Bankfield Drive, Holmbridge (2023/91212)

FVA Response (September 2024) v1.1

1. Context

Background

In February 2024 Orion Homes ('the applicant') submitted a Financial Viability Assessment as part of the planning application referenced 2023/91212 stating that the application could not viably provide any affordable housing. In July 2024 Altair were appointed as the independent assessor for the FVA on behalf of Kirklees Council as part of the planning application.

The review carried out by Altair in July concluded that the application could viably provide an affordable housing contribution of 20% affordable housing. This was based upon the following assumptions being changed to reflect industry standard benchmarks and market conditions.

Assumption	Applicant	Altair
Open Market Values	£6,050,578	£6,330,000
Build Costs	£3,766,835	£3,766,835
Contingency Fees	3.00% of base build costs 5.00% of abnormal costs	3.00% of all build costs
Developer's Return	20.00% of private sale GDV 8.00% of affordable housing GDV	17.50% of private sale GDV 6.00% of affordable housing GDV
Professional Fees	8.00%	8.00%
Sales & Marketing Fees	2.00% £500 pu legal fees	2.00% £500 pu legal fees
S106 / CIL	BNG: £125,313 POS: £47,040	BNG: £104,880 POS: £35,844 PROW connection: £10,000
Town Planning Fee	£13,168	£13,168
Finance Costs	10.00%	8.00%
Programme	17 months	17 months
Benchmark Land Value	£486,000	£405,000

The applicant has since responded with additional information justifying why they still consider no affordable housing to be financially viable as part of the application. This information relates to:

- Open Market Values
- Affordable Housing Disposal Value
- Developer's Return
- Contingency
- Finance
- Benchmark Land Value

Purpose

The purpose of this document is to review the revised assumptions made by the applicant and make conclusions on what appropriate assumptions should be made as part of the review of viability on the application.

2. Assumptions Review

This section will review the assumptions provided by the applicant as part of their September report.

Open Market Values

The following table shows the comparison between OMVs applied by the applicant and Altair to date.

House Type	Type	Bedrooms	Sqft	Sqm	No. Units	Applicant OMV	Applicant £/Sqft	Altair OMV	Altair £/Sqft
Edinburgh	Semi / EOT	2	749	69	4	£ 220,955	£ 295	£ 235,000	£ 314
Edinburgh	Mid Terrace	2	749	69	1	£ 215,712	£ 288	£ 230,000	£ 307
Preston	Semi	3	873	80	4	£ 244,440	£ 280	£ 260,000	£ 298
Bamburgh	Semi	3	1,002	92	8	£ 295,590	£ 295	£ 305,000	£ 304
Gosford	Detached	4	1,161	107	2	£ 380,808	£ 328	£ 400,000	£ 345
Cheltenham	Detached	4	1,303	120	2	£ 423,475	£ 325	£ 440,000	£ 338
Total		62	20,181	1,857	21	£ 6,050,578	-	£ 6,330,000	-

The applicant has within their September submission have sought to "further substantiate their assumptions". They have not provided any additional comparable evidence to do so instead citing the Stoney Bank Chase by Redrow. They state that after indexation, for similar sized new build detached dwellings (c.1,100 sqft) the average sales rate is £324/sqft. For detached properties within their assessment they have applied a rate of between £325-328/sqft.

We have carried out our own assessment of new build properties sold in the HD9 7 location where Stoney Bank Chase is situated. The following table shows the detached properties sold after 2022 in this location.

Location	Sold Date	Type	Sold Price	Sqm	Sqft	£/Sqft	Indexed Value	Indexed £/Sqft
1, Summer View, Holmfirth, West Yorkshire HD9 7FH	21-Jun-23	Detached	£460,000	127	1,367	£ 336	£ 491,064	£ 359
11, Summer View, Holmfirth, West Yorkshire HD9 7FH	25-May-23	Detached	£ 535,000	137	1,475	£ 363	£ 575,843	£ 390
25, Summer View, Holmfirth, West Yorkshire HD9 7FH	02-Dec-22	Detached	£560,000	137	1,475	£ 380	£ 575,821	£ 390
9, Summer View, Holmfirth, West Yorkshire HD9 7FH	21-Oct-22	Detached	£ 475,000	127	1,367	£ 347	£ 491,650	£ 360
7, Summer View, Holmfirth, West Yorkshire HD9 7FH	21-Oct-22	Detached	£ 455,000	127	1,367	£ 333	£ 470,949	£ 345
22, Woodland Grove, Holmfirth, West Yorkshire HD9 7FG	25-Aug-22	Detached	£ 410,000	108	1,163	£ 353	£ 432,962	£ 372
24, Woodland Grove, Holmfirth, West Yorkshire HD9 7FG	19-Aug-22	Detached	£ 395,000	108	1,163	£ 340	£ 417,122	£ 359
20, Woodland Grove, Holmfirth, West Yorkshire HD9 7FG	05-Aug-22	Detached	£460,000	127	1,367	£ 336	£ 485,762	£ 355
26, Woodland Grove, Holmfirth, West Yorkshire HD9 7FG	05-Aug-22	Detached	£450,000	127	1,367	£ 329	£ 475,202	£ 348
2, Stoney Bank Chase, Thongsbridge, Holmfirth, West Yorkshire HD9 7UD	21-Jan-22	Detached	£ 432,950	129	1,389	£ 312	£ 489,218	£ 352
The Sycamores, 3, Woollens Drive, Thongsbridge, Holmfirth, West Yorkshire HD9 7I	07-Jan-22	Detached	£ 439,950	143	1,539	£ 286	£ 497,128	£ 323
Average			£ 461,173	127	1,367	£ 337	£ 491,157	£ 359

It demonstrates that pre indexation, an average £/sqft rate of £337 was achieved in that location for new build properties. This is above the Applicant's assessment of OMVs at Bankfield Drive but in line with Altair's assessment. Once indexation is considered the £/sqft rate increases to £359/sqft. Given this, we consider our original assessment of the open market values for the units as reasonable and reflective of evidence of new build properties in the area.

To consider the value of the smaller properties, the applicant has considered evidence of properties sold on Bankfield Drive and Laithe Road over the past ten years, indexed to today's values. This derives an average £/sqft rate of £274, with a new build premium applied this increases to £288 to £315 (for properties of 1,500 sq ft).

This range is in line with the £/sqft rates we suggested previously within our report for the Semi and terraced properties with our £/sqft rates being £298-314/sqft.

The applicant when considering existing stock has only captured properties in Bankfield Drive and Laith Avenue and disregarded properties sold in the broader village. Given Holmbridge is only a small village, we consider the broader village area to provide a reasonable indication of achievable values at the Site as set out in our previous report.

Given this we consider our original assessments of the Open Market Values to still be a reasonable reflection of achievable values at this Site.

Affordable Housing Transfer Values

The applicant has noted that the 2023 Affordable Housing and Housing Mix SPD for Kirklees states that "An assessment has been undertaken to determine the most appropriate transfer values in Kirklees and these are set out in Table 6 below."

Per m²	Affordable & Social Rented	Intermediate
House / Bungalows	£861	£1,292
Flat	£861	£1,292

We accept this and will apply these values within our appraisal of the application.

Regarding the assessment of First Homes, we will continue to apply a 30% discount capped at £250,000 in line with national guidance.

Contingency

The applicant has stated that the site slopes at gradient of 1 in 10, and there is risk with the current retaining wall to Dobb Top Rd, with this having to be rebuilt. Though this has been factored into the cost plan, in trying to reach a compromise position we have increased the contingency to 4% within our appraisal of the application.

The applicant makes reference to increased costs. We are unable to comment on this as these costs have not been independently reviewed.

Developer's Return – Private Sale

The applicant is applying a profit margin of 20% for the private sale homes whilst Altair have applied a 17.5% margin.

The applicant has stated that "house price growth in Kirklees of 1.4%, which is below the national compared to 1.8% in the national average." Current annual house price inflation actually shows that between August 2023 and July 2024 house prices in Kirklees have grown by 5.7% whilst nationally they have grown by 1.6%. Kirklees house prices are actually growing at a much greater rate.

In terms of site constraints, the applicant has sought to increase the contingency to 5%. Altair within this report have accepted an uplift to 4% to reflect the site slope and retaining wall, despite the costs of this being budgeted for within the cost plan. Given these constraints have been dealt with in the contingency allowance, the developer's return should not be effected.

In relation to sales rates, given the recent drop in mortgage interest rates, RICS are reporting that "buyer demand and sales activity are on the rise, with industry professionals anticipating further growth as we move into the final quarter of the year." It goes onto state that "August's survey results show a rise in the number of people looking to buy homes, with a net balance of +15 of respondents noticing an improvement in this survey indicator". [1]

Similarly, ONS[2] data on monthly property transactions shows that sales are now at extremely similar levels (Jul 2024 – 81,740 transactions) to the summer before the mini-budget (Jun 2022 – 88,330), and given the forecasts of further growth from sector bodies such as RICS we consider a rate of 17.5% to be a reasonable allowance for this Site.

Developer's Return – Affordable Housing

Altair have assumed a rate of 6% whilst the applicant has assumed a rate of 8%.

The applicant states that a rate of 8% is typically accepted but have provided no evidence to support this statement.

Our assumption of 6% is supported by the Kirklees Council Local Plan and Community Infrastructure Levy Viability Assessment. Furthermore, in a study carried out by Lichfields Planning Consultancy[3] it was found that 6% was the typical assumption applied in Local Plan Viability Assessments.

We also note that other recent applications, where viability has been a consideration in the borough, have applied a rate of 6%. As an example, this was the case in application 2022/62/93154/W.

Given this, we will continue to apply a rate of 6%.

Finance Costs

The Applicant has assumed an 10.00% cost of finance whilst Altair have assumed a rate of 8%. The applicant within their own report state that they consider a rate of 8.00% to be appropriate for this scheme.

The applicant note they consider 8% to be a more standard allowance in assessing scheme viability and given this and then evidence we provided previously, we will continue to apply this rate.

[1] https://www.rics.org/news-insights/rics-residential-property-monitor-august-2024#:~:text=The%20latest%20RICS%20Residential%20Survey,final%20quarter%20of%20the%20year.
[2] https://assets.publishing.service.gov.uk/media/66cee9650b53069322597bbf/MPT_Tab_Aug_24.ods
[3] https://lichfields.uk/content/insights/fine-margins

Benchmark Land Value

The applicant as part of their report are assuming a rate of £15k per acre for the EUV of the Site. Our report, considering market evidence, illustrated that a rate of £12,500 per acre to be more appropriate.

The applicant has since stated the site is appropriate for equestrian use and that some of our evidence was for larger sites and therefore a higher rate per acre can be expected.

Location	Tender Deadline	Price	No. Acres	£/Acre	Status	Distance to Site
Arable Land, Riccall, Near Selby, North Yorkshire	May-24	£ 567,600	51.60	£ 11,000	Sold	49 miles
Grassland, Butterwick Road, Messingham	May-24	£ 15,000	1.14	£ 13,158	Sold	67 miles
Grassland, Drax, Near Selby, North Yorkshire	May-24	£ 100,000	7.21	£ 13,870	Sold	54 miles
Arable Land, North Elmsall, West Yorks	May-24	£ 600,000	53.32	£ 11,253	Sold	26 miles
Moss, South Yorkshire	Sep-23	£ 60,000	7.48	£ 8,021	Sold	35 miles
Arable Land, Whitley, Goole, East Yorks	Jul-23	£ 6,335,010	575.91	£ 11,000	Sold	50 miles
Paddock with Equestrian Potential	Oct-23	£ 50,000	3.29	£ 15,198	Sold	24 miles
Arable Land Gas House Lane, Howden	Aug-23	£ 150,000	14.34	£ 10,460	Sold	53 miles
Land at Gowdall, East Yorkshire	Jun-23	£ 25,000	4.75	£ 5,263	Sold	43 miles
Low Snowden, Near Otley	Jul-24	£ 95,000	10.31	£ 9,214	For Sale	32 miles
Average				£ 10,965		

The applicant highlighted the comps at Butterwick Road, Messingham (£13k per acre), Drax, Selby (£13.8k per acre) and Paddock with Equestrian potential (£15,000 per acre). The applicant has assumed the upper end of this range without justification. Given this we consider a midpoint rate of £13,750 per acre to be a more reasonable assumption.

Applying the 20 times premium, this arrives at an EUV of £445,500.

Summary

The following table summarises the assumptions applied by both the applicant and Altair and where variances in assumptions remain.

Assumption	Applicant – Sep24	Altair – Sep24	Comments
Open Market Values	£6,050,578	£6,330,000	Altair original assumption.
Build Costs	£3,766,835	£3,766,835	Agreed.
Contingency	5.0%	4.0%	Altair revised assumption.
Developer's Return – Private Sale	20.0%	17.5%	Altair original assumption.
Developer's Return – Affordable Housing	8.0%	6.0%	Altair original assumption.
Professional Fees	8.0%	8.0%	Accepted.
Sales & Marketing Fees (Resi)	2.00% £500 pu legal fees	2.00% £500 pu legal fees	Accepted.
S106 / CIL	BNG: £125,313 POS: £47,040	BNG: £104,880 POS: £35,844 PROW connection: £10,000	Accepted.
Town Planning Fee	£13,168	£13,168	Accepted.

Finance Costs	8.0%	8.0%	Accepted.
Programme	17 months	17 months	Accepted.
Benchmark Land Value	£486,000	£445,500	Altair revised assumption.

3. Revised Outputs

The following table sets out the financial outputs, based upon assumptions set out in section 2 of this report. It shows that in a 100% private sale scenario, that throughout the profit range an affordable housing contribution can be made as part of the application.

Item	100% PS (15.0% Profit)	100% PS (17.5% Profit)	100% PS (20.0% Profit)
Private Sale Income	£6,330,000	£6,330,000	£6,330,000
Affordable Housing Income	£0	£0	£0
Gross Development Value	£6,330,000	£6,330,000	£6,330,000
Construction Costs	£3,766,835	£3,766,835	£3,766,835
Contingency Fees	£150,673	£150,673	£150,673
Professional Fees	£301,347	£301,347	£301,347
Marketing Fees	£126,600	£126,600	£126,600
Sales Legal Fees	£10,500	£10,500	£10,500
S106 & Town Planning Fee	£163,892	£163,892	£163,892
Finance	£118,408	£104,432	£91,107
Profit	£949,500	£1,107,750	£1,266,000
Total Costs	£5,587,755	£5,732,029	£5,876,954
Residual Land Value	£742,245	£597,971	£453,046
Benchmark Land Value	£445,500	£445,500	£445,500
Surplus / (Deficit)	**£296,745**	**£152,471**	**£7,546**

Given this, we have sought to assess whether a policy compliant level of affordable housing (2x affordable rented homes, 1x shared ownership home, 1x first homes) could be viably provided as part of the application based upon the same three profit scenarios - 15.0%, 17.5%, 20.0% on GDV. This table shows that a policy compliant level of affordable housing is still not viable as part of this application.

Item	20% AH (Policy Compliant Mix) 15.0% Profit	20% AH (Policy Compliant Mix) 17.5% Profit	20% AH (Policy Compliant Mix) 20.0% Profit
Private Sale Income	£5,340,000	£5,340,000	£5,340,000
Affordable Housing Income	£404,428	£404,428	£404,428
Gross Development Value	£5,744,428	£5,744,428	£5,744,428
Construction Costs	£3,766,835	£3,766,835	£3,766,835
Contingency Fees	£150,673	£150,673	£150,673
Professional Fees	£301,347	£301,347	£301,347
Marketing Fees	£106,800	£106,800	£106,800
Sales Legal Fees	£8,500	£8,500	£8,500
S106 & Town Planning Fee	£163,892	£163,892	£163,892

Finance	£80,696	£69,906	£59,728
Profit	£843,690	£977,160	£1,110,660
Total Costs	£5,422,433	£5,545,113	£5,668,435
Residual Land Value	£321,995	£199,315	£75,993
Benchmark Land Value	£445,500	£445,500	£445,500
Surplus / (Deficit)	**-£123,505**	**-£246,185**	**-£369,507**

We have therefore sought to test what a viable level of affordable housing may be as part of the application. Our testing has concluded that a revised level of 10% affordable housing (1 x first home and 1 x shared ownership unit) would be financially viable as part of the application.

Item	10% AH (1 x SO, 1 x FH) - 17.5% Profit
Private Sale Income	£5,810,000
Affordable Housing Income	£285,768
Gross Development Value	£6,095,768
Construction Costs	£3,766,835
Contingency Fees	£150,673
Professional Fees	£301,347
Marketing Fees	£116,200
Sales Legal Fees	£8,500
S106 & Town Planning Fee	£163,892
Finance	£97,510
Profit	£1,039,389
Total Costs	£5,644,346
Residual Land Value	£451,422
Benchmark Land Value	£445,500
Surplus / (Deficit)	**£5,922**

Alternatively, the application, as demonstrated below, could provide 2 x First Homes plus a £75k commuted sum in lieu of the on site provision of affordable housing as part of the application.

Item	10% AH (2 x FH) - 17.5% Profit
Private Sale Income	£5,810,000
Affordable Housing Income	£364,000
Gross Development Value	£6,174,000
Construction Costs	£3,766,835
Contingency Fees	£150,673
Professional Fees	£301,347
Marketing Fees	£116,200
Sales Legal Fees	£9,500
S106 & Town Planning Fee	£163,892
AH Commuted Sum	£75,000
Finance	£100,897
Profit	£1,041,079
Total Costs	£5,725,423
Residual Land Value	£448,577
Benchmark Land Value	£445,500
Surplus / (Deficit)	**£3,077**

4. Conclusion

The applicant has responded to Altair's FVA review (September 2024) with additional information justifying why they still consider no affordable housing to be financially viable as part of the application.

Altair have reviewed the revised assumptions as applied within the applicant's evidence and as part of this report (section 2) have provided comment on the applicant's revised assumptions and what they consider to be reasonable based upon the revised information provided.

Section 3 of this report concludes that based upon these assumptions either of the following contributions can be viably made as part of this application:

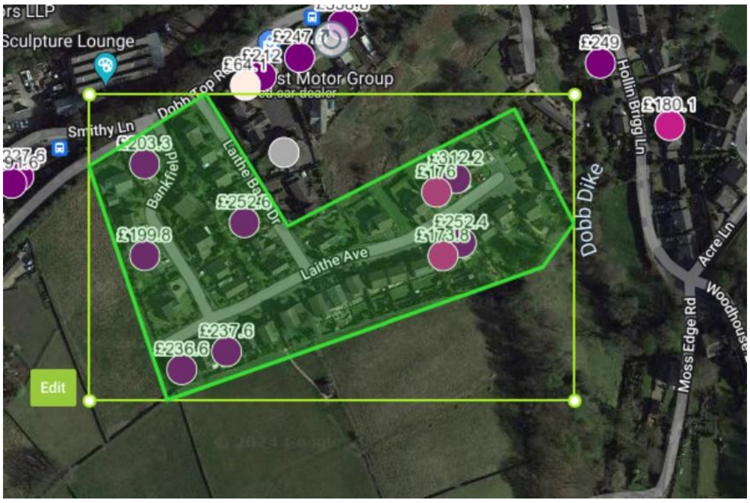
- 10% affordable housing (1 x First Home and 1 x Shared Ownership unit) or;
- 10% affordable housing (2 x First Homes) plus £75k off site commuted sum in lieu of an on-site provision of affordable housing

Appendix 1 Applicant Response (September 2024)

Further to our conversations, I have read the report produced by Altair in response to the viability assessment which was submitted in support of your planning application for the proposed development of Bankfield Drive, Holmbridge. Please find our comments to the main points of contention which we have assessed from their report;

- ***GDV –*** *Firstly, the Altair report is not comprehensive as this does not reference any newbuild evidence. As per NPPG guidance, market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. We judge that by referencing secondhand evidence only without having any regard to newbuild evidence in similar areas, no meaningful comparisons can be made and thus does not reflect the potential sales values at the proposed scheme. In addition, by only referring back to singular transactions, there is no way of identifying whether or not the evidence reflects an outlier in market trends.*

To further substantiate our assumptions, we have utilised LandInsight to index historic sales evidence to present day values, utilising local market data, at Redrow/Stoney Bank Chase. For similar sized newbuild detached dwellings of c1,100 sq ft, the average sq ft (after indexation) is c£324. We have taken into account the limited weight in indexation, and as such have been pragmatic in applying a higher figure of £328/sq ft, at arguably a less desirable location with less amenity. In the absence of further evidence for other house types (semi-detached and terraced, sub 1,000sq ft) we deem it appropriate to adjust appropriately from the larger detached dwellings, taking into account the immediate sales evidence at Bankfield Dr/Laithe Ave.



Again, we have taken a snapshot of the evidence immediately adjacent to the subject from the past ten years, and indexed these to present day values, which demonstrates average values of £274/sq ft (average unit size of 1,500 sq ft). Applying a newbuild premium, this reflects achievable revenues of £288 to £315 (for properties of 1,500 sq ft), substantiating our revenue assumptions at the larger end of the scheme.

As per the above, we stand by our original assumption of c£300/sq ft.

- ***Affordable Transfer Values –*** *The Altair report states we do not set out how we have reached our transfer values, and whilst not overtly explicit as to what these are, we reference the Kirklees Affordable Housing SPD, which states;*

Principle 7: Transfer Values

The council expects developers to use the transfer values set by the council. These will be reviewed periodically to ensure transfer values remain appropriate.

Relevant Local Plan Policy

- Local Plan Policy LP11: Housing Mix and Affordable Housing

7.4 Transfer values are the amount that Registered Providers will pay to developers for the affordable homes that they provide. An assessment has been undertaken to determine the most appropriate transfer values in Kirklees and these are set out in Table 6 below.

Per m²	Affordable & Social Rented	Intermediate
House / Bungalows	£861	£1,292
Flat	£861	£1,292

As per the transfer values above, we have applied £79.99/sq ft (£861/sq m) to the social rented, and £120.03/sq ft (£1,292/sq m) for the intermediate tenure. Upon reflection of the SPD, we actually note that we have incorrectly discounted First Homes by 20%, rather than 30%; "First Homes as a type of discounted market sales housing. These are intermediate tenure homes that are discounted 30% below market value, initial sale is capped at a £250,000 price point". This would have a further negative viability impact of c£25k for reference.

As per the above, we deem it appropriate to adopt the Council policy in respect of transfer values, and stand by our original assumptions.

- ***Profit Margin –*** *Site slopes at gradient of 1 in 10, and there is risk with the current retaining wall to Dobb Top Rd, with this having to be rebuilt. Altair note economic improvement, citing house price growth in Kirklees of 1.4%, which is below the national compared to 1.8% in the national average. Whilst there are some signs of macro improvement, sales rates across newbuild developments are not quite back to usual rates, and as such there is still seen to be some increased sales risk. Anecdotally, Orion Homes are currently experiencing a high amount of cancellations in relation to cancelled plot sales, 2.2 sales per month vs 1.7 cancellations across 3 outlets. In addition, Altair cite 6% on affordable housing costs, and 15% to 20% on market housing. Whilst we accept the principle of reduced margin on affordable, the NPPG makes no such prescription of 6%, and we regularly see profit margins of 8% on affordable housing accepted. Fundamentally, funders will want to see a 20% profit margin to meet lending criteria. Housebuilder do not typically differentiate on profit between private sale and AH. 6% is a contractor profit – the AH includes intermediate tenure and First Homes which include sales risk hence 8% is appropriate.*

- ***Contingency –*** *Until cost items are tendered, we judge that a 5% abnormal contingency allowance is more than acceptable. By way of an update, Orion's latest abnormal cost schedule has already increased by £200k since submission of the viability as a result of the latest engineering review to include the costs of the new retaining wall. If this was factored into our original submission, this would render the scheme to be further unviable, ceteris paribus.*
- ***Finance*** *– 10% was adopted to reflect the smaller development and likely greater finance costs assumed to a local developer, as opposed to 8% which we would assume more generally for larger plc's who usually can take advantage of cheaper finance. Orion have suggested that they actually experience borrowing rates c3.75% above base rate and definitely do experience more costly rates than the larger housebuilders. As such, we would be reluctant to assess at less than 9%, however we do accept that 8% is considered to be a more standard allowance in assessing scheme viability.*
- ***Benchmark Land Value*** *– EUV of £12,500/acre is below where the comps suggest EUV for this type of paddock land currently are. I highlight Altair's comps at Butterwick Road, Messingham (£13k per acre), Drax, Selby (£13.8k per acre), and Paddock with Equestrian potential (£15,000 per acre). We would expect that the EUV should fall somewhere along this range, and, given the current suitability for equestrian use, we judge it to be most comparable to the latter. We note that the other evidence in both the Altair and C&W reports reflects larger land parcels, hence the need to appropriately adjust upwards due to quantum. Anecdotally, we've seen reviews of previous viability submissions produced by C&W on other scheme's elsewhere in Yorkshire whereby as high as £20k per acre has been accepted for Paddock Land.*

We therefore stand by our EUV of £15,000 per acre. The final BLV is substantiated by the market evidence, which we reference on page 33, which states comparable land values of £610k per acre (gross), and £465k per acre. The Kirklees Affordable Housing Mix SPD viability assessment also references BLV of ~£400k for Kirklees Rural West. By comparison, our site at £321k per net developable can be seen to be on the lower end of the scale.

In summary, we are of the view that the approach taken in the Council's independent review does not reflect the current market, and we in fact note some items which would worsen scheme viability since submission (incorrect First Homes transfer values, and increased abnormal costs of c£200k). For this reason, we deem it to be reasonable that the Council reconsider there stance in respect of the level of affordable housing obligation's that are being placed on the developer. We stand by the majority of our assumptions within the original assessment of scheme viability, and, as previously concluded, we judge that the scheme cannot be viably delivered whilst reaching our opinion of benchmark land value. We judge our approach to be evidence based and robust.

We note that the above summary response contains some potentially commercially sensitive information in regard to borrowing rates and sales rates and would leave it to Orion's discretion as to whether these are shared with the LPA.

Appendix 2 Argus Appraisal – 100% PS – 17.5% Profit

Land at Bankfield Drive
100% Private Sale

Land at Bankfield Drive
Holmbridge
West Yorkshire
United Kingdom

Development Pro Forma
Prepared by Altair Ltd
ARGUS Software
September 20, 2024

PROJECT PRO FORMA	ARGUS SOFTWARE

Land at Bankfield Drive

Project Pro Forma for Phase 1

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Private Sale	21	20,181	313.66	301,429	6,330,000
TOTAL PROJECT REVENUE				**6,330,000**	
DEVELOPMENT COSTS					
ACQUISITION COSTS					
Residualized Price			597,970		
				597,970	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Private Sale					
- Base Build Costs			2,831,629		
- Abnormals			935,206		
			3,766,835		
Contingency		4.00%	150,673		
Biodiversity Net Gan			104,880		
Public Open Space			35,844		
Town Planning Fee			13,168		
PROW Connection			10,000		
				4,081,400	
PROFESSIONAL FEES					
Professional Fees		8.00%	301,347		
				301,347	
DISPOSAL FEES					
Marketing Fees		2.00%	126,600		
Sales Legal Fee	21 un	500.00 /un	10,500		
				137,100	
TOTAL COSTS BEFORE FINANCE				**5,117,818**	
FINANCE					
Debit Rate 8.000%, Credit Rate 0.000% (Nominal)					
Land			45,062		
Construction			46,575		
Other			12,796		
Total Finance Cost				104,432	
TOTAL COSTS				**5,222,250**	
PROFIT					
				1,107,750	

Performance Measures

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR% (without Interest)	66.89%
Profit Erosion (finance rate 8.000)	2 yrs 5 mths

Appendix 3 Argus Appraisal – 20% AH – 17.5% Profit

Land at Bankfield Drive
20% Affordable Housing (Policy Compliant)

Land at Bankfield Drive
Holmbridge
West Yorkshire
United Kingdom

Development Pro Forma
Prepared by Altair Ltd
ARGUS Software
September 20, 2024

Land at Bankfield Drive

Project Pro Forma for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Private Sale	17	16,937	315.29	314,118	5,340,000
Affordable Rent	2	1,498	79.21	59,330	118,660
Shared Ownership	1	873	118.86	103,768	103,768
First Homes	1	873	208.48	182,000	182,000
Totals	**21**	**20,181**			**5,744,428**

TOTAL PROJECT REVENUE **5,744,428**

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price	626,346	
Residualized Price (Negative land)	(427,031)	
		199,315

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
Private Sale				
- Base Build Costs			2,292,271	
- Abnormals			757,072	
			3,049,343	
Affordable Rent				
- Base Build Costs			269,679	
- Abnormals			89,067	
			358,746	
Shared Ownership				
- Base Build Costs			134,839	
- Abnormals			44,534	
			179,373	
First Homes				
- Base Build Costs			134,839	
- Abnormals			44,534	
			179,373	
Totals	**20,181 ft²**		**3,766,835**	
Contingency		4.00%	150,673	
Biodiversity Net Gan			104,880	
Public Open Space			35,844	
Town Planning Fee			13,168	
PROW Connection			10,000	
				4,081,400

Land at Bankfield Drive

PROFESSIONAL FEES				
Professional Fees		8.00%	301,347	
				301,347
DISPOSAL FEES				
Marketing Fees		2.00%	106,800	
Sales Legal Fee	17 un	500.00 /un	8,500	
				115,300
TOTAL COSTS BEFORE FINANCE				**4,697,363**
FINANCE				
Debit Rate 8.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				69,906
TOTAL COSTS				**4,767,268**
PROFIT				
				977,160
Performance Measures				
Profit on Cost%		20.50%		
Profit on GDV%		17.01%		
Profit on NDV%		17.01%		
IRR% (without Interest)		81.07%		
Profit Erosion (finance rate 8.000)		2 yrs 4 mths		

Appendix 4 Argus Appraisal – 10% AH – 17.5% Profit (1 x FH, 1 x SO)

Land at Bankfield Drive
10% Affordable Housing

Land at Bankfield Drive
Holmbridge
West Yorkshire
United Kingdom

Development Pro Forma
Prepared by Altair Ltd
ARGUS Software
September 20, 2024

Project Pro Forma for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Private Sale	19	18,435	315.16	305,789	5,810,000
First Homes	1	873	208.48	182,000	182,000
Shared Ownership	1	873	118.86	103,768	103,768
Totals	**21**	**20,181**			**6,095,768**

TOTAL PROJECT REVENUE			**6,095,768**
DEVELOPMENT COSTS			
ACQUISITION COSTS			
Residualized Price		586,809	
Residualized Price (Negative land)		(136,384)	
			450,425

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
Private Sale				
- Base Build Costs	19 un	134,839.00 /un	2,561,941	
- Abnormals	19 un	44,534.00 /un	846,146	
			3,408,087	
First Homes				
- Base Build Costs	1 un	134,839.00 /un	134,839	
- Abnormals	1 un	44,534.00 /un	44,534	
			179,373	
Shared Ownership				
- Base Build Costs	1 un	134,839.00 /un	134,839	
- Abnormals	1 un	44,534.00 /un	44,534	
			179,373	
Totals	**20,181 ft²**		**3,766,833**	
Contingency		4.00%	150,673	
Biodiversity Net Gan			104,880	
Public Open Space			35,844	
Town Planning Fee			13,168	
PROW Connection			10,000	
				4,081,398

PROFESSIONAL FEES				
Professional Fees		8.00%	301,347	
				301,347
DISPOSAL FEES				
Marketing Fees		2.00%	116,200	
Sales Legal Fee	19 un	500.00 /un	9,500	

		125,700
TOTAL COSTS BEFORE FINANCE		**4,958,870**
FINANCE		
Debit Rate 8.000%, Credit Rate 0.000% (Nominal)		
Total Finance Cost		97,510
TOTAL COSTS		**5,056,379**
PROFIT		
		1,039,389
Performance Measures		
Profit on Cost%	20.56%	
Profit on GDV%	17.05%	
Profit on NDV%	17.05%	
IRR% (without Interest)	67.90%	
Profit Erosion (finance rate 8.000)	2 yrs 4 mths	

Appendix 5 Argus Appraisal – 10% AH – 17.5% Profit (2 x FH, £75k)

Land at Bankfield Drive
10% Affordable Housing (2 x FH)

Land at Bankfield Drive
Holmbridge
West Yorkshire
United Kingdom

Development Pro Forma
Prepared by Altair Ltd
ARGUS Software
October 11, 2024

Land at Bankfield Drive

Project Pro Forma for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Private Sale	19	18,435	315.16	305,789	5,810,000
First Homes	2	1,746	208.48	182,000	364,000
Totals	**21**	**20,181**			**6,174,000**

TOTAL PROJECT REVENUE **6,174,000**

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price	513,280	
Residualized Price (Negative land)	(64,701)	
		448,579

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
Private Sale				
- Base Build Costs	19 un	134,839.00 /un	2,561,941	
- Abnormals	19 un	44,534.00 /un	846,146	
			3,408,087	
First Homes				
- Base Build Costs	2 un	134,839.00 /un	269,678	
- Abnormals	2 un	44,534.00 /un	89,068	
			358,746	
Totals	**20,181 ft²**		**3,766,833**	
Contingency		4.00%	150,673	
Biodiversity Net Gan			104,880	
Public Open Space			35,844	
Town Planning Fee			13,168	
PROW Connection			10,000	
Commuted Sum (AH)			75,000	
				4,156,398

PROFESSIONAL FEES

Professional Fees	8.00%	301,347	
			301,347

DISPOSAL FEES

Marketing Fees		2.00%	116,200	
Sales Legal Fee	19 un	500.00 /un	9,500	
				125,700

TOTAL COSTS BEFORE FINANCE **5,032,024**

FINANCE

Land at Bankfield Drive

Debit Rate 8.000%, Credit Rate 0.000% (Nominal)		
Total Finance Cost		100,897
TOTAL COSTS		**5,132,921**
PROFIT		
		1,041,079
Performance Measures		
Profit on Cost%	20.28%	
Profit on GDV%	16.86%	
Profit on NDV%	16.86%	
IRR% (without Interest)	66.25%	
Profit Erosion (finance rate 8.000)	2 yrs 4 mths	