

Financial Viability Assessment

**Land at Old Lane
Birkenshaw**

Riva Homes

February 2025

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Report Disclaimer

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Version	Prepared by	Approved by	Date
Financial Viability Assessment – Old Lane, Birkenshaw	Angus Swain BSc (Hons) MRICS	Philip Roebuck FRICS	February 25

General Caveat

The development appraisals included in this report are indicative and based on a wide range of variables which are subject to change as and when scheme designs are refined, and also in response to changes in market and economic conditions. The appraisal methodology is inherently sensitive to changes in the assumed inputs where small changes to the key variables could have a significant impact on the residual output.

The results should be interpreted with this caveat in mind and the appraisals should not be interpreted or relied upon as formal valuations prepared in accordance with the current RICS Valuation - Global Standards (the “Red Book”).

In addition, we highlight the following:

Market Context

On 4th July 2024, Labour won a general election with 412 seats and at 174, the second largest majority post-war – just four seats less of a majority than the Tony Blair government held in 1997. The results of the General Election were priced in by markets well in advance, with little to no immediate impact on sterling and gilts, although there was a rally in stocks – particularly for housebuilders – as a result of promises around planning reform and housing targets.

The UK and other countries still continue to experience heightened uncertainty and economic conditions are likely to remain challenging in the short to medium term due to a number of factors. The most recent inflationary data for May saw CPI fall to 2% which is the first time that CPI was in line with the Bank of England’s target of 2% since July 2021. CPIH fell from 3% to 2.8%. The Bank of England MPC has however voted to keep interest rates stable at 5.25% in multiple consecutive meetings. The pause in interest rate hikes has been driven partially by slowing inflation but also weaker economic data including downgraded economic projections by the OBR and increased unemployment. Despite the significant falls in inflation, it is currently expected that interest rates will remain at heightened levels for a prolonged period of time, with market expectations now veering towards a first base rate cut in August.

The changes to interest rates have had an impact on the cost of borrowing. The 5-year SONIA is currently running at ~4.0% whilst 10 year UK gilts are running at ~4.2%, both having risen slightly over recent months. Confidence in the banking sector is still relatively fragile as a result of interest

rate rises and bond volatility. This may temper the supply of debt available to investors whilst the increase in the 'risk-free' rate has driven re-pricing of commercial real estate and had an adverse impact on property values.

The UK economy shrunk by 0.3% in the final quarter of 2023, with the economy entering a technical recession after two quarters of contraction. In all, GDP is estimated to have increased by 0.1% for the year. The outlook for growth is muted, with HM Treasury comparison of independent forecasters suggesting growth of 0.6% for 2024. There are also a number of signs that the labour market is loosening. The unemployment rate currently stands at 4.5% and job vacancies decreased again in the three months to May (latest data) to 904,000, representing the 23rd consecutive fall albeit the job market is still 4% above the pre-pandemic, pre-Brexit high back in January 2019.

In addition, 2023 saw 25,158 insolvencies – the record year for company insolvencies, up 13.7% on 2022. For perspective, 2009 saw 24,035 insolvencies. The inflationary pressures, energy pricing shocks and tightening of monetary policy are still having an impact and will weigh on the economy during the course of 2024. There is likely to be continued pressure on businesses and subsequently employment, and the impact of increased mortgage rates may take a while to filter through, with only half of interest rate rises estimated to have filtered through to the market as at Q2 2024.

Market conditions are also susceptible to the heightened geopolitical volatility relating to the ongoing conflicts in both Russia/Ukraine and Israel/Gaza which risk disruption of supply chains and could affect energy supplies and prices throughout Europe and the UK. This has been compounded by the recent Houthi attacks in the Red Sea which has led to significant re-routing and longer shipping routes.

In recognition of the potential for property market conditions to change in response to wider political and economic changes and uncertainty, and the impact that such could have on development appraisal variables, we highlight the importance of the date of our assessment and the market context in which it has been prepared.

Executive Summary

This Financial Viability Assessment ('FVA') has been commissioned by Riva Homes to assess the viability of the development of Land at Old Lane, Birkenshaw, based on all relevant national and Local Planning policy requirements.

The Planning Practice Guidance for Viability ('PPGV') (July 2018, updated May / September 2019) states that an executive summary of an FVA is to be made publicly available to promote greater transparency and accountability within the viability assessment process.

The RICS Professional Standard Financial Viability in Planning: Conduct and Reporting (1st Edition, May 2019) also states that all FVAs must be accompanied by non-technical summaries to assist non-specialists in better understanding the report.

Accordingly, an executive summary has been prepared to present the findings of this FVA in a clear and concise manner. This executive summary should, however, not be considered in isolation from the full report.

Input	C&W Assumption
Site	Old Lane, Birkenshaw
Applicant	Riva Homes
Consultant	Cushman & Wakefield
Proposed Development	21 no. residential dwellings
Policy Requirements	20% on-site affordable housing provision
Benchmark Land Value	£208,923 S106 Contributions
	£516,000
	(£300,000 per net developable acre)
Net Sales Area	21,096 sq ft
Gross Internal Area	22,065 sq ft
Net Developable Area	1.73 Acres
Acquisition Costs	£22,539
GDV	£6,119,503
Build Costs (inc. Garages and FHS)	£3,246,440
Abnormal Development Costs	£480,590
Contingency	£121,423
Professional Fees	£249,299
CIL	£n/a
Marketing, Disposal and Legal Fees	£133,421
Finance	£156,557
Developer's Profit	£1,163,929
Residual Land Value	£335,000
(Inc. 35% affordable housing)	
Residual Land Value	£610,000
(Inc. nil affordable housing)	

Conclusions

Our report demonstrates the scheme is unable to viably deliver Kirklees Council's full planning gain requirements when measured against our opinion of Benchmark Land Value.

Our approach is in accordance with updated planning guidance and is supported by robust evidence. We consider our conclusions reasonable, justified and valid.

1. Introduction

The following sections of this report explain the proposed scheme in further detail and how each of the value and cost inputs have been determined. We firstly provide a brief summary of the approach to the FVA, the proposed development, the key viability issues and the conclusions drawn from this FVA under the sub-headings below.

- Purpose of FVA and Approach
- Site Location(s) and Description of Proposed Development
- Relevant Local Planning Policy
- Summary of Key Viability Inputs
- Scheme/area wide Viability and Key Conclusions

1.1 Purpose and Information Relied On

In preparing this FVA for planning purposes, we have relied on information made available to us by the Applicant. If there are changes to the proposed scheme and/or the information relied on, this could impact on the assumptions adopted in the FVA and the resultant conclusions. We request that any changes are made known to us for review at the earliest opportunity and we reserve the right to amend our assumptions in the event of such changes.

1.2 Report Structure

The remainder of this report is structured as follows:

- Section 3 – sets out the mandatory reporting requirements in the RICS Professional Statement Financial Viability in Planning: Conduct and Reporting (May 2019);
- Section 4 – sets out the other relevant national viability guidance, the justification for, and the approach to the FVA;

This FVA has been prepared as at 24 February 2025 in the context of prevailing market and economic conditions. Should there be a material change to the market and/or economic climate prior to determination of the planning decision, it may be necessary to update the FVA assumptions.

1.3 Explanatory Note

Despite the initial recovery of the economy from the pandemic, the UK is currently experiencing heightened uncertainty due to the wider global impacts from the war in Ukraine, increased inflationary pressures with inflation being at a 40 year high and employees in several sectors threatening industrial action in response to the higher costs of living expenses. The Bank of England has increased interest rates in response to inflation resulting in higher borrowing costs.

These factors are impacting on growth and consumer confidence. In recognition of the potential for market conditions to move rapidly in response to wider political and economic changes, and the impact that such could have on development appraisal variables, we highlight the importance of the date of our assessment.

Specifically in respect of build cost inflation, C&W is currently seeing significant variation in tendered build costs across all sectors driven by supply chain shortages affecting the construction industry. As a result, the build cost assumptions that have been applied in this appraisal/assessment are susceptible to short term changes which could have a material bearing on viability and/or residual

land values. As a matter of prudence, we recommend that where not already provided, sensitivities should be examined to test the effects of such variations and that further advice should be sought to market test such cost assumptions to inform decision making and prior to any investment commitments. It is also recommended that changes in build costs are closely monitored and the impacts on development viability kept under review.

2. Financial Viability in Planning: Conduct and Reporting (May 2019) – RICS Professional Statement

Cushman & Wakefield is a firm regulated by the RICS. In line with RICS requirements, we have had regard to the relevant RICS professional standards and guidance in preparing this FVA. We outline the most relevant standards and guidance within Sections 3 and 4 of this report.

2.1 RICS Professional Statement

This FVA has been prepared in accordance with the RICS Professional Statement Financial Viability in Planning: Conduct and Reporting (1st edition) (May 2019). This document sets out mandatory requirements on conduct and reporting in relation to FVAs for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at. It also aims to support the government's reforms to the planning process announced in July 2018 and any subsequent updates.

Sections 2.1 to 2.14 of the Professional Statement set out the fourteen mandatory reporting and process requirements for all FVAs prepared on behalf of, or by applicants, reviewers, decision-makers and plan-makers.

We confirm that this FVA has been carried out in accordance with Sections 2.1 to 2.14. The mandatory reporting requirements are set out under the sub-headings below and expanded on where relevant in this FVA.

2.2 Section 2.1: Objectivity, Impartiality and Reasonableness Statement

We confirm that this FVA has been carried out by an RICS member who has acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. We further confirm that the RICS member is a suitably qualified practitioner with sufficient skills, expertise and knowledge to provide a robust and objective FVA.

The RICS member has experience in advising on FVAs across the North of England, and has an up-to-date knowledge of the planning system gained through previous viability experience and work alongside our local and national Planning Teams.

2.3 Section 2.2: Confirmation of Instructions and Absence of Conflicts of Interest

The terms of engagement for this instruction are appended to the rear of this report.

We must declare any conflict of interest or risk of conflict of interest. Section 2.2 states that 'informed consent' management through the form of a declaration statement can be appropriate depending on the circumstances.

We confirm that we have no current or anticipated involvement with the subject site or the parties to the instruction. We confirm that, to the best of our knowledge, no conflict of interest, or risk of conflict of interest, arises in preparing the advice requested.

If any of the parties in this FVA identified a conflict of interest, we would immediately stand down from the instruction.

We address in greater detail in section 2.5 our previous involvement with Kirklees Council Planning Policy.

2.4 Section 2.3: No Contingent Fee Statement

In preparing this report, no performance-related or contingent fees have been agreed. We have previously advised the applicant on several site-specific FVAs in support other planning applications for development. Again, we do not consider that any conflict of interest, or risk of conflict of interest, arises as a result of the interests which we have disclosed.

2.5 Section 2.5: Confirmation Where the RICS Member is Acting on Area-Wide and Scheme-Specific FVAs

As referenced in section 2.3, Cushman & Wakefield have previously been instructed by Kirklees Council to undertake an area wide Financial Viability assessment to inform the Draft Community Infrastructure Levy Charging Schedule;

- Kirklees Local Plan and Community Infrastructure Viability Study, October 2015
- Kirklees Local Plan and CIL Viability Addendum, September 2016
- Kirklees Community Infrastructure Levy Viability Update, May 2019

We can confirm that the previous instruction has since concluded, and did not involve the subject site specifically. This previous instruction therefore does not affect our ability to act impartially and objectively.

2.6 Section 2.6: Justification of Evidence

All inputs into this FVA have been reasonably justified as explained in further detail throughout this report. It is noted that where the appointed reviewer disagrees with elements of the submitted FVA, the parties should always seek to resolve differences of opinion where possible.

2.7 Section 2.7: Benchmark Land Value

We have assessed the Benchmark Land Value ('BLV') in accordance with Section 2.7 of the Professional Statement in that we have reported the following:

- Current Use Value
- Premium
- Market evidence (as adjusted in accordance with the Planning Practice Guidance)
- All supporting considerations, assumptions and justifications adopted

Full justification for the adopted BLV is provided in Section 8 of this report.

2.8 Section 2.9: Sensitivity Analysis

A sensitivity analysis on key appraisal inputs is provided in Section 9 of this report, together with accompanying explanation and interpretation of the results. This enables the applicant and decision-maker to consider how changes to key variables impact on viability having regard to scheme risks and an appropriate return, and to assist in arriving at appropriate conclusions.

2.9 Section 2.10: Engagement

We confirm that we have advocated, and will advocate reasonable, transparent and appropriate engagement between the parties at all stages of the viability process.

This must be agreed and documented between the parties

2.10 Section 2.11: Non-technical Summaries

A non-technical summary is provided at the beginning of this report which includes the key figures and issues that support the conclusions drawn from this FVA.

2.11 Section 2.14: Timescales

We confirm that adequate time has been allowed to produce this FVA having regard to the scale of this particular project.

We further confirm that this FVA has been carried out in accordance with Section 4 – Duty of Care and Due Diligence of the Professional Statement and that full consideration has been given to the matters referenced in Section 4.

3. Viability Guidance and Approach to Financial Viability Assessment

Further to the mandatory RICS reporting requirements, within this section of our report we summarise the other key national guidance pertaining to viability and how we have approached the FVA for the subject site in light of this guidance.

3.1 Current Viability Guidance

In July 2018, the government published a revised National Planning Policy Framework ('NPPF') and Planning Practice Guidance for Viability ('PPGV') which were updated in February 2019 and May 2019 / September 2019 respectively. These documents set out the key principles which should be considered when assessing the viability of development at the plan-making and decision-taking stages.

In response, the RICS has published two documents; the aforementioned RICS Professional Statement (May 2019) and the RICS Professional Standard: Assessing Viability in Planning Under the NPPF 2019 For England (March 2021).

The RICS Professional Statement sets out the mandatory FVA requirements on conduct and reporting as covered in Section 3. The RICS Professional Standard provides requirements and expectations for how the RICS expects its members to produce, and interpret, the results of FVAs under the NPPF and PPGV.

We have had full regard to the relevant national and RICS guidance in preparing this FVA. It is noted, however, that despite the recent updates to the guidance, there still remains considerable ambiguity and subjectivity in terms of the approach to FVAs and the assessment of key inputs.

The most pertinent aspects of the guidance are summarised under the sub-headings below and expanded on where relevant in this FVA.

3.2 Application of the Red Book and Related RICS Guidance

The RICS Professional Standard confirms that FVAs are not valuations as such but contains significant valuation content which are within the jurisdiction of the RICS Valuation – Global Standards ('the Red Book') and other RICS mandatory statements / professional guidance. All RICS members carrying out FVAs must therefore adhere to these provisions.

The RICS guidance note further advises that all FVAs for planning purposes are carried out under the NPPF / PPGV which is regarded as the 'authoritative requirement' in the Red Book. This means that the government's technical requirements on the assessment of viability take precedence over any other RICS professional statements and guidance, including any valuation-based requirements in the PPGV which take precedence over any other valuation basis or approach set out in the standards, however Red Book professional standards still apply.

RICS members undertaking FVAs for planning purposes must therefore adhere to:

- Statutory and other authoritative requirements (including the NPPF and the PPGV);
- The RICS Professional Statement Financial Viability in Planning: Conduct and Reporting; and
- PS 1 and PS 2 of the Red Book.

We confirm that we have complied with these requirements in preparing this FVA for planning purposes.

In respect of PS1 and PS2 of the Red Book, we acknowledge in summary the following points of compliance in respect of this FVA:

- This FVA is prepared for assessing viability of development to assist with planning matters, either plan/policy making, or decision taking. The FVA therefore constitutes an exception from valuation technical and performance standards ('VPS') 1 – 5 of the Red Book, and is not a formal valuation;
- We confirm that all individuals who have contributed to this FVA have acted in accordance with the RICS Rules of Conduct and the RICS Global Professional and Ethical Standards;
- We have had full regard to the need to act independently and objectively at all times, in a professional and ethical manner free from any undue influence, bias or conflict of interest; and
- We collectively have sufficient professional qualifications, current knowledge of the relevant markets, and the experience, skills and understanding to undertake the FVA competently.

3.3 Viability Principles

As set out in the RICS guidance note, LPAs will have objectives to secure appropriate contributions from development to meet the community and infrastructure needs within their local area. The RICS guidance further states that other stakeholder expectations need to be considered as part of the viability process; namely developers who will expect to make a suitable return, and landowner expectations which are crucial in ensuring the voluntary release of land for development.

The purpose of an FVA is to estimate whether a proposed development, when accounting for policy compliant levels of developer contributions, can provide:

- A minimum reasonable return to the landowner (defined as the EUV plus a premium); and
- A suitable return to the developer.

If the FVA illustrates that the scheme is not viable with full policy requirements, the decision-maker will need to consider whether to adjust the developer contributions, having regard to all the particular circumstances in the individual case.

The RICS guidance (paragraph 2.3.14) advises that the decision-maker will need to:

“make their judgements bearing in mind the two major policy imperatives of ensuring maximum development contributions and the delivery of land for development”.

The RICS guidance (paragraph 2.4.6) further states that a proper understanding of viability is essential to ensure that:

- Land is realistically priced and released for development to achieve plan delivery;
- All reasonable costs of construction related to the development have been accounted for; and
- Developers can obtain appropriate market risk-adjusted returns for delivering development.

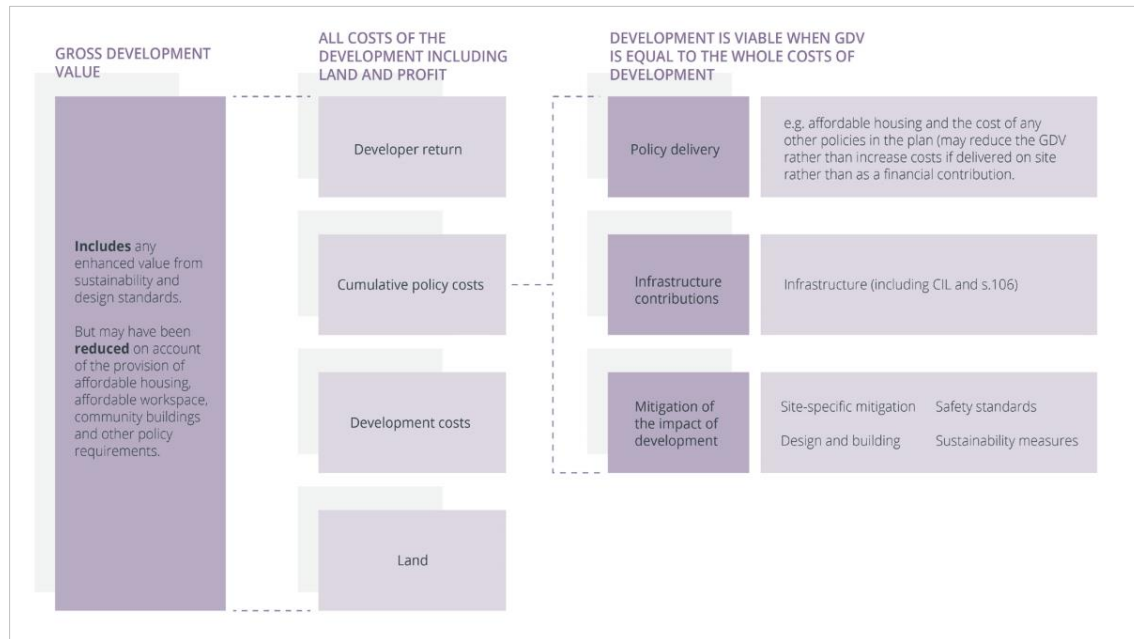
3.4 Viability Framework

The PPGV (Paragraph 10) defines an FVA as follows:

“Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes

looking at the key elements of gross development value, costs, land value, landowner premium, and developer return’.

The FVA process reflects a residual appraisal framework as shown in the diagram below and further explained in the Valuation of Development Property (October 2019) RICS guidance note:



Source: RICS Guidance Note Assessing Viability in Planning Under the National Planning Policy Framework 2019 for England (March 2021)

4. Site Overview

4.1 Site Location

Birkenshaw is a village in the borough of Kirklees in the county of West Yorkshire.

The village is served by the A650, a main arterial route which provides access to the M62. The M62 provides access to nearby major towns and settlements. Birkenshaw is located 7.0 miles to the southwest of Leeds, and 3.5 miles southeast from the centre of Bradford.

Birkenshaw benefits from a plethora of local amenity, including schools, shops, public houses/bars and restaurants. BBG Academy is located in the south of the village and is rated 'Good' by Ofsted. .

4.2 Site Description

The site comprises amenity woodland, with a sloping topography from north to south. The site is irregular in shape but is broadly rectangular. The Northern boundary of the site is bound by Birkenshaw Liberal Club, and further unused green space. The site is bound by housing estates to the east, south and west.

We are advised of a gross site area of approximately 2.15 acres.

4.3 Development Proposal

The proposed scheme will provide an infill of the surrounding estate housing uses and includes the provision of a new beer garden for the existing Birkenshaw Liberal Club located next door

Access to the site is provided via Croft Street to the east.

We are advised that the proposed scheme extends to a net developable site area of 1.73 acres.

4.4 Proposed Schedule of Accommodation

The proposal comprises a total development of 21 no. dwellings across the development site.

House type	Type	Storeys	Beds	No.	NSA
Langham	Semi-Detached	2	3	4	1,040
Carlton	Semi-Detached	2	3	6	1,052
Stafford	Semi-Detached	2	2	8	761
Berkeley	Detached	2	4	3	1,512
Total				21	21,096
Average					1,005

Summary

The Riva Homes proposal comprises a mix of semi-detached and detached dwellings, comprising 2-storeys.

The scheme comprises an aggregated NSA of 21,096 sq ft across 21 no. dwellings, reflecting a blended average unit size of 1,005 sq ft. The mix comprises 8 no. 2-beds (38%), 10 no. 3-beds (48%) and 3 no. 4-beds (14%).

From our experience of selling and valuing residential development land and undertaking viability assessments across the region, new-build schemes currently range in development density between 12,000 and 15,000 per net developable acre, depending on product mix and market area.

The net developable area of the site is 1.73 acres and therefore the proposed scheme has a density of 12,096 sq ft or 12 units per net developable acre, which is considered a reasonable density for a scheme of this nature within this location.

5. Planning Overview

5.1 Planning Policy

The site falls within the administrative area of Kirklees Council.

The current Kirklees Local Plan was adopted in February 2019. In 2023, the Council undertook a review of the plan, concluding that a full update was required to address changes to the housing supply, employment land delivery and climate change.

Relevant planning policies are contained within the Local Development Plan, which consists of the Kirklees Local Plan. Kirklees have launched their Local Plan Early engagement which concludes on the 28th of February 2025. Submission of the updated Local Plan is expected in September 2026.

The site is allocated for residential development within the emerging Local Plan update which provides an indicative capacity of 28 dwellings across the site.

In September 2019, planning permission was granted on the site for the development of 34 no. dwellings, planning reference 2014/62/92893/E.

5.2 S.106 Requirements and Community Infrastructure Levy

The Kirklees Local Plan requires 20% affordable housing on all qualifying developments of 10 or more dwellings. We are advised that the applicant will be required to deliver 2x affordable or social rented dwellings, 1x First Home(s), and 1x Intermediate dwelling.

Kirklees Council has opted not to adopt CIL whilst the government have announced the intention to replace CIL with the nationally set infrastructure levy.

We have been informed by our client that, from discussions with the Council, they anticipate that the scheme will be liable to pay £208,923 of S.106 contributions toward a Public Open Space contribution and BNG;

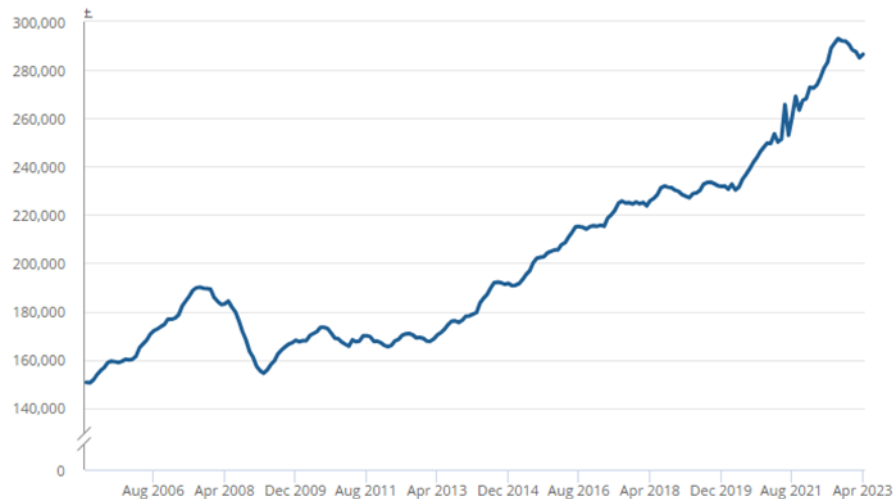
Based on the proposed development of 21 units, Kirklees Council therefore seeks delivery of 20% affordable housing, amounting to 4 units and a s.106 contribution of £208,923.

6. Residential Market Overview

6.1 UK Housing Market

Since the easing of lockdown restrictions in early 2021, the residential market gained momentum during 2021 and H1 2022, which subsequently led to a sharp price rises in most UK locations.

Average house price, UK, January 2005 to April 2023



The above graph highlights how steeply house prices increased over the course of 2021 and 2022, assisted by a strong employment market, government incentives, a low interest rate environment and a lack of supply of new build housing have all led to sustained house price growth. This, however, tapered off in 2023 and into 2024, with increased cost of borrowing leading to a drop off in activity across the UK housing market as a whole, with many national housebuilders reporting lower than average sales rates.

Following Russia's invasion of Ukraine in February 2022, the UK and wider global economy has witnessed a sharp rise in the cost of living specifically fuel and energy prices together with general consumer goods, with the Consumer Price Index (CPI) reaching heights of 9.6% as of October 2023. More generally, the UK economy remains relatively weak, entering into recession at the back end of 2023, with GDP falling 0.3% in the three months to December.

In a bid to control inflation, the Bank of England increased interest rates to 5.0% in June 2023, and once more to 5.25% in August 2023. The residential market is extremely sensitive to interest rate rises, with monthly mortgage payments becoming more expensive for many households. Housing market activity has continued to slow, as rising interest rates, high inflation, and a weaker economy impact consumer confidence.

Despite this, the UK economy is seeing some signs of improvement in this space, with CPI falling to 3.5% in Dec 2024. And in Q4 2024, wages grew at a greater rate than inflation.

Cushman & Wakefield's latest housing market update for August outlines the following headlines;

- Following the Autumn budget, focussed on economic growth and fiscal responsibility, bond markets reacted quickly, increasing UK borrowing costs and 10-year gilt yields as investors anticipated inflationary impacts.
- Mortgage rates have fallen for the third consecutive month, and with the MPC voting 7-2 to reduce the base rate further, to 4.50%, with the two voting to cut the base rate by 0.50%, We anticipate this trend to continue.
- Mortgage approvals experienced a slowdown, 3.5% below the previous month. These were, however, up on the previous year, with a year-on-year increase of 31.0%.
- Sales fell by 7.9% in November 2024, and remain below pre pandemic levels by 7.2%.
- Nationwide have reported that house prices experienced an annual increase of 2.4%, or a monthly rise of 0.1% to October 2024.

The above demonstrates the significant issues which have affected the UK housing market in the past 12-months, driven largely by inflationary pressures and subsequent impact to the cost of borrowing, with interest rates rising to their highest since 2008.

In addition to the above demand-side challenges, in respect of wider viability impacts, there have been a number of other wider factors in play relating to the construction of housing in the UK. As previously aforementioned, due to the wider global macroeconomic factors, such as the conflicts in Ukraine and Gaza, as well as the uncertainty surrounding the impact of the recent United States presidential election, not only has demand been impacted from the cost-of-living crisis, wider supply-chain issues have been realised within the construction industry, with build costs increasing significantly over the past 24-36 months, which has had a direct impact on the UK construction market.

Despite this, however, the Labour government have indicated a strong desire for housing delivery growth, with the target set for 1.5 million homes to be constructed this parliamentary term, leading to potential planning reform, including the introduction of the new NPPF Standard Method of calculating delivery and 'Grey Belt' land.

In addition to the impact on build costs caused by wider macroeconomic issues, the UK development market has also been hit by a number of new regulatory constraints, which have, in their own right, led to increases in the cost of construction. These include introduction of new Part L of Building Regulations, which set out that all new homes must produce 31% less carbon emissions than previous regulations, as well as the consideration of new Biodiversity Net Gain requirements, which is in place to ensure developments leave habitats for wildlife in a better state than it was before development. There is also the impending Future Homes Standards which, will provide more onerous requirements for developers, ensuring that all new homes with produce 75%-80% less carbon emissions than under 2021 regulations.

The above overview provides a clear picture of the problems which the UK residential market has faced over recent years. The remainder of the report looks to provide more site-specific evidence of the level of scheme viability in the context of the local area.

7. Stage One: Residual Land Value

To establish the viability of the proposed scheme we have adopted the residual approach, which involves calculating the Gross Development Value (GDV) of the development on completion and deducting all costs associated with bringing the scheme forward, including an element of developer's profit.

7.1 Gross Development Value

In accordance with planning policy guidance, to establish achievable revenues for the proposed scheme we have assumed delivery by a hypothetical housebuilder. We have undertaken research on new-build and second-hand sold prices in the locality, taking care to select developments and properties which are most closely comparable to the subject site.

7.1.1 New-build Revenue Analysis

The most relevant evidence for establishing likely sales revenues on new-build schemes is other comparable new build developments. Evidence should come from schemes within the immediate vicinity of any site being considered or, if this is not possible, schemes situated within neighbouring areas where house prices are comparable.

The key benefits of utilising new build evidence are:

- Accurate floor areas can be verified through information included on house builder websites, from floor plans submitted as part of the planning application for a site, or from data drawn from the Energy Performance Certificate (EPC) register.
- New build housing is more homogenous than second-hand stock, with specification typically similar across schemes and prior to alterations and additions by individual homeowners.
- Values can therefore be accurately compared on a rate per sq ft basis.
- Can be compared as a like-for-like in regard for quality and finish at the point of sale.

When utilising new-build evidence, it is important to note that housebuilders frequently offer incentives to purchasers or negotiate discounts against quoted asking prices to achieve sales.

Not all sales incentives offered by developers to secure plot sales are accounted for within the figure quoted at HM Land Registry (HMLR), most notably, part-exchange. For the purpose of comparing net sales revenues on a like-for-like basis, the price quoted on HMLR should therefore be discounted to allow for additional sales incentives, typically in the order of 3-5% depending on market area. For the purposes of this report we have applied a discount of 5% from the gross revenues sourced from HMLR.

Note that in analysing sales evidence we have relied upon HMLR data and floor areas contained within the EPC Register. As such, we are reliant upon the accuracy of this data. While there may be some margin of error, the comparables do nonetheless provide good evidence for likely achievable values at the subject site and are in-line with our expectations of value based upon our market knowledge.

We have utilised the following new build evidence to inform our assessment of achievable revenues.

1. Kings Park, Drighlington - Miller Homes
2. Whitehall Grange, New Farnley – Redrow Homes
3. Emmet’s Reach, Birkenshaw – David Wilson Homes
4. Oakroyds, Birkenshaw – Rouse Homes
5. Oxford Meadows, Gomersal – Riva Homes

7.1.2 Kings Park – Miller Homes

Kings Park is located c1.5 miles east of the subject site, within the village of Drighlington.

The scheme comprises 174 no. dwellings over a range of 2-, 3- and 4-bedroom semi-detached and detached house types. At the point of writing, only two home remain available for purchase.

Our market research confirms that there were 29 no. transactions from August 2023 to July 2023.

Date Sold	No	Address	Price	Type	Sq Ft	£/sq ft
31/08/2023	4	Fern Fold	£311,995	Detached	1,012	£308
31/08/2023	3	Fern Fold	£332,995	Detached	1,152	£289
31/08/2023	2	Fern Fold	£332,995	Detached	1,152	£289
06/09/2023	11	Rosemary Lane	£309,995	Detached	1,012	£306
29/09/2023	4	Rose Close	£299,995	Detached	958	£313
29/09/2023	1	Rose Close	£306,995	Detached	1,012	£303
29/09/2023	1	Fern Fold	£369,995	Detached	1,238	£299
29/09/2023	2	Rose Close	£374,995	Detached	1,238	£303
04/10/2023	4	Rosemary Lane	£387,995	Detached	1,335	£291
27/10/2023	6	Rose Close	£244,995	Semi-Detached	818	£299
27/10/2023	8	Rose Close	£244,995	Semi-Detached	818	£299
08/11/2023	3	Rose Close	£340,995	Detached	1,152	£296
24/11/2023	12	Rose Close	£424,995	Detached	1,528	£278
30/11/2023	10	Rose Close	£316,995	Detached	1,012	£313
30/11/2023	5	Rose Close	£379,995	Detached	1,238	£307
15/12/2023	14	Rose Close	£340,995	Detached	1,152	£296
19/12/2023	7	Rose Close	£419,995	Detached	1,442	£291
19/12/2023	16	Rose Close	£424,995	Detached	1,528	£278
20/12/2023	1	Hazel Chase	£412,995	Detached	1,442	£286
21/12/2023	9	Rose Close	£305,995	Detached	958	£319
21/12/2023	30	Winterfell Road	£324,995	Detached	1,012	£321
21/12/2023	2	Hazel Chase	£379,995	Detached	1,270	£299
21/12/2023	3	Hazel Chase	£419,995	Detached	1,528	£275
21/12/2023	11	Rose Close	£424,995	Detached	1,442	£295
08/03/2024	3	Pine Place	£384,995	Detached	1,270	£303
11/03/2024	2	Pine Place	£347,995	Detached	1,152	£302
28/03/2024	29	Hollybeck Street	£252,995	Semi-Detached	818	£309
28/03/2024	31	Hollybeck Street	£254,995	Semi-Detached	818	£312
26/04/2024	17	Hollybeck Street	£384,995	Detached	1,270	£303
Averages			£346,961		1,165	£298

(£283*)

*Indicates a 5% discount to allow for incentives

The average blended sale price across the study period was £346,961 across 1,165 sq ft, representing an average gross revenue of £298 per sq ft across a range of £275 to £321 per sq ft. Sales prices ranged from £244,995 to £424,995.

However, whilst HMLR does account for most sales incentives offered by the housebuilder to the purchaser, it does not account for all financial incentives, most notably part-exchange, where the net receipt to the housebuilder may follow sometime after submission of forms to HMLR.

On this basis, we have assumed a 5% discount to the average gross revenue of £298 per sq ft to establish a net revenue position. We therefore surmise the blended average net revenue equates to £283 per sq ft.

Some of the sales included within the above data reflect somewhat dated evidence from 2023. As a method of cross-checking, we have utilised LandInsight's index tool to establish the "market price", which uses localised HMLR UK House Price Index data to adjust the sales price to present day values. This indicated present day "market prices" of £314 per sq ft, or £298 per sq ft net of incentives.

Type	No	Average Price	Average Size	Average £/sq ft	Net £/sq ft
Detached	25	£362,555	1,220	£297	£282
Semi-Detached	4	£249,495	818	£305	£290
Total	29	£346,961	1,165	£298	£283

The above table illustrates the sales evidence by house type. We note that, there was little variance in achieved revenues between the varying house types, with detached and semi-detached properties averaging £282/sq ft and £290/sq ft (net of incentives) respectively. There were more achieved sales for detached dwellings in the sales period.

Drighlington is a neighbouring village, and shares similar characteristics as Birkenshaw in respect of amenity and access to major motorway networks and public transport. We would, however judge Birkenshaw to benefit from a somewhat more attractive setting, however, Drighlington benefits from proximity to Leeds. We would envisage broadly similar values to therefore be achieved at the subject when considered on a like-for-like basis with the proposed house types.

Whitehall Grange – Redrow Homes

Whitehall Grange is situated on the A58 Whitehall Road, approximately 3.5 miles northeast of the subject, within New Farnley.

Redrow Homes secured reserved matters approval in March 2021 for the proposals to deliver 114 no. dwellings, across a mix of 3- and 4-bed dwellings.

Our market research confirms that there were 20 no. transactions from August 2023 to March 2023.

Date Sold	No	Address	Price	Type	Sq Ft	£/sq ft
18/08/2023	10	Edward Way	£394,950	Detached	1,119	£353
18/08/2023	2	Edward Drive	£504,950	Detached	1,378	£367
25/08/2023	1	Edward Drive	£479,950	Detached	1,378	£348
15/09/2023	10c	Walsh Lane	£469,950	Detached	1,292	£364

27/09/2023	35	Edward Way	£399,950	Detached	1,119	£357
29/09/2023	5	Edward Drive	£480,000	Detached	1,378	£348
20/10/2023	18	Edward Way	£397,950	Detached	1,119	£355
17/11/2023	13	Edward Drive	£445,000	Detached	1,292	£345
17/11/2023	5	Edward Walk	£514,950	Detached	1,292	£399
24/11/2023	22	Edward Way	£477,000	Detached	1,378	£346
24/11/2023	4	Edward Walk	£389,950	Detached	1,066	£366
01/12/2023	9	Edward Drive	£435,000	Detached	1,259	£345
08/12/2023	4	Edward Drive	£459,950	Detached	1,292	£356
08/12/2023	3	Edward Walk	£482,950	Detached	1,378	£351
15/12/2023	2	Edward Walk	£483,000	Detached	1,378	£351
15/12/2023	16	Edward Way	£429,000	Detached	1,292	£332
15/12/2023	1	Edward Walk	£386,950	Detached	1,066	£363
23/02/2024	7	Edward Drive	£435,000	Detached	1,259	£345
29/02/2024	20	Edward Way	£433,000	Detached	1,259	£344
19/03/2024	2	St James Chase	£398,000	Detached	1,119	£356
Averages			£444,873		1,256	£354 (£337*)

**Indicates a 5% discount to allow for incentives*

The average blended sale price across the study period was £444,873 across 1,256 sq ft, representing an average gross revenue of £354 per sq ft across a range of £332 to £399 per sq ft. Sales prices ranged from £386,950 to £514,950.

However, whilst HMLR does account for most sales incentives offered by the housebuilder to the purchaser, it does not account for all financial incentives, most notably part-exchange, where the net receipt to the housebuilder may follow sometime after submission of forms to HMLR.

On this basis, we have assumed a 5% discount to the average gross revenue of £354 per sq ft to establish a net revenue position. We therefore surmise the blended average net revenue equates to around £337 per sq ft.

The above sales evidence consists entirely of detached dwellings only.

Some of the sales included within the above data reflects somewhat dated evidence from 2023. As a method of cross-checking, we have utilised LandInsight's indexing tool to establish the "market price", which uses localised HMLR UK House Price Index data to adjust the sales price to present day values. This indicated present day "market prices" of £373 per sq ft, or £354 per sq ft net of incentives.

The scheme occupies, again, a similar market location in respect of level of local amenity and access to major motorway networks and public transport. The Redrow scheme is, however, located in closer proximity to Leeds, and would therefore anticipate a premium to be achieved in this location over the subject. We would also anticipate a premium associated with the Redrow product in that they typically deliver house types built to a high specification than average.

7.1.3 Emmet's Reach – David Wilson Homes

Emmet's Reach is located c0.8miles south of the subject site, within the village Birkenshaw.

The scheme comprises 125 no. dwellings over a range of 3- and 4-bedroom dwellings. At the point of writing, only two home remain available for purchase.

Our market research confirms that there were 17 no. transactions from August 2023 to July 2023.

Date Sold	No	Address	Price	Type	Sq Ft	£/sq ft
14/01/2021	3	Ridge Lane	£277,995	Semi-Detached	1,195	£233
29/01/2021	5	Ridge Lane	£278,995	Semi-Detached	1,195	£234
18/02/2021	5	Heathfield Lane	£307,000	Semi-Detached	1,292	£238
05/03/2021	8	Ridge Lane	£274,995	Terraced	1,195	£230
12/03/2021	12	Ridge Lane	£262,995	Terraced	1,195	£220
12/03/2021	10	Ridge Lane	£266,995	Terraced	1,195	£223
26/03/2021	15	Holden View	£219,995	Terraced	829	£265
01/04/2021	19	Holden View	£227,995	Terraced	829	£275
09/04/2021	17	Holden View	£227,995	Terraced	829	£275
23/04/2021	11	Holden View	£227,995	Semi-Detached	829	£275
28/04/2021	9	Holden View	£239,995	Semi-Detached	829	£290
30/04/2021	5	Holden View	£280,246	Semi-Detached	1,292	£217
07/05/2021	7	Holden View	£298,995	Semi-Detached	1,292	£231
18/06/2021	1	Heathfield Lane	£359,995	Detached	1,367	£263
22/06/2021	6	Holden View	£280,995	Semi-Detached	1,292	£218
25/06/2021	8	Holden View	£287,995	Semi-Detached	1,292	£223
25/06/2021	4	Holden View	£364,995	Detached	1,367	£267
					1,136	£243
						(£231*)

*Indicates a 5% discount to allow for incentives

The average blended sale price across the study period was £275,657 across 1,136 sq ft, representing an average gross revenue of £243 per sq ft across a range of £263 to £362 per sq ft. Sales prices ranged from £219,995 to £364,995.

However, whilst HMLR does account for most sales incentives offered by the housebuilder to the purchaser, it does not account for all financial incentives, most notably part-exchange, where the net receipt to the housebuilder may follow sometime after submission of forms to HMLR.

On this basis, we have assumed a 5% discount to the average gross revenue of £243 per sq ft to establish a net revenue position. We therefore surmise the blended average net revenue equates to around £231 per sq ft.

The sales included within the above data reflects dated evidence from 2021. Given the significant shifts in the UK housing market during this time period, and as a method of cross-checking, we have utilised LandInsight's indexing tool to establish the "market price", which uses localised HMLR UK House Price Index data to adjust the sales price to present day values. This indicated present day "market prices" of £299 per sq ft, or £284 per sq ft net of incentives.

Type	No	Average Price	Average Size	Average £/sq ft	Net £/sq ft
Detached	2	£362,495	1,367	£265	£252
Semi-Detached	9	£275,579	1,167	£236	£224
Terraced	6	£246,828	1,012	£244	£232

Total	17	£275,657	1,136	£243	£231
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The above table illustrates the sales evidence by house type. We note that, there was little variance in achieved revenues between the terraced (£232/sq ft net) and semi-detached (£224/sq ft net) dwellings, with detached properties averaging a slight premium, at £252/sq ft (net of incentives) respectively.

As aforementioned, the evidence utilised is somewhat dated, however we have included it on the basis of it's proximity to the subject. To cross reference the above, we have also sought resale evidence of properties at this development. We established three transactions from 2024, which reflected an average sale price of £341,680 across an average floor area of 1,302 sq ft. This reflected an average price per sq ft of £262 per sq ft.

We have applied limited weight to this evidence on the basis of it's age, however, give reference to it in our analysis based on proximity to the subject.

7.1.4 Oakroyd – Rouse Homes

Oakroyd is located c0.5miles south of the subject site, within the village Birkenshaw.

The scheme comprises 30 no. dwellings over a range of 3-, 4-, and 5-bedroom dwellings.

Our market research confirms that there were 19 no. transactions from January 2020 to October 2020.

Date Sold	No	Address	Price	Type	Sq Ft	£/sq ft
17/01/2020	15	Oakroyd View	£272,995	Semi-Detached	1,163	£235
31/01/2020	17	Oakroyd View	£269,995	Semi-Detached	1,098	£246
26/02/2020	16	Oakroyd View	£379,995	Detached	1,410	£269
20/03/2020	18	Oakroyd View	£409,995	Detached	1,572	£261
27/03/2020	20	Oakroyd View	£444,995	Detached	1,582	£281
09/04/2020	34	Oakroyd View	£264,995	Detached	1,076	£246
21/04/2020	27	Oakroyd View	£219,995	Terraced	947	£232
12/06/2020	25	Oakroyd View	£224,995	Terraced	936	£240
12/06/2020	23	Oakroyd View	£229,995	Terraced	883	£261
12/06/2020	2	Oakroyd View	£384,995	Detached	1,442	£267
08/07/2020	30	Oakroyd View	£294,995	Detached	1,163	£254
10/07/2020	28	Oakroyd View	£272,995	Semi-Detached	1,098	£249
10/07/2020	32	Oakroyd View	£384,995	Detached	1,485	£259
17/07/2020	26	Oakroyd View	£279,995	Semi-Detached	1,163	£241
04/09/2020	22	Oakroyd View	£414,995	Detached	1,572	£264
16/09/2020	24	Oakroyd View	£384,995	Detached	1,485	£259
02/10/2020	5	Oakroyd View	£449,995	Detached	1,582	£284
14/10/2020	3	Oakroyd View	£294,995	Detached	1,163	£254
30/10/2020	1	Oakroyd View	£475,000	Detached	2,217	£214
Averages			£334,522		1,318	£254 (£241*)

*Indicates a 5% discount to allow for incentives

The average blended sale price across the study period was £334,522 across 1,318 sq ft, representing an average gross revenue of £254 per sq ft across a range of £214 to £284 per sq ft. Sales prices ranged from £219,995 to £475,000.

However, whilst HMLR does account for most sales incentives offered by the housebuilder to the purchaser, it does not account for all financial incentives, most notably part-exchange, where the net receipt to the housebuilder may follow sometime after submission of forms to HMLR.

On this basis, we have assumed a 5% discount to the average gross revenue of £254 per sq ft to establish a net revenue position. We therefore surmise the blended average net revenue equates to around £241 per sq ft.

The sales included within the above data reflects dated evidence from 2020. As a method of cross-checking, we have utilised LandInsight's indexing tool to establish the "market price", which uses localised HMLR UK House Price Index data to adjust the sales price to present day values. This indicated present day "market prices" of £338 per sq ft, or £321 per sq ft net of incentives.

Type	No	Average Price	Average Size	Average £/sq ft	Net £/sq ft
Detached	12	£382,079	1,479	£258	£245
Semi-Detached	4	£273,995	1,130	£242	£230
Terraced	3	£224,995	922	£244	£232
Total	19	£334,522	1,318	£254	£241

The above table illustrates the sales evidence by house type. We note that, there was little variance in achieved revenues between the terraced (£232/sq ft net) and semi-detached (£230/sq ft net) dwellings, with detached properties averaging a slight premium, at £245/sq ft (net of incentives).

There were no resale transactions established as part of our analysis.

As aforementioned, the evidence utilised is somewhat dated, and have therefore applied limited weight to this evidence on the basis of it's age, however, give reference to it in our analysis based on proximity to the subject.

7.1.5 Oxford Meadows, Gomersal – Riva Homes

Oxford Meadows is located c1 mile south of the subject site, within the village of Gomersal.

The scheme, delivered by the applicant, Riva Homes, comprises 22 no. dwellings over a range of 2- and 3-, 4-, and 5-bedroom dwellings.

Our market research confirms that there were 16 no. transactions from June 2021 to March 2022.

Date Sold	No	Address	Price	Type	Sq Ft	£/sq ft
29/06/2021	3	Kensington Way	£374,950	Detached	1,324	£283
30/07/2021	4	Kensington Way	£279,950	Semi_Detached	1,023	£274
17/08/2021	6	Kensington Way	£274,950	Semi_Detached	1,012	£272
24/09/2021	23	Kensington Way	£402,450	Detached	1,496	£269
28/10/2021	19	Kensington Way	£275,000	Semi_Detached	1,012	£272
12/11/2021	2	Kensington Way	£534,950	Detached	2,002	£267
12/11/2021	22	Kensington Way	£429,950	Detached	1,485	£289
26/11/2021	20	Kensington Way	£407,450	Detached	1,496	£272
03/12/2021	11	Kensington Way	£168,000	Terraced	721	£233

10/12/2021	15	Kensington Way	£164,000	Terraced	721	£227
17/12/2021	5	Kensington Way	£238,000	Terraced	980	£243
21/12/2021	18	Kensington Way	£409,950	Detached	1,485	£276
31/01/2022	9	Kensington Way	£228,000	Terraced	980	£233
25/02/2022	14	Kensington Way	£297,450	Semi_Detached	1,485	£200
11/03/2022	12	Kensington Way	£297,450	Semi_Detached	1,485	£200
31/03/2022	10	Kensington Way	£296,000	Semi_Detached	1,485	£199
			£317,406		1,262	£251 (£239*)

**Indicates a 5% discount to allow for incentives*

The average blended sale price across the study period was £317,406 across 1,262 sq ft, representing an average gross revenue of £251 per sq ft across a range of £199 to £289 per sq ft. Sales prices ranged from £164,000 to £534,950.

However, whilst HMLR does account for most sales incentives offered by the housebuilder to the purchaser, it does not account for all financial incentives, most notably part-exchange, where the net receipt to the housebuilder may follow sometime after submission of forms to HMLR.

On this basis, we have assumed a 5% discount to the average gross revenue of £251 per sq ft to establish a net revenue position. We therefore surmise the blended average net revenue equates to around £239 per sq ft.

The sales included within the above data reflects dated evidence from 2021. As a method of cross-checking, we have utilised LandInsight's indexing tool to establish the "market price", which uses localised HMLR UK House Price Index data to adjust the sales price to present day values. This indicated present day "market prices" of £295 per sq ft, or £280 per sq ft net of incentives.

Type	No	Average Price	Average Size	Average £/sq ft	Net £/sq ft
Detached	6	£426,617	1,548	£276	£262
Semi-Detached	6	£286,800	1,250	£229	£218
Terraced	4	£199,500	850	£235	£223
Total	16	£317,406	1,318	£251	£239

The above table illustrates the sales evidence by house type. We note that, there was little variance in achieved revenues between the terraced (£223/sq ft net) and semi-detached (£218/sq ft net) dwellings, with detached properties averaging a significant premium, at £262/sq ft (net of incentives).

As aforementioned, the evidence utilised is somewhat dated, and have therefore applied limited weight to this evidence on the basis of it's age, however, give reference to it in our analysis based on proximity to the subject.

7.1.6 Second-Hand Revenue Analysis

On the basis of the limited recent newbuild sales evidence, we have also undertaken analysis of the wider second-hand market, measuring sales evidence within the locality of the subject. This area comprises a wide mix of house types from lower quality 60/70s built housing to some higher quality, to newly built housing from the early 2000s.

Whilst second hand evidence is not as important as new build revenues, it provides a helpful indication as to the strength of the local market area. It is to be considered, however that there are

some weaknesses with second hand evidence, in that it is not homogenous, with condition, specification and decor varying from property to property.

Despite this, we were able to identify resale evidence at some historic, but relatively recent, newbuild housing schemes which have since been fully sold. We judge that this evidence still provides a useful indication as to the achievable sales values.

The below table includes a comprehensive list of all second-hand transactions within a 0.25 miles captured by HMLR from the past 12-months to date.

Our market research indicates there were nine no. transactions between May 2024 and October 2024.

Date Sold	No	Address	Price	Type	Sq Ft	£/sq ft
24/05/2024	124	Old Lane	£327,000	Detached	1,109	£295
29/05/2024	728	Bradford Road	£93,000	Terraced	635	£146
14/06/2024	46	Threelands	£285,000	Detached	1,249	£228
19/07/2024	3	Royd Well	£565,000	Detached	1,991	£284
30/07/2024	5	Allen Croft	£115,000	Terraced	484	£237
27/08/2024	31	Allen Croft	£120,000	Terraced	527	£228
30/08/2024	700	Bradford Road	£112,500	Terraced	484	£232
15/10/2024	75	Allen Croft	£130,000	Terraced	667	£195
17/10/2024	59	Allen Croft	£200,000	Semi-Detached	958	£209
Averages			£216,389		901	£240

The tone of £240 per sq ft varies from the analysis of newbuild evidence, however, as aforementioned, we would expect newbuild dwellings to achieve a premium in comparison to second-hand sales due to the increased quality, on average, of the finish of a newbuild home, with a lot of products built to a higher specification, with greater energy efficiency standards, in addition to the general perception and higher value that consumers will place on a newer product.

As aforementioned, the housing stock in the immediate area varies significantly, reflected in sales values ranging from £146 per sq ft to £295 per sq ft over the study period. We judge that the values at the upper end of this range broadly substantiate our assessment of newbuild evidence.

7.1.7 Summary of new-build revenues

Our analysis of new-build revenues is as follows:

Development	Developer	Distance from Subject (m)	House Type	Average Price	Average Size	Gross £/sq.ft	Net £/sq.ft*	Similarity
Kings Park	Miller Homes	1.5	Detached	£362,555	1,220	£297	£282	Superior Location
			Semi-Detached	£249,495	818	£305	£290	
Whitehall Grange	Redrow	3.5	Detached	£444,873	1,256	£354	£337	Superior Location
Emmet's Reach	David Wilson Homes	0.8	Detached	£362,495	1,367	£265	£252	Comparable Location, Dated Evidence
			Semi-Detached	£275,579	1,167	£236	£224	
			Terraced	£246,828	1,012	£244	£232	
Oakroyds	Rouse Homes	0.5	Detached	£382,079	1,479	£258	£245	Comparable Location, Dated Evidence
			Semi-Detached	£273,995	1,130	£242	£230	
			Terraced	£224,995	922	£244	£232	
Oxford Meadows	Gomersal	1	Detached	£426,617	1,548	£276	£262	Comparable Location, Dated Evidence
			Semi-Detached	£286,800	1,250	£229	£218	
			Terraced	£199,500	850	£235	£223	
Second Hand***	N/A	N/A	Detached	£392,333	1,450	£271	£284 - £311**	Wide range of evidence
			Semi-Detached	£200,000	958	£209	£219 - £240**	
			Terraced	£114,100	560	£204	£214 - £234**	

*a 5% discount has been applied to the gross average revenue to account for sales incentives not captured by HMLR

**denotes 5% (or 5% - 15%) uplift to reflect premium of newbuild evidence

***denotes resale/second hand evidence

7.1.8 GDV Summary – Market Housing

Birkenshaw is a popular village which enjoys access to local amenities, schools and is nearby to surrounding rural areas. The subject site occupies a central location, bound by existing urban uses including estate housing and Birkenshaw Liberal Club, and therefore the proposed development serves as a natural infill to the existing settlement.

There hasn't been an extensive amount of newbuild housing development in Birkenshaw recently, however, there is still a good amount of recent evidence from further afield, and some historic evidence from Birkenshaw itself.

We reference the scheme delivered by Miller Homes in Drighlington, Kings Park, approximately 1.5 miles east of the subject. The development represents the closest, most up-to-date evidence, and saw blended average sales revenues of £283 per sq ft (net of incentives). When indexing this to present day values, this reflects £ per sq ft values of £298 per sq ft. We conclude that whilst Birkenshaw benefits from a slightly more attractive market location, Drighlington benefits from proximity to Leeds. We would therefore anticipate similar revenues at the subject, however, on the basis of quantum, with smaller average unit sizes proposed at the subject, we anticipate a marginally higher average £ per sq ft value to be achieved at the subject.

In New Farnley, Redrow Homes have delivered their Whitehall Grange site, approximately 3.5 miles to the east of the subject. The site is situated in a higher value location, in closer proximity to Leeds. We would also anticipate that the values at the Redrow scheme would achieve a premium on that of a hypothetical developer on the basis of their anticipated premium specification. Achieved revenues at this scheme were £337 per sq ft (net of incentives). We would anticipate a discount to be achieved at the subject.

Given the lack of recent evidence in the immediate vicinity achieved within the past 18-months, we have considered more historic evidence of completed schemes within Birkenshaw, utilising LandInsight's indexing tool to adjust achieved revenues to present day. On this basis, we apply limited weight to such evidence, however it serves as a useful cross-check against the evidence further afield. There are two relatively new-build schemes which have been delivered in the village in recent years; Emmet's Reach by David Wilson Homes, and Oakroyds by Rouse Homes. When adjusting to present day values, the two schemes achieved blended average revenues on a £ per sq ft basis of £284 and £321 per sq ft respectively.

The applicant, Riva Homes, recently completed on their site, Oxford Meadows, in the neighbouring village of Gomersal, selling the final dwelling in 2022. The site, located approximately 1 mile south of the subject site. In a similar manner to the schemes highlighted by David Wilson and Rouse Homes, the evidence which we reference is somewhat historic, and we have therefore indexed to present day values to surmise a £ per sq ft value of £280 per sq ft net of incentives. We have used this evidence as a guide only, however provides a useful indication of the achievable revenues.

Finally, we have taken second hand evidence from a 0.25 mile radius of the subject site from the previous 12-month period in order to conclude on our opinion of achievable values. When considering secondhand evidence, it is important to use caution, and use it as a guide only, given the extent in differences in quality of housing stock. When considering the average newbuild evidence, after applying a 5 to 15% uplift to account for 'newbuild premium', the average £ per sq ft value ranges to from £252 to £276/sq ft. The evidence varies somewhat, with values ranging from £146 per sq ft to £295 per sq ft. We deem that the upper end of the evidence broadly substantiates our assessment of newbuild sales revenues.

Based on the above analysis of the local housing market, we would anticipate a blended average revenue for the market sale units to be in the region of £310 per sq ft.

7.1.9 GDV Summary – Affordable Housing

Our assessment of achievable transfer values, assuming transfer to a Registered Provider, assumes delivery of 20% affordable housing in accordance with Kirklees Council policy.

We have assumed affordable housing transfer values, mix and tenure requirements consistent with information supplied by the Client. On this basis the affordable mix includes 1x First Home(s) (transferred at 30% Open Market Value), 1x Intermediate (transferred at 20% Open Market Value), and 2x Affordable Rented units (Transferred at £79.99 per sq ft).

7.1.10 GDV Conclusions

Having regard to our comparable evidence analysis, our assessment of achievable revenues is as follows assuming delivery of 20% affordable housing.

Note we have applied transfer values as per our analysis of the Kirklees Council affordable housing policy requirement. We have assumed a mix of 70% social rented and 30% intermediate tenure product in line with policy requirements.

Market Sale (80%)

House type	Type	No.	NSA	Total NSA	£/Sq Ft	Sale Price	GDV
Stafford	Semi-Detached	4	761	3,044	£330	£251,130	£1,004,520
Langham	Semi-Detached	4	1,040	4,160	£318	£330,720	£1,322,880
Carlton	Semi-Detached	6	1,052	6,312	£317	£333,484	£2,000,904
Berkeley	Detached	3	1,512	4,536	£285	£430,920	£1,292,760
Totals		17		18,052			£5,621,064
Average			1,062		£311.38	£330,651	

Affordable Housing (20%)

House type	Type	Tenure	No.	NSA	Total NSA	Transfer Price	GDV
Stafford	Semi-Detached	Rented	2	761	1,522	£60,872	£121,744
		Intermediate	1	761	761	£175,791	£175,791
		First Homes	1	761	761	£200,904	£200,904
Total			4		3,244		£498,439
Average				811		£124,610	

Total (100%)

	No.	NSA	£ per sq ft	Sale Price	GDV
Total	21	21,096			£6,119,503
Average		1,005	£290.08	£291,405	

Whilst the properties may ultimately be marketed for a value higher than the figures stated, our opinion of revenues represents the value we consider a housebuilder could achieve following deductions for negotiating discounts and incentives. Asking prices could be in the region of 5% higher to allow for these incentives and price negotiations.

7.2 Cost Assumptions

7.2.1 Build Costs

To assess the residual land value of the proposed development, we have deducted the costs of construction from the GDV. The cost assumptions associated with identifying the value of the proposed scheme fall into two distinct sections:

- The cost of delivering the housing, including plot externals; and
- The cost of delivering the infrastructure, services, site works etc. over and above that of the traditional house building costs. These are the abnormal development costs.

The NPPF and PPG guidance states build costs should be based on appropriate data and identifies the Build Cost Information Service (BCIS) as an appropriate source. A scheme of this scale will appeal to regional housebuilders and therefore the median quartile build cost estimate is a reasonable point of reference.

The BCIS median quartile rate for general estate housing dated 08 February 2025 and rebased to Kirklees equates to £1,382/sq m (£128.39/sq ft), which includes standard plot build plus prelims.

A summary report can be found in Appendix A.

Whilst BCIS average price data include preliminaries, it does not account for costs associated with immediate plot externals such as gardens, driveways and utility service connections. We have therefore included a 10% allowance to account for plot externals not captured within the BCIS data. This gives an 'all-in' build cost of £1,520/sq m (£141.23/sq ft).

The floor areas set out in the report are defined as Net Sales Area (NSA), which disregards integral garages in accordance with the RICS Code of Measuring Practice. However, we consider it appropriate to apportion the build cost of £141.23/sq ft against the Gross Internal Area (GIA) of the plots, which includes integral garages.

We are advised by the Client that the proposed scheme includes 3 integral garages and 2 detached garages, with a total additional floor area of 969 sq ft. This equates to a total GIA for the scheme to be 22,065 sq ft.

We have therefore adopted an all-in build cost of £3,116,234.

For the avoidance of doubt, this cost relates to the plot build and plot externals only and makes no allowance towards abnormal development cost items. Our approach is robust, consistent with the latest NPPF guidance and is supported by independent BCIS data.

7.2.2 Future Home Standards

In 2025, housebuilders will be obligated to comply with MHCLG Future Home Standards, which will aim to ensure that new homes constructed will realise a minimum of 75% carbon emissions saving when compared to 2013 Building Regulations. To achieve such savings, housebuilders will be seeking to implement heat waste saving measures, sustainable hot water systems and improved heating. This will be introduced through the improvement of insulation, triple glazing, air source heat pumps etc.

We have made an allowance of £6,200 per unit in line with Option 1 of Table 4.2 of the DLUHC *Future Homes and Buildings Standards: 2023 consultation*¹. This equates to additional cost of £130,200.

7.2.3 Abnormal Development Costs

Our Client has provided us with a schedule of anticipated abnormal development costs, which we have itemised within our appraisal as set out below. A more detailed breakdown can be provided upon request.

Item	Cost
Abnormal Foundations	£70,380
Japanese Knotweed	£56,040
Tree Removal	£36,750
s185 - Y Water Diversion	£28,749
Muck Shift	£40,000
Retaining Walls	£137,671
Electrical Connections	£7,500
Bus Stop	£500
TRO	£10,000
Plot Purge Ventilation	£33,000
Beer Garden inc Noise Barrier	£30,000
Liberal Club Car Park	£30,000
Total	£480,589

The aggregated abnormal cost figure totals £480,589, equating to approximately £277,733 per net developable acre and £22,885 per plot.

7.2.4 Professional Fees

Professional fees typically range from 6-10% of the standard build cost depending on site complexity and design challenges.

Given the scale of proposed development, we have applied Professional Fees of 8% to the standard build costs (plus externals and garages).

7.2.5 Contingency

In our experience, contingency allowance should range from 3-5%, depending on the risks associated with the development.

We have adopted a 3% contingency to the standard build cost and externals, garages. We have adopted a 5% contingency allowance on abnormal costs, given a greater presence of uncertainty surrounding these costs.

¹ <https://www.gov.uk/government/consultations/the-future-homes-and-buildings-standards-2023-consultation/the-future-homesand-buildings-standards-2023-consultation#performance-requirements-for-new-buildings>

7.2.6 Finance

We have adopted a finance rate of 8% based on the land and construction cost assuming 100% debt finance, inclusive of all arrangement, monitoring and exit fees.

7.2.7 Marketing and Sales Fees

We have allowed 1% on GDV marketing and 1% on GDV agency fees to the private units, plus £1,000 per unit legal fees across all tenures.

7.2.8 Acquisition Costs

We have assumed standard acquisition costs, comprising Stamp Duty Land Tax at the prevailing rate, 1% agent and 0.5% legal fees.

7.2.9 Planning Costs

We have utilised the national Planning Portal to calculate the estimated cost of submitting the planning application for the scheme. On the basis of a full application of a scheme of 21 dwellings, this is calculated at £13,174 (inc VAT).

7.2.10 Sales and Build Rate

Given the location of the subject site, and the anticipated level of demand, in addition to prevailing market conditions, we have assumed a sales rate of 1.5 units per calendar month.

We have assumed the development includes a 3-month pre-construction period, a 3 month site clearance period, followed by the unit build, with sales commencing 6 months after the start of unit build. We have assumed a 6-month post construction tail for the sale of the final units.

Our cashflow assumes a total development timeline of 26 months, or 2.2 years.

7.2.11 Developer's Profit

There continues to be a healthy debate across the industry around what represents an appropriate level of developers profit in viability assessments. There is no definitive answer, although the majority of guidance and appeal precedents point to a minimum profit of 20% of GDV being appropriate.

Published in July 2018, updated PPG and NPPF guidance on viability identifies an assumption of 15-20% of GDV may be considered a suitable return for developers to establish the viability of planning policies. It acknowledges that alternative figures may be suitable where there is evidence to support, depending on the type, scale and risk profile of planned development.

However, this assumption relates to planning stage viability when specific cost information is unlikely to be available.

C&W have experience in selling a range of residential development land to national and regional housebuilders and we can confirm that from our experience they do not vary their profit requirement below 20% of GDV.

Furthermore, a higher profit level is reflective of the high upfront infrastructure costs, and ongoing economic and market uncertainty resulting from the ongoing cost of living crisis, impact of Brexit,

rising build cost inflation, and the war in Ukraine. These factor undoubtably increase the risk profile and we therefore consider a profit target of 20% is a realistic expectation.

The updated NPPF guidance indicates that a lower level of profit may be accepted by the developer in respect of affordable units, as they are transferred to a Registered Provider. We consider 8% of GDV to be reasonable on affordable units.

We have therefore adopted a blended developer's profit, based on 20% on the private GDV and 8% on the affordable GDV, which is consistent with NPPF guidance. We have therefore adopted a blended profit of 19.02% on GDV based on a policy-compliant scheme.

7.3 Residual Land Value

We have established appropriate appraisal input parameters to inform a residual appraisal calculation using Argus Developer software.

We have prepared a policy-compliant appraisal based on the proposed scheme and mix, which assumes policy-compliant s.106 contributions, and the delivery of 4 no. affordable units (20%). An appraisal summary is provided in Appendix B.

We have adopted market-facing inputs based on our market research and experience, and abnormal development costs provided by our client. Our inputs are supported by evidence and are considered robust and appropriate.

The residual output based on a policy-compliant position equates to a positive land value of £336,382 (say £335,000).

8. Stage Two: Benchmark Land Value

8.1 Overview

To assess the viability of the proposed development, we must compare the residual land value established in Stage One with a Benchmark Land Value (BLV).

On 24 July 2018, the Government published updated National Planning Policy Framework (NPPF) and Planning Policy Guidance (PPG) in respect of viability. This introduced a new approach for assessing BLV known as Current Use Value Plus, or Existing Use Value Plus (EUV+). The guidance was subsequently amended in May 2019, which provided more clarity around the approach to establishing BLV.

The RICS released its own revised guidance in May 2019 by way of publication of Financial Viability in Planning: Conduct and Reporting, 1st Edition, which became mandatory for RICS members undertaking viability assessments in September 2019.

In 2021, the RICS then released a subsequent Guidance Note (now a mandatory Professional Standard) 'Assessing Viability in planning under the National Planning Policy Framework 2019 for England' which replaced the 2012 'Financial viability in planning' guidance note. This document sets out the method of assessing Benchmark Land Value, as per the PPG on Viability and NPPF.

To determine EUV+, guidance states we are first required to establish the EUV of the land. We must then establish the landowner premium, which is the minimum amount over and above EUV which reasonably incentivises a sale and releases the site for development. The guidance states BLV should:

- be based on EUV;
- allow for a sufficient premium to landowner(s);
- reflect the implication of abnormal costs, including infrastructure costs and professional fees; and
- be informed by market evidence, including current uses, costs and values, where possible. Market evidence should be based on policy-compliant developments or otherwise be adjusted to reflect the cost of according with planning policy.

The guidance states that the price paid for the land cannot be used to support BLV and reduce the level of planning gain delivery.

PPG also recognises it may be appropriate to establish a viable Alternative Use Value (AUV). In such instances, AUV should be evidenced by cost and value information to support the BLV. However, as the premium is implicit within the AUV, it must not be double counted.

8.2 Existing Use Value

Establishing EUV is the first component in assessing Benchmark Land Value. In the PPG, Existing Use Value is defined as:

'the value of the land in its existing use. Current [Existing] use value is not the price paid and should disregard hope value.'

The site comprises amenity woodland area, located to the south of the Birkenshaw Liberal Club. We therefore consider it appropriate to assess its EUV on the basis of woodland land values.

Woodland land values vary but typically command in the order of £5,000 - £10,000 per gross acre², dependant on quality, location, size, etc. Woodland is usually split into two categories; Commercial and Amenity. The subject site comprises amenity woodland, which is usually used for it's environmental, recreational and visual benefits. Woodland land rarely transacts on the open market and therefore sourcing land evidence is challenging, however, there are a number of sources we can consider in support of our assessment of existing use value.

Address	Date	Price	Size	£/Acre	Status
Station Road/James Walton Court	N/A	£25,000	2.5	£10,000	For Sale
Raynor Sike Lane	N/A	£20,000	3.65	£5,479	Under Offer
Sand Hutton	N/A	£40,000	3.16	£12,658	Sold STC
				£9,379	

The above evidence reflects an average price per acre of £9,379. Based on the location of the subject, bound by a number of existing urbanised areas, which will subsequently face a significant amount of foot traffic, we deem it appropriate to adopt an existing use value at the lower end of the identified range.

Based on the evidence presented above, and based on the scale of the subject site, we have assessed the EUV at a rate of £8,000 per acre. This equates to £17,200 based on the gross area of 2.15 acres. For reference, this reflects approximately c£9,900 per net developable acre.

8.3 Landowner Premium (+)

To assess the level of planning gain delivery the scheme can afford, viability guidance states we must assess a reasonable landowner premium over and above EUV which we consider would suitably incentivise the landowner to release the site for residential development having regard to the risks and anticipated returns.

Guidance states that the landowner premium should:

- provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements;
- be informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration; and
- Evidence used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners.

Whilst guidance is silent on how the premium should be calculated, it acknowledges that comparable land transactional evidence can serve as a cross-check, an approach we fully support as it enables us to balance a premium uplift against the market.

In considering an appropriate uplift there are a number of sources available to us and we will provide comment on each in turn.

² [Buying woodland - All you need to know | Addland](#)

8.3.1 Planning Decisions

We have interrogated legal precedents in order to provide an indication of what may be deemed an appropriate landowner incentive, though clearly individual circumstances will dictate each case. We have focussed on decisions post-July 2018, when NPPF viability guidance was refreshed.

The 'Report on the examination of the draft North Tyneside Community Infrastructure Levy Charging Schedule', (published October 2018) discussed the principle of an appropriate premium. Here, the Planning Inspector considers the principle of applying a 20-30 multiplier to EUV for greenfield sites, as proposed by the Council's consultants. The Inspector states: 'I see little persuasive evidence that these judgements are unreasonable'.

We are also aware of an appeal decision in respect of a site in Poulton-le-Fylde, Lancashire, where the applicant submitted a FVA to support a scheme of 130 no. dwellings. To assess the BLV, the consultants argued that an appropriate uplift equates to 15-25 as a multiplier of EUV for greenfield sites. The appeal was allowed by the Planning Inspector in February 2020. We also have knowledge of a greenfield development site in Faringdon, which, upon appeal in July 2021, it was held that a 10x premium on EUV was sufficient, reflecting the 'minimum return' to incentivise a landowner to release the land for development.

Lichfields' have also recently concluded³ that an appropriate average multiplier for sites to reflect a low/high bookend which reflects the impact of various drivers (such as landowner expectations (after tax), land promotion return and collateral for upfront infrastructure loan funding) of between 23 and 30 of BLV, with smaller site typologies of c1ha requiring premium of 30 times.

8.3.2 Market Evidence

Whilst a premium should suitably incentivise the landowner to release the site for residential development, it should also have regard to the market and thus, we consider comparable land transactional evidence should serve as a cross-check, an approach fully consistent with NPPF viability guidance.

We would comment that we do not consider it appropriate to establish BLV based on a multiplier alone, as when not applied in the correct context it can be regarded as arbitrary with no regard to the market. For that reason, we consider it paramount that comparable land transactional evidence should be considered to provide an informed, holistic view of BLV adopting the EUV+ methodology. This approach is fully consistent with viability guidance.

We have focussed on the land sales of the schemes detailed within our market research and can provide the following headlines. We have established three land transactions in and around the village of Birkenshaw. This includes Emmet's Reach by David Wilson Homes, which was acquired at a price equivalent to £580k per net developable acre in July 2017. More recently, Vistry acquired the nearby site to Emmet's Reach, to the north of Whitehall Road West, for £733k per net developable acre in July 2023. Both of the above sites were greenfield, however we have been unable to confirm the site specific infrastructure costs associated with delivering the site.

Within Birkenshaw itself, Rouse purchased the site associated with their Oakroyds scheme at a purchase price equivalent to £975k per net developable acre in February 2019. The site formed part of the West Yorkshire Fire and Rescue HQ, including 11 former dwellings. This value is expected to

³ <https://lichfields.uk/blog/2024/september/20/fool-s-gold-how-a-rigid-approach-to-affordable-housing-and-benchmark-land-values-for-green-belt-could-undermine-housing-delivery>

be on the higher end of anticipated residential land values on the basis this has consideration to existing use value. Further afield, in Gomersal, we are aware that the applicant, Riva Homes, purchased their Oxford Road scheme for c£855k per net developable acre.

The above evidence demonstrates achieved values for residential development land ranging from £580k to £975k per net developable acre.

8.3.3 EUV+ Conclusion

We have assessed the EUV at £17,200, reflecting £8,000 per gross acre and c£9,900 per net developable acre. We consider it reasonable to assume the principle of residential use is supported at the site given it's allocated status in the adopted Local Development Plan, and on the basis of the previously consented scheme, and therefore anticipate the hypothetical landowner would seek a premium in excess of EUV to reflect the hope value in securing a future implementable consent.

The level of uplift established through legal precedents discussed above is broadly 10 – 30 times EUV, which is impacted by a number of factors such as cost of land promotion, capital gains tax considerations, and local property values. This is substantiated by the comparable land transactions, though recognising that where abnormal development costs are higher, land value will be reduced.

To guide a suitable premium, we have considered legal precedents and analysed key comparable land transactional evidence, an approach fully consistent with viability guidance. The transactional land evidence from nearby schemes reflects land values in the range of £580k and £975k per net developable acre.

As such, when applying a premium at the upper end of the identified range, 30 times EUV, this would reflect a benchmark land value of £516,000, equating to c£300k per net developable area. We deem that, whilst lower than the achievable land values demonstrated by comparable land transactions, this is an appropriate benchmark land value, having regard to the premium range identified in planning cases, and also to the level of site specific infrastructure and abnormal costs associated with the subject site.

8.4 Alternative Use Value

Paragraph 17 of the PPGV states that the AUV of the land “*may be informative in establishing BLV*”. The AUV refers to the value of land for uses other than its existing use.

The PPGV further advises that:

“If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV”.

The PPGV states that plan makers can set out in which circumstances alternative uses can be used, and the PPGV suggests certain “tests” which may need to be satisfied for AUV to be used, including:

- There is evidence that the alternative use would fully comply with up to date development plan policies;
- If it can be demonstrated that the alternative use could be implemented on the site in question;
- If it can be demonstrated there is market demand for that use; and
- If there is an explanation as to why the alternative use has not been pursued.

The site is allocated for housing, and furthermore there is an expired planning application (ref. 2014/92893) associated with the subject site, granted in September 2019, for the development of 34 no. dwellings. As this was approved following adoption of the Kirklees Local Plan, we judge this to be compliant with up-to-date plan policies in line with PPG guidance.

The application was submitted by Atkin Enterprises Ltd. It is unclear as to the specific reasons why the consent was never implemented, however, from discussions with our Client it is understood the consented scheme was deemed not to be deliverable due to issues with car parking and drainage. We have therefore disregarded AUV in our assessment of BLV.

8.5 BLV Conclusions

As aforementioned, the site is an allocated housing site in the adopted Local Plan, and was previously granted planning consent for a development of 34 no. dwellings. As such, it should be anticipated that a reasonable landowner would have regard to its current planning status when considering releasing the land for development.

Our assessment, following the EUV+ approach, concluded that an appropriate Benchmark Land Value assuming a premium at the upper end of the range established from legal and planning precedent, would be £516,000, or £300k per net developable acre. Any reasonable hypothetical landowner would also give consideration to comparable land evidence when considering releasing the land for development. The comparable land transactions referenced in our report, demonstrates achievable land values of between £580k and £975k per net developable acre, indicating our opinion of Benchmark Land Value is somewhat below the market evidence.

The PPG on Viability states that assessment of Benchmark Land Value should “*reflect the implications of abnormal costs*”. We therefore deem it appropriate to adopt a BLV lower than the range of market evidence on the basis of the identified constraints associated with undertaking the proposed development of the subject site.

We have taken the foregoing into consideration and confirm our opinion of BLV of £516,000, reflecting £300,000 per net developable acre and £240,000 per gross acre.

9. Stage Three: Sensitivity Analysis

9.1 Overview

In Stage One we established the policy-compliant land value incorporating four no. affordable units (20%) is £335,000.

In Stage Two we established a BLV of £516,000, reflecting £300,000 per net developable acre.

On this basis, the residual output assuming a policy-compliant position is negative, thus demonstrating the scheme is unable to viably deliver Kirklees Council's full planning gain requirements.

9.2 Sensitivity Analysis Approach

Development appraisals are sensitive to even the most minor of changes in certain key inputs, and in light of the recent changes in items such as build costs, market demand and revenues, and the cost of finance, we have undertaken a sensitivity analysis in accordance with the RICS Guidance Note, Financial Viability in Planning: Conduct and Reporting (effective 1 September 2019).

The below demonstrates the effect on viability which changes in build costs and revenues would have on the residual land value. Any residual value over and above the previously determined BLV of £516,000 would demonstrate a viable scheme.

Simple Sensitivity Analysis

		Revenues (£/sq ft)				
		-5.00%	-2.50%	+/- 0.00%	+2.50%	+5.00%
Build Cost (£/sq ft)	-5.00%	£0.285m	£0.385m	£0.485m	£0.585m	£0.685m
	-2.50%	£0.210m	£0.310m	£0.410m	£0.510m	£0.610m
	+/- 0.00%	£0.130m	£0.230m	£0.335m	£0.435m	£0.535m
	+2.50%	£0.050m	£0.155m	£0.260m	£0.360m	£0.460m
	+5.00%	£0.025m	£0.080m	£0.185m	£0.285m	£0.385m

The above table demonstrates that, in the best-case scenario of achieving reduced build costs by 5.00%, and increased revenues by 5.00%, a policy compliant scheme would achieve the target benchmark land value of £520,000. We note that, as per our assessment of the UK Housing Market in Section 6, the market is currently trending in the opposite direction to this scenario. Whilst build cost inflation is slowing down, that is not to say that costs are falling, just increasing at a lower rate. In addition, despite the adjustment to the Bank of England base rate, sales rates are still lagging behind, and uncertainty is still predicted in the meantime. For this reason, we would also highlight the effect that further rises to build costs and falls in revenues would have on the viability of the scheme. Should build costs rise by 5.00% and revenues drop at the same rate, our sensitivity analysis demonstrates that the residual land value would drop as low as approximately £25,000.

In addition to the above sensitivity analysis on revenue and build costs, we have also conducted scenario testing to test the level of affordable housing that could be afforded without impeding scheme viability.

We have run scenarios assuming reduced levels of affordable housing by 10-5% increments. Note each scenario assumes a variation to the blended profit allowance on account of the increase in private accommodation.

Affordable Housing Scenario Testing

Affordable (%)	Private No.	Private NSA	Affordable No.	Affordable NSA	GDV	Land Value	BLV Shortfall (£0.516m)
20%	17	18,052	4	3,044	£6,119,503	£335,000	-£181,000
10%	19	19,574	2	1,522	£6,359,987	£465,000	-£51,000
5%	20	20,335	1	761	£6,550,245	£585,000	£69,000
0%	21	21,096	0	0	£6,625,584	£610,000	£94,000

The sensitivity illustrates that, with nil affordable housing contribution, the residual output is £0.610m (£350,000 per net developable acre), which reflects a £94,000 residual on our assessment of BLV.

10. Conclusions

We have demonstrated the site is unable to viably deliver Kirklees Council's full planning policy requirements. This is on account of the assumed build and abnormal costs required to bring the site forward for residential development.

Our approach is in accordance with updated planning guidance and is supported by robust transactional evidence. We therefore consider our conclusions both reasonable and valid.

We have tested the viability of the scheme by running both simple sensitivity analysis on the changes of build cost and revenue inputs, in addition to scenario testing the amount of affordable housing the scheme could deliver when measured against our opinion of BLV; our opinion of what we consider to be the minimum amount at which a hypothetical landowner would be willing to release the land for development. We have tested the level of on-site affordable housing contributions which the scheme could support, and have concluded that, assuming that the scheme delivers one no. affordable dwelling, delivered as a First Home tenure, then the scheme can be viably delivered whilst meeting our opinion of BLV.

This scheme is located in a good market location, however, given relatively high unit build costs and abnormal development costs, the scheme fails to reach a residual land value to achieve the minimum land value which would realistically incentivise a hypothetical landowner to release the site. Our approach to benchmark land value demonstrates a BLV that is less than the demonstrable comparable residential land values, however, is considered reasonable on the basis of the site specific abnormal costs.

Our appraisal concludes the scheme can viably deliver one First Home on-site. A more onerous requirement or additional financial burden would further reduce the incentive to the landowner and the development would be rendered unviable.

This FVA has been prepared and countersigned by:

20 February 2024

11. Disclaimer

This FVA and the advice provided do not constitute a formal valuation. However, we have prepared the FVA having regard to the requirements of PS 1 and PS 2 of the current RICS Valuation – Global Standards (the “Red Book”).

The FVA is for the purposes of assessing the viability of the planning application proposals only to inform the applicant's negotiations with the Local Planning Authority regarding levels of affordable housing and other planning contributions. The FVA and the advice provided constitute an exception from valuation technical and performance standards ('VPS') 1 – 5 of the Red Book.

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Some of the data referenced in this report has been obtained from third party sources and we cannot guarantee the accuracy of the data obtained from other parties. Cushman & Wakefield shall not be liable for any indirect or consequential damages arising from the use of this report.

This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Cushman & Wakefield can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within

Appendix A – BCIS Report Summary

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 08-Feb-2025 08:00

Rebased to Kirklees (92; sample 36)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
810.1 Estate housing								
Generally (15)	1,441	742	1,222	1,382	1,577	4,955	1333	
Single storey (15)	1,650	959	1,379	1,580	1,799	4,955	212	
2-storey (15)	1,388	742	1,198	1,344	1,525	3,006	1045	
3-storey (15)	1,491	893	1,248	1,437	1,689	2,940	71	
4-storey or above (15)	2,997	1,465	2,399	2,678	3,986	4,457	5	
810.11 Estate housing detached (15)	1,935	1,054	1,420	1,617	2,186	4,955	18	
810.12 Estate housing semi detached								
Generally (15)	1,461	848	1,239	1,414	1,600	3,171	345	
Single storey (15)	1,627	1,045	1,416	1,581	1,748	3,171	79	
2-storey (15)	1,411	848	1,225	1,363	1,552	2,434	255	
3-storey (15)	1,441	1,051	1,166	1,384	1,689	2,051	11	
810.13 Estate housing terraced								
Generally (15)	1,450	845	1,198	1,361	1,568	4,457	215	
Single storey (15)	1,619	1,056	1,376	1,568	1,938	2,284	16	

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
2-storey (15)	1,393	845	1,186	1,339	1,506	3,006	166	
3-storey (15)	1,487	893	1,248	1,407	1,629	2,940	31	
4-storey or above (15)	4,222	3,986	-	-	-	4,457	2	

Appendix B – Policy-compliant Appraisal Summary

Old Lane, Birkenshaw
Financial Viability Assessment

Development Pro Forma
Cushman & Wakefield
February 20, 2025

PROJECT PRO FORMA**CUSHMAN & WAKEFIELD****Old Lane, Birkenshaw
Financial Viability Assessment****Project Pro Forma for Phase 1****Currency in GBP****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Stafford (Open Market)	4	3,044	330.00	251,130	1,004,520
Langham (Open Market)	4	4,160	318.00	330,720	1,322,880
Carlton (Open Market)	6	6,312	317.00	333,484	2,000,904
Berkeley (Open Market)	3	4,536	285.00	430,920	1,292,760
Stafford (Affordable Rent)	2	1,522	79.99	60,872	121,744
Stafford (First Homes)	1	761	231.00	175,791	175,791
Stafford (Intermediate)	<u>1</u>	<u>761</u>	264.00	200,904	<u>200,904</u>
Totals	21	21,096			6,119,503

TOTAL PROJECT REVENUE **6,119,503****DEVELOPMENT COSTS****ACQUISITION COSTS**

Residualized Price		336,382	
			336,382
Land Transfer Tax		4,319	
Effective Land Transfer Tax Rate	1.28%		
Agent Fee	1.00%	3,364	
Legal Fee	0.50%	1,682	
Town Planning		13,174	
			22,539

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
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PROJECT PRO FORMA**CUSHMAN & WAKEFIELD****Old Lane, Birkenshaw****Financial Viability Assessment**

GIA	22,065	141.23	3,116,240	
Contingency		3.00%	97,393	
Abnormal Contingency		5.00%	24,030	
				3,237,663

Other Construction Costs

Abnormal Foundations			70,380	
Japanese Knotweed			56,040	
Tree Removal			36,750	
s185 Water Diversion			28,749	
Muck Shift			40,000	
Retaining Wall			137,671	
Electrical Connections			7,500	
Bus Stop and TRO			10,500	
Plot Purge Ventilation			33,000	
Beer Garden inc Noise Barrier			30,000	
Liberal Club Car Park			30,000	
Future Home Standards	21 un	6,200.00 /un	130,200	
				610,790

Section 106 Costs

POS			55,923	
BNG			153,000	
				208,923

PROFESSIONAL FEES

Architect		8.00%	249,299	
				249,299

DISPOSAL FEES

Sales Agent and Marketing Fee		2.00%	112,421	
Sales Legal Fee	21 un	1,000.00 /un	21,000	
				133,421

TOTAL COSTS BEFORE FINANCE**4,799,017**

**Old Lane, Birkenshaw
Financial Viability Assessment****FINANCE**

Debit Rate 8.000%, Credit Rate 0.000% (Nominal)

Land	26,055	
Construction	36,314	
Post Development	94,188	
Total Finance Cost		156,557

TOTAL COSTS **4,955,574****PROFIT** **1,163,929****Performance Measures**

Profit on Cost%	23.49%
Profit on GDV%	19.02%
Profit on NDV%	19.02%
IRR% (without Interest)	48.99%
Profit Erosion (finance rate 8.000)	2 yrs 8 mths

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About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop and live. The firm's 45,000 employees in more than 60 countries provide deep local and global insights that create significant value for our clients.

Cushman & Wakefield is among the largest commercial real estate services firms, with core services of agency leasing, asset services, capital markets, facility services, global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation and valuation & advisory.

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