.

12 Results of Development Appraisal

In assessing the feasibility of the subject site for residential purposes, we have made a comparison of the resulting residual land value and compared this to the minimum price deemed suitable for an average, hypothetical landowner to release the land for development (the so called benchmark land value). If the outcome of the development appraisal is such that it returns a residual land value in excess of the benchmark land value, the site is considered to be viable; if it falls below then is regarded as being unviable. In particular we are aware of the following transactions:

1. The subject site: acquired by Lidl in August 2019 at £2.22 million equating to £888,000 per gross acre.
2. Yorkshire Housing, New Hey Road, Huddersfield (adjoining the subject): acquired in November 2018 at £1,025,000 for the 1.53 acre site reflecting £669,935 per acre.
3. Barratt Homes, Weavers Close, Golcar: acquired in June 2017 at £2,712,375 for the 7 acres site reflecting £387,482 per acre.
4. Harron Homes, South Lane, Elland: acquired in June 2015 at £5,300,000 for the 14.85 acres site reflecting £356,902 per acre.
5. Persimmon Homes, Crosland Road, Lindley: acquired in February 2018 at £2 million for the 9.53 acres site equating to £209,86 per acre.

The average of the above transactions is circa £364,472 per acre.

In terms of a benchmark land value, the assessment of the BLV should either be based on the Existing Use Value (EUV), or an Alternative Use Value (AUV). EUV is the value of the land in its existing use, together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. At present the site is brownfield and is vacant and essentially represents amenity land. For the purposes of determining feasibility we have adopted an existing use value equating to £375,000 reflecting £150,000 per acre which in our opinion reflects the existing value of the site as amenity land together with being inclusive of a premium which we consider would motivate the owner to sell the land.

Outcome of 32 Unit Scenario

Having completed all of the inputs into the development appraisal process, the relevant output (attached at **Appendix E**) indicates that the proposed development proposals produce a negative residual land value and below the benchmark land value indicating that residential development is not feasible at this level.

At this level our appraisal produces the following outcomes:

- Residual land value: **- £92,852**
- Net realisation: **£8,627,405**
- Total costs: **£6,901,924**

This analysis excludes any incorporation of an affordable housing element which would only serve to reduce the residual land value and net realisation levels down further.

We estimate that the developer's profit level would need to fall below circa 5% of GDV in order to start indicating a residual land value at a level in accordance with Market Value and we doubt that a commercially minded developer would undertake the project at such a low profit level.

Outcome of 18 Units + Reduced External + 2 Affordable Rent/2 Intermediate Units + 15% Developers Profit Scenario

Having completed all of the inputs into the development appraisal process, the relevant output (attached at **Appendix E**) indicates that the proposed development proposals produces the following outcomes indicating a negative land value and an unviable project in financial terms:

- Residual land value: **-£165,271 (negative land value)**
- Net realisation: **£4,303,763**
- Total costs: **£3,658,199**

Outcome of 18 Units + Reduced External + 4 Starter Units (80% of Market Value) + 15% Developers Profit Scenario

Having completed all of the inputs into the development appraisal process, the relevant output (attached at **Appendix E**) indicates that the proposed development proposals produce a positive residual land value albeit below the benchmark land value indicating the project is not financially viable. At this level our appraisal produces the following outcomes:

- Residual land value: **£116,973 (£46,789/acre)**
- Net realisation: **£4,675,117**
- Total costs: **£3,973,850**

Outcome of 18 Units + Reduced External + No Affordable Content + 15% Developers Profit Scenario

Having completed all of the inputs into the development appraisal process, the relevant output (attached at **Appendix E**) indicates that the proposed development proposals produces a positive residual land value albeit below the benchmark land value indicating the project is not financially viable. At this level our appraisal produces the following outcomes:

- Residual land value: **£226,949 (£90,779/acre)**
- Net realisation: **£4,824,905**
- Total costs: **£4,101,169**

Outcome of 18 Units + No External Works + No Affordable Content + 15% Developers Profit Scenario

Having completed all of the inputs into the development appraisal process, the relevant output (attached at **Appendix E**) indicates that the proposed development proposals produce a positive residual land value and in-excess of the benchmark land value indicating the project is viable however strictly on the assumption that no external works are incurred at all which appears to be an unrealistic assumption. At this level our appraisal produces the following outcomes:

- Residual land value: **£964,376 (£385,750/acre)**
- Net realisation: **£4,824,905**
- Total costs: **£4,101,169**

Outcome of 18 Units + External of £625,150 + No Affordable Content + 15% Developers Profit Scenario

Having completed all of the inputs into the development appraisal process, the relevant output (attached at **Appendix E**) indicates that the proposed development proposals produce a positive residual land value and equal to the benchmark land value indicating the project is viable when specifically adopting £625,150 in terms of externals. At this level our appraisal produces the following outcomes:

- Residual land value: **£375,685 (£150,274/acre)**
- Net realisation: **£4,824,905**
- Total costs: **£4,101,169**

13 Sensitivity Analysis

Given the sensitivity of residual valuations to the various inputs going into a model, we considered it appropriate to attach sensitivity analysis which highlights the impact of build costs and revenues on the land value of the proposed development.

In respect of the 32 unit scenario, we have considered the impact on land value of varying construction and sales rates in +/- £5/sq.ft intervals.

Sensitivity Analysis Reflecting Variations in Construction and Sales Rates

		Sales: Rate /m²				
		-10.00 /m²	-5.00 /m²	0.00 /m²	+5.00 /m²	+10.00 /m²
Construction: Rate /m²	-10.00 /m²	£327,481	£197,779	£68,606	£58,857	£182,218
	101.30 /m²	£327,481	£197,779	£68,606	£58,857	£182,218
	-5.00 /m²	£339,722	£209,962	£80,729	£46,377	£170,538
	106.30 /m²	£339,722	£209,962	£80,729	£46,377	£170,538
	0.00 /m²	£351,964	£222,145	£92,852	£34,697	£158,858
	111.30 /m²	£351,964	£222,145	£92,852	£34,697	£158,858
	+5.00 /m²	£364,205	£234,328	£104,976	£23,016	£147,178
	116.30 /m²	£364,205	£234,328	£104,976	£23,016	£147,178
	+10.00 /m²	£376,447	£246,511	£117,099	£11,336	£135,498
	121.30 /m²	£376,447	£246,511	£117,099	£11,336	£135,498

In respect of the alternative scenarios that you have requested us to model based on your own assumptions in respect of a revised scheme comprising of 18 units, we estimate that the breakeven conditions for achieving a financially feasible outcome (ie achieving the benchmark land value) are:

- Developers profit of 15%
- No affordable content
- Reducing external costs to a level of circa £625,000 reflecting 28% of pure construction costs. A Chartered Quantity Surveyor would need to verify whether or not this is realistic and achievable.

14 Summary and Conclusions

Given our development appraisal relating to the 32 unit scheme produces a negative land value (even when excluding an affordable housing element), we do not consider the residential development proposals as per the 2017 planning permission to be financially feasible at the site. We suspect that this outcome is primarily owing to the sloping topography to the rear of the site and the additional costs associated with addressing this issue.

Considering a variation of this scenario by reducing the number of units to 18 and excluding the 14 townhouse units incorporated within the sloped area and also reducing the estimated external costs to a level of approximately half clearly assists with the financial feasibility of the site but does not produce a residual land value in excess of a benchmark land value. We estimate that it is not until external costs are reduced further (to a level we estimate by our analysis to be of circa £625,000) or removed altogether (which is not realistic) that a project of 18 units begins to look financially feasible viz a vie exceeding a benchmark land value based on existing use value + and on this basis excludes any provision for affordable housing. A Chartered Quantity Surveyor would need to verify whether or not reducing external costs to £625,000 for such a scheme is ultimately realistic and achievable or not. If such pre-conditions are ultimately achievable, a housing scheme could be considered to be deliverable under this scenario. In some cases development schemes producing profit levels lower than 15% are ultimately developed where developers accept higher levels of risk in return for lower levels of return.

15 Nature and Sources of Information Relied Upon

The information received from parties identified within the report has been relied upon as being accurate. Align Property Partners is therefore unable to accept responsibility for any errors, omissions or inaccuracies contained within such information.

16 Publication

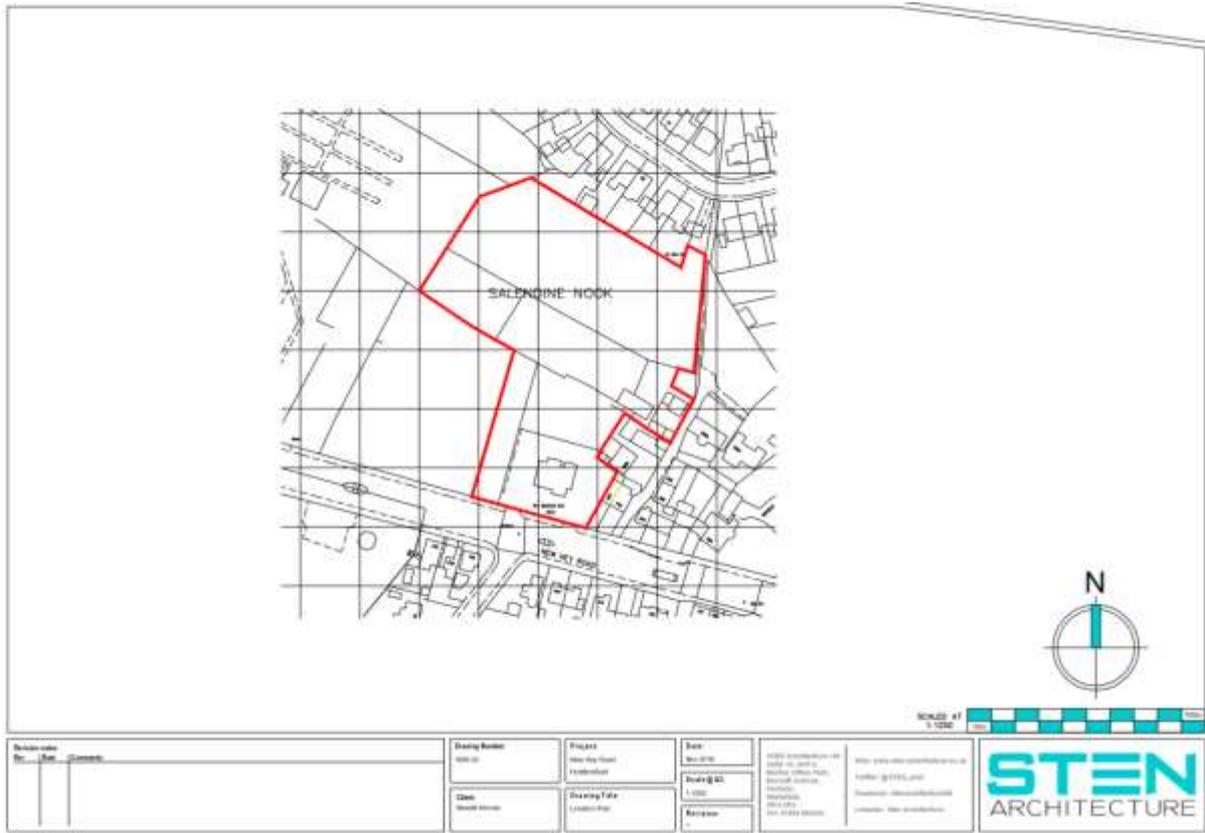
Neither the whole nor any part of this valuation report nor any reference thereto may be included in any published document, circular or statement, nor published in any way without prior written approval from Align Property Partners of the form and context in which it may appear.

17 Limitations

This report is provided on behalf of Align Property Partners for the stated purpose and for your sole use. This report is presented to Kirklees Council in respect of its requirements and may not be used or relied upon by any other person or by the client in relation to any other matters not covered specifically by the scope of this report. It is confidential to the client and to the client's professional advisors and neither Align Property Partners nor the author of this report accept any responsibility whatsoever to any other person. No individual is personally liable in connection with the preparation of this report. By receiving this report and acting on it, the client or any other person accepts that no individual is personally liable whether in contract, tort, for breach of statutory duty or otherwise.

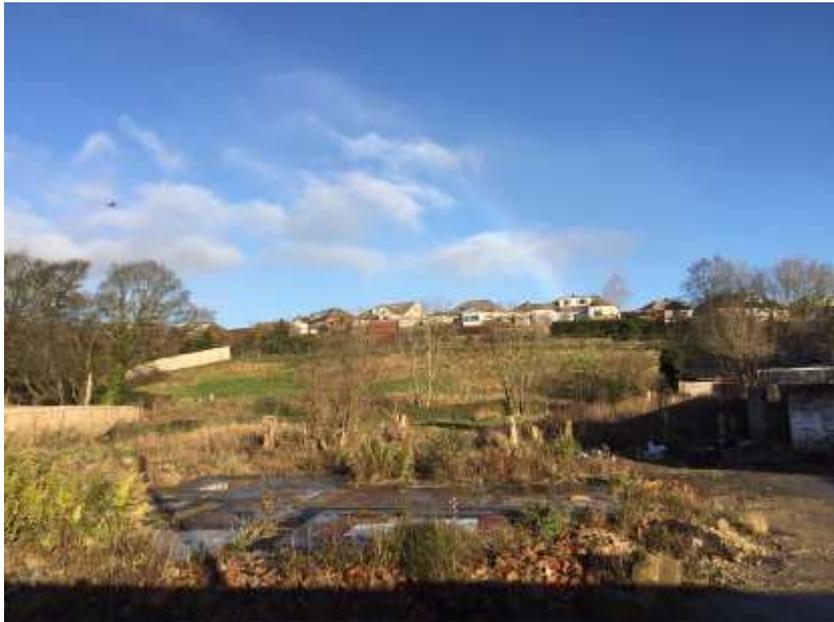
ALIGN PROPERTY PARTNERS

18 Appendix A – Site Plan



Revision table No. Date Comments		Drawing Number 1000-01	Project New Hey Road Huddersfield	Date 10/01/2021	STEN ARCHITECTURE Ltd 1000-01 10/01/2021	STEN ARCHITECTURE 1000-01 10/01/2021
		Client [Redacted]	Drawing Title Landscape Plan	Drawing No. 1000-01		

19 Appendix B – Photographs of the Subject Site





20 Appendix C – Proposed Site Layout as Per Planning Application Ref 2017/93846



21 Appendix D: Title Deeds Relating to Subject Site

THIS IS A PRINT OF THE VIEW OF THE REGISTER OBTAINED FROM HM LAND REGISTRY SHOWING THE ENTRIES SUBSISTING IN THE REGISTER ON 30 OCT 2019 AT 15:29:50. BUT PLEASE NOTE THAT THIS REGISTER VIEW IS NOT ADMISSIBLE IN A COURT IN THE SAME WAY AS AN OFFICIAL COPY WITHIN THE MEANING OF S.67 LAND REGISTRATION ACT 2002. UNLIKE AN OFFICIAL COPY, IT MAY NOT ENTITLE A PERSON TO BE INDEMNIFIED BY THE REGISTRAR IF HE OR SHE SUFFERS LOSS BY REASON OF A MISTAKE CONTAINED WITHIN IT. THE ENTRIES SHOWN DO NOT TAKE ACCOUNT OF ANY APPLICATIONS PENDING IN HM LAND REGISTRY. FOR SEARCH PURPOSES THE ABOVE DATE SHOULD BE USED AS THE SEARCH FROM DATE.

THIS TITLE IS DEALT WITH BY HM LAND REGISTRY, NOTTINGHAM OFFICE.

TITLE NUMBER: YY110619

There is no application or official search pending against this title.

A: Property Register

This register describes the land and estate comprised in the title.

WEST YORKSHIRE : KIRKLEES

- 1 The Freehold land shown edged with red on the plan of the above title filed at the Registry and being land on the North side of New Hey Road, Salendine Nook, Huddersfield.

NOTE: The 0.3m strip of land between the points lettered A-B, B-C, C-D, D-E, F-G, G-H, H-J and J-K is excluded from the title.

- 2 A Conveyance of the land tinted blue on the title plan dated 30 September 1893 made between (1) Thomas Kilner Mellor and others and (2) Bentley and Shaw Limited contains the following provision:-

"It is hereby agreed and declared that the wall between the said public house known as the Spotted Cow Inn and the dwellinghouse now occupied by John Woodhead comprised in the hereditaments and premises constituting Lot 2 at the aforesaid sale by anchor is a party wall and shall for ever hereafter be repaired and maintained as such."

NOTE: The dwellinghouse referred to is that adjoining the South Eastern boundary of the land in this title. Lot 2 adjoins the North Eastern and South Eastern boundaries of the land in this title.

B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Title absolute

- 1 (01.08.2019) PROPRIETOR: LIDL GREAT BRITAIN LIMITED (Co. Regn. No. 02816429) of 19 Worple Road, London SW19 4JS and care of Clarke Willmott LLP, 138 Edmund Street, Birmingham B3 2ES.
- 2 (25.10.2018) RESTRICTION: No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by a conveyancer that the provisions of clause 19 of and Agreement dated 06 September 2018 made between (1) Berkeley De Veer Limited and (2) Lidl UK GmbH have been complied with or that they do not apply to the disposition.
- 3 (01.08.2019) The price stated to have been paid on 1 August 2019 was £2,220,000.
- 4 (01.08.2019) The Transfer to the proprietor contains a covenant to observe and perform the covenants referred to in the Charges Register and of indemnity in respect thereof.

1 of 2

Title number YY110619

C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 A Conveyance of the land tinted pink on the title plan and other land dated 30 September 1893 made between (1) Thomas Kilner Mellor and others (Vendors) and (2) Edwin Crooks Woodhead contains the following covenants:-

"The said Edwin Crooks Woodhead doth hereby covenant with the Vendors that he his heirs and assigns will within six calendar months from the date hereof at his or their own expense take down and remove the stable and the materials forming the same near to the north corner of the said dwellinghouse and shall at the like expense within such period and to the satisfaction of the Vendors build a new end to the existing barn along the south boundary of the said premises firstly hereinbefore described and will at the like expense well and sufficiently build up and block up the back door of the said barn and the door and windows of the mistal opening onto or overlooking the property situate on the south east of the premises hereby conveyed and known as the Spotted Cow Inn and shall not at any time hereafter open any door or window in the said barn or mistal or any other building now or hereafter to be erected on the property hereby conveyed which shall overlook the said property known as the Spotted Cow Inn and that this covenant shall enure for the benefit of the owners for the time being of the said hereditaments."

- 2 (21.01.2002) The land is subject to the following rights granted by a Transfer of 2985 New Hey Road dated 22 October 2001 made between (1) John Maurice Clough and (2) Linda Castle:-

"Rights granted for the benefit of the Property

1. The right to the free and uninterrupted passage and running of the Services to and from the Property through the Service Apparatus that are now or may during the period of eighty years from the date of this Deed be under or over the Retained Land

Definitions

'the Retained Land' means that part of the Land comprised in Title Number WYK122973 as is not comprised in the Property

'the Services' means water soil efficient gas fuel oil electricity telephone and other services 'the Service Apparatus' means sewers drains channels pipes watercourses gutters wires cables and other conducting media"

End of register

22 Appendix E – Argus Developer Model

a) Scenario 1: Assuming 32 Units, No Affordable, 20% Developers Profit and £1.5 million External Costs

APPRAISAL SUMMARY

ALIGN PROPERTY PARTNERS

Development Site at New Hey Road, Huddersfield HD3 4GP

Appraisal Summary for Phase 1 New Build

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
2 bed semi detached houses	3	2,223	240.00	177,840	533,520
3 bed semi detached houses	4	3,864	235.00	227,010	908,040
4 bed townhouses	8	10,000	225.00	281,250	2,250,000
3 bed semi detached houses	4	4,004	235.00	235,235	940,940
3 bed townhouses	6	6,900	225.00	258,750	1,552,500
4 bed detached houses	4	5,688	245.00	348,390	1,393,560
4 bed detached houses	3	4,281	245.00	349,615	1,048,845
Totals	32	36,960			8,627,405

NET REALISATION

8,627,405

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	92,852	
		92,852

CONSTRUCTION COSTS

Construction

	ft ²	Build Rate ft ²	Cost
2 bed semi detached houses	2,223	111.30	247,420
3 bed semi detached houses	3,864	111.30	430,083
4 bed townhouses	10,000	111.30	1,113,000
3 bed semi detached houses	4,004	111.30	445,645
3 bed townhouses	6,900	111.30	767,970
4 bed detached houses	5,688	111.30	633,074
4 bed detached houses	4,281	111.30	478,475
Totals	36,960 ft²		4,113,648

Contingency on New Build	3%	123,409
Developers Contingency	5%	205,682
CIL		68,680
		397,752

Other Construction

Site Preparation	95,000
Hard Standings	265,000
Kerbs and edgings	45,000
Boundary treatments and ret structure	574,000
External lighting	24,000
Drainage	185,000
External services	195,000
Landscaping	77,288
	1,460,288

Section 278 Costs

Section 278 Costs	31,000
	31,000

PROFESSIONAL FEES

Professional Fees	6%	252,519
		252,519

APPRAISAL SUMMARY

Development Site at New Hey Road, Huddersfield HD3 4GP

MARKETING & LETTING

Marketing		130,500	
			130,500

DISPOSAL FEES

Sales & Marketing	1%	85,277	
Sales Legal Fee - Market Units	1%	42,639	
			127,916

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Total Finance Cost			477,583
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TOTAL COSTS

6,822,172

PROFIT

1,705,543

Performance Measures

Profit on Cost%	25%
Profit on GDV%	20%
Profit on NDV%	20%

IRR	23%
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Land Cost pAcre	6,484
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ALIGN PROPERTY PARTNERS

b) **Scenario 2: Assuming 18 units, Reduced External Site Costs, Profit at 15% and Policy Compliant Scenario of 4 units comprising 2 Affordable Rent and 2 Intermediate Units**

APPRAISAL SUMMARY		ALIGN PROPERTY PARTNERS	
Development Site at New Hey Road, Huddersfield HD3 4GP			
18 units only + 4 affordable policy units + 15% profit			
Appraisal Summary for Phase 1 New Build			
Currency in £			
REVENUE			
Sales Valuation	Units	ft² Sales Rate ft²	Unit Price Gross Sales
2 bed semi detached houses (social housing)	2	1,482 54.63	40,481 80,962
3 bed semi detached houses	3	2,898 235.00	227,010 681,030
3 bed semi detached houses	4	4,004 235.00	235,235 940,940
4 bed detached houses	4	5,688 245.00	348,390 1,393,560
4 bed detached houses	3	4,281 245.00	349,615 1,048,845
3 bed semi detached houses (intermediate housing)	1	968 92.81	89,654 89,654
2 bed semi detached houses (intermediate)	1	741 92.81	68,772 68,772
Totals	18	20,060	4,303,763
NET REALISATION			4,303,763
OUTLAY			
ACQUISITION COSTS			
Residualised Price (Negative land)		165,271	165,271
CONSTRUCTION COSTS			
Construction	ft²	Build Rate ft²	Cost
2 bed semi detached houses (social housing)	1,482	111.30	164,947
3 bed semi detached houses	2,898	111.30	322,547
3 bed semi detached houses	4,004	111.30	445,645
4 bed detached houses	5,688	111.30	633,074
4 bed detached houses	4,281	111.30	476,475
3 bed semi detached houses (intermediate housing)	968	111.30	107,516
2 bed semi detached houses (intermediate)	741	111.30	82,473
Totals	20,060 ft²		2,232,678 2,232,678
Contingency on New Build		3%	66,980
Developers Contingency		5%	111,634
			178,614
Other Construction			
External costs @ 35%		35%	781,437
			781,437
Section 278 Costs			
Section 278 Costs			31,000
			31,000
PROFESSIONAL FEES			
Professional Fees		6%	180,847
			180,847
MARKETING & LETTING			
Marketing			75,000
			75,000
DISPOSAL FEES			
Sales & Marketing		1%	43,038
Sales Legal Fee - Market Units		1%	21,519
<p>Whilst this appraisal has been prepared in accordance with RICS valuation guidance it does not constitute a formal "Red Book" valuation. It has been prepared for Kirklees Council's internal purposes and cannot be relied upon by third parties or for bank lending purposes. The contents are confidential. In particular the 'external' costs (over and above the actual are assumed at 35% of the construction costs: this level would require verification by a Chartered Quantity Surveyor</p>			
Project: S:\Property\00000 - EXTERNAL CLIENTS\Kirklees Council\KL2001 New Hey Road Huddersfield\New Hey Road, Huddersfield D			
ARGUS Developer Version: 8.10.000			
Date: 18/03/2021			

APPRAISAL SUMMARY**ALIGN PROPERTY PARTNERS**

Development Site at New Hey Road, Huddersfield HD3 4GP
18 units only + 4 affordable policy units + 15% profit

64,556

FINANCE

Timescale	Duration	Commences
Pre-Construction	6	Mar 2021
Construction	18	Sep 2021
Sale	16	Mar 2023
Total Duration	40	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	13,626
Construction	139,652
Other	153,310
Total Finance Cost	279,336

TOTAL COSTS**3,658,199****PROFIT****645,564****Performance Measures**

Profit on Cost%	18%
Profit on GDV%	15%
Profit on NDV%	15%
IRR	18%
Profit Erosion (finance rate 6.000)	2 yrs 9 mths

c) **Scenario 3: Assuming 18 units, Reduced External Site Costs, Profit at 15% and 4 Starter Homes (at 80% Market Value)**

APPRAISAL SUMMARY		ALIGN PROPERTY PARTNERS			
Development Site at New Hey Road, Huddersfield HD3 4GP					
18 units only + 4 starter homes + 15% profit					
Appraisal Summary for Phase 1 New Build					
Currency in £					
REVENUE					
Sales Valuation					
	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
2 bed semi detached houses (starter homes @ 80% of MV)	2	1,482	192.00	142,272	284,544
3 bed semi detached houses	3	2,898	235.00	227,010	681,030
3 bed semi detached houses	4	4,004	235.00	235,235	940,940
4 bed detached houses	4	5,688	245.00	348,390	1,393,560
4 bed detached houses	3	4,281	245.00	349,615	1,048,845
3 bed semi detached houses (starter home @ 80% of MV)	1	966	190.40	183,926	183,926
2 bed semi detached houses (starter home @80% of MV)	1	741	192.00	142,272	142,272
Totals	18	20,060			4,675,117
NET REALISATION				4,675,117	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (3 Acres @ 46,789.29 /Acre)			116,973		
Legal Fee		1%	877		877
CONSTRUCTION COSTS					
Construction					
	ft²	Build Rate ft²	Cost		
2 bed semi detached houses (starter homes @ 80% of MV)	1,482	111.30	164,947		
3 bed semi detached houses	2,898	111.30	322,547		
3 bed semi detached houses	4,004	111.30	445,645		
4 bed detached houses	5,688	111.30	633,074		
4 bed detached houses	4,281	111.30	476,475		
3 bed semi detached houses (starter home @ 80% of MV)	966	111.30	107,516		
2 bed semi detached houses (starter home @80% of MV)	741	111.30	82,473		
Totals	20,060 ft²		2,232,678		
Contingency on New Build		3%	66,980		
Developers Contingency		5%	111,634		
			2,411,292		
Other Construction					
External costs @ 35%		35%	781,437		781,437
Section 278 Costs					
Section 278 Costs			31,000		31,000
PROFESSIONAL FEES					
Professional Fees		6%	180,847		180,847
MARKETING & LETTING					
Marketing			75,000		75,000
DISPOSAL FEES					
Sales & Marketing		1%	46,751		
Sales Legal Fee - Market Units		1%	23,376		
Whilst this appraisal has been prepared in accordance with RICS valuation guidance it does not constitute a formal "Red Book" valuation. It has been prepared for Kirklees Council's internal purposes and cannot be relied upon by third parties or for bank lending purposes. The contents are confidential. In particular the 'external' costs (over and above the actual are assumed at 35% of the construction costs: this level would require verification by a Chartered Quantity Surveyor					
Project: S:\Property\00000 - EXTERNAL CLIENTS\Kirklees Council\KL2001 New Hey Road Huddersfield\New Hey Road, Huddersfield D:					
ARGUS Developer Version: 8.10.000					
Date: 18/03/2021					

APPRAISAL SUMMARY**ALIGN PROPERTY PARTNERS**

Development Site at New Hey Road, Huddersfield HD3 4GP
 18 units only + 4 starter homes + 15% profit

70,127

FINANCE

Timescale	Duration	Commences
Pre-Construction	6	Mar 2021
Construction	18	Sep 2021
Sale	16	Mar 2023
Total Duration	40	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	14,253
Construction	139,652
Other	152,391
Total Finance Cost	306,296

TOTAL COSTS**3,973,850****PROFIT****701,268****Performance Measures**

Profit on Cost%	18%
Profit on GDV%	15%
Profit on NDV%	15%

IRR 17%

Profit Erosion (finance rate 6.000) 2 yrs 9 mths

d) **Scenario 4: Assuming 18 units, Reduced External Site Costs, Profit at 15% and No Affordable Homes**

APPRAISAL SUMMARY		ALIGN PROPERTY PARTNERS			
Development Site at New Hey Road, Huddersfield HD3 4GP					
18 units only + no affordable + 15% profit					
Appraisal Summary for Phase 1 New Build					
Currency in £					
REVENUE					
Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
2 bed semi detached houses	3	2,223	240.00	177,840	533,520
3 bed semi detached houses	4	3,864	235.00	227,010	908,040
3 bed semi detached houses	4	4,004	235.00	235,235	940,940
4 bed detached houses	4	5,688	245.00	348,390	1,393,580
4 bed detached houses	3	4,281	245.00	349,615	1,048,845
Totals	18	20,060			4,824,905
NET REALISATION				4,824,905	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (3 Acres @ 90,779.66 /Acre)			226,949		
Stamp Duty (Land cost includes VAT)				1,019	226,949
Effective Stamp Duty Rate		0.45%			
Legal Fee		1%	1,702		
					2,722
CONSTRUCTION COSTS					
Construction	ft²	Build Rate ft²	Cost		
2 bed semi detached houses	2,223	111.30	247,420		
3 bed semi detached houses	3,864	111.30	430,063		
3 bed semi detached houses	4,004	111.30	445,645		
4 bed detached houses	5,688	111.30	633,074		
4 bed detached houses	4,281	111.30	476,475		
Totals	20,060 ft²		2,232,678		
Contingency on New Build		3%	66,980		
Developers Contingency		5%	111,634		
			2,411,292		
Other Construction					
Assumed External costs @ 35% costs		35%	781,437		
					781,437
Section 278 Costs					
Section 278 Costs			31,000		
					31,000
PROFESSIONAL FEES					
Professional Fees		6%	180,847		
					180,847
MARKETING & LETTING					
Marketing			75,000		
					75,000
DISPOSAL FEES					
Sales & Marketing		1%	48,249		
Sales Legal Fee - Market Units		1%	24,125		
					72,374
FINANCE					
Whilst this appraisal has been prepared in accordance with RICS valuation guidance it does not constitute a formal "Red Book" valuation. It has been prepared for Kirklees Council's internal purposes and cannot be relied upon by third parties or for bank lending purposes. The contents are confidential. In particular the 'external' costs (over and above the actual are assumed at 35% of the construction costs: this level would require verification by a Chartered Quantity Surveyor					
Project: S:\Property\00000 - EXTERNAL CLIENTS\Kirklees Council\KL2001 New Hey Road Huddersfield\New Hey Road, Huddersfield D					
ARGUS Developer Version: 8.10.000					
Date: 18/03/2021					

APPRAISAL SUMMARY**ALIGN PROPERTY PARTNERS**

Development Site at New Hey Road, Huddersfield HD3 4GP
 18 units only + no affordable + 15% profit

Timescale	Duration	Commences
Pre-Construction	6	Mar 2021
Construction	18	Sep 2021
Sale	18	Mar 2023
Total Duration	40	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	27,777	
Construction	139,652	
Other	152,119	
Total Finance Cost		319,548

TOTAL COSTS **4,101,169**

PROFIT **723,736**

Performance Measures

Profit on Cost%	18%
Profit on GDV%	15%
Profit on NDV%	15%
IRR	17%
Profit Erosion (finance rate 6.000)	2 yrs 9 mths

Whilst this appraisal has been prepared in accordance with RICS valuation guidance it does not constitute a formal "Red Book" valuation. It has been prepared for Kirklees Council's internal purposes and cannot be relied upon by third parties or for bank lending purposes. The contents are confidential. In particular the 'external' costs (over and above the actual are assumed at 35% of the construction costs: this level would require verification by a Chartered Quantity Surveyor

Project: S:\Property\00000 - EXTERNAL CLIENTS\Kirklees Council\KL2001 New Hey Road Huddersfield\New Hey Road, Huddersfield D
 ARGUS Developer Version: 8.10.000 Date: 18/03/2021

e) **Scenario 5: Assuming 18 units, Reduced External Site Costs, Profit at 15%, No Affordable Homes and No External Costs (not realistic)**

APPRAISAL SUMMARY **ALIGN PROPERTY PARTNERS**

Development Site at New Hey Road, Huddersfield HD3 4GP
18 units only + no affordable + 15% profit + no externals

Appraisal Summary for Phase 1 New Build

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
2 bed semi detached houses	3	2,223	240.00	177,840	533,520
3 bed semi detached houses	4	3,864	235.00	227,010	908,040
3 bed semi detached houses	4	4,004	235.00	235,235	940,940
4 bed detached houses	4	5,688	245.00	348,390	1,393,560
4 bed detached houses	3	4,281	245.00	349,615	1,048,845
Totals	18	20,060			4,824,905

NET REALISATION **4,824,905**

OUTLAY

ACQUISITION COSTS

Residualised Price (3 Acres @ 385,750.46 /Acre)		964,376	
Stamp Duty (Land cost includes VAT)		27,325	964,376
Effective Stamp Duty Rate	2.83%		
Legal Fee	1%	7,233	
			34,558

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
2 bed semi detached houses	2,223	111.30	247,420
3 bed semi detached houses	3,864	111.30	430,063
3 bed semi detached houses	4,004	111.30	445,645
4 bed detached houses	5,688	111.30	633,074
4 bed detached houses	4,281	111.30	476,475
Totals	20,060 ft²		2,232,678
Contingency on New Build		3%	66,980
Developers Contingency		5%	111,634
			2,411,292

Section 278 Costs

Section 278 Costs		31,000	
			31,000

PROFESSIONAL FEES

Professional Fees		6%	133,961
			133,961

MARKETING & LETTING

Marketing			75,000
			75,000

DISPOSAL FEES

Sales & Marketing		1%	48,249
Sales Legal Fee - Market Units		1%	24,125
			72,374

FINANCE

Timescale	Duration	Commences
Pre-Construction	6	Mar 2021
Construction	18	Sep 2021
Sale	16	Mar 2023

Whilst this appraisal has been prepared in accordance with RICS valuation guidance it does not constitute a formal "Red Book" valuation. It has been prepared for Kirklees Council's internal purposes and cannot be relied upon by third parties or for bank lending purposes.

APPRAISAL SUMMARY**ALIGN PROPERTY PARTNERS**

Development Site at New Hey Road, Huddersfield HD3 4GP

18 units only + no affordable + 15% profit + no externals

Total Duration	40	
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)		
Land	120,814	
Construction	105,675	
Other	152,119	
Total Finance Cost		378,609
TOTAL COSTS		4,101,169
PROFIT		723,736
Performance Measures		
Profit on Cost%	18%	
Profit on GDV%	15%	
Profit on NDV%	15%	
IRR	15%	
Profit Erosion (finance rate 6.000)	2 yrs 9 mths	

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ARUP Development Services 6.10.000 Date: 10/01/2021

f) **Scenario 6: Assuming 18 units, Reduced External Site Costs, Profit at 15% No Affordable Homes and 28% External Costs: Break Even Point for equating to Benchmark Land Value Reflecting Existing Use Value +**

APPRAISAL SUMMARY

ALIGN PROPERTY PARTNERS

Development Site at New Hey Road, Huddersfield HD3 4GP
Breakeven on financial feasibility

Appraisal Summary for Phase 1 New Build

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
2 bed semi detached houses	3	2,223	240.00	177,840	533,520
3 bed semi detached houses	4	3,864	235.00	227,010	908,040
3 bed semi detached houses	4	4,004	235.00	235,235	940,940
4 bed detached houses	4	5,688	245.00	348,390	1,393,560
4 bed detached houses	<u>3</u>	<u>4,281</u>	245.00	349,615	<u>1,048,845</u>
Totals	18	20,060			4,824,905

NET REALISATION

4,824,905

OUTLAY

ACQUISITION COSTS

Residualised Price (3 Acres @ 150,274.09 /Acre)		375,685		375,685
Stamp Duty (Land cost includes VAT)			5,021	
Effective Stamp Duty Rate	1.34%			
Legal Fee	1%	2,818		7,838

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
2 bed semi detached houses	2,223	111.30	247,420
3 bed semi detached houses	3,864	111.30	430,063
3 bed semi detached houses	4,004	111.30	445,645
4 bed detached houses	5,688	111.30	633,074
4 bed detached houses	<u>4,281</u>	111.30	<u>476,475</u>
Totals	20,060 ft²		2,232,678
Contingency on New Build		3%	66,980
Developers Contingency		5%	111,634
			2,411,292

Other Construction

Assumed External costs @ 28% costs	28%	625,150	625,150
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Section 278 Costs

Section 278 Costs		31,000	31,000
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PROFESSIONAL FEES

Professional Fees	6%	171,470	171,470
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MARKETING & LETTING

Marketing		75,000	75,000
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DISPOSAL FEES

Sales & Marketing	1%	48,249	
Sales Legal Fee - Market Units	1%	24,125	
			72,374

FINANCE

Timescale	Duration	Commences
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ARGUS Developer Version: 8.10.000 Date: 18/03/2021

APPRAISAL SUMMARY**ALIGN PROPERTY PARTNERS**

Development Site at New Hey Road, Huddersfield HD3 4GP

Breakeven on financial feasibility

Pre-Construction	6	Mar 2021
Construction	18	Sep 2021
Sale	16	Mar 2023
Total Duration	40	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	46,385	
Construction	132,857	
Other	152,119	
Total Finance Cost		331,361

TOTAL COSTS 4,101,169**PROFIT** 723,736**Performance Measures**

Profit on Cost%	18%
Profit on GDV%	15%
Profit on NDV%	15%

IRR 17%

Profit Erosion (finance rate 6.000) 2 yrs 9 mths

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