Wesley House, Birstall (2024/62/92105/E)

FVA Response (July 2025) v1.0

1. Context

Background

In February 2025 Medipharm Bradford Ltd('the applicant') submitted a Financial Viability Assessment as part of the planning application referenced 2024/62/92105/E stating that the application could not viably provide any affordable housing. In June 2025 Altair were appointed as the independent assessor for the FVA on behalf of Kirklees Council as part of the planning application.

The review carried out by Altair in June concluded that the application could viably provide an affordable housing contribution of 15% affordable housing (3 x First Homes). This was based upon the following assumptions being changed to reflect industry standard benchmarks and market conditions.

Assumption	Applicant	Altair
Open Market Values (PS)	£2,000,000	£2,550,000
Build Costs	£1,482,075	£1,482,075
Developer's Return (Private Sale)	17.50%	17.50%
Developer's Return (Affordable Housing)	6.00%	6.00%
Professional Fees	8.00%	8.00%
Sales & Marketing Fees	1.50%	1.50%
Sales Legal Fees	£1,000 pu	£1,000 pu
S106 Fees	£0	£50,393
Finance Costs	7.50%	6.75%
Programme	Construction: 11 months Sales: 3 months	Construction: 11 months Sales: 3 months
Benchmark Land Value	£450,000	£287,986

The applicant has since responded (June 2025) to the LPA with additional information justifying why they still consider no affordable housing to be financially viable as part of the application. This information relates to:

- Gross Development Value

Purpose

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

2. Assumptions Review

This section will review the assumptions provided by the applicant as part of their June response.

Open Market Values

The applicant within their original report applied an open market value of £2,000,000 to the 21 x residential units proposed as part of the application. Altair reviewed the information provided by the applicant to support this valuation and based upon sales of comparable properties in the local area concluded that the likely disposal value of the properties would combined be £2,550,000.

Since this time the applicant has provided a new report further detailing evidence to justify their open market values. As part of this report they have stated that due to building control restrictions the sizes of some of the proposed dwellings has changed. This is captured in the comparison table below. It shows that the overall net saleable area of the building has increased by 20sqm.

The applicant has also now confirmed that all units are duplex studios except for units 19-21 which are 1 bed flats. They have also confirmed a mistake in their original report that unit 10 was a 2 bed flat when in fact it is a 1 bed studio. We will be reviewing the open market values within this updated report based upon this new mix as set out below.

Unit	Type	No. of Bedrooms	Original Sqm	Original Sqft	Updated Sqm	Updated Sqft
Unit 1	Duplex Studio	1	65.0	700	68.1	733
Unit 2	Duplex Studio	1	58.8	633	61.0	656
Unit 3	Duplex Studio	1	54.4	586	54.5	587
Unit 4	Duplex Studio	1	53.6	577	53.7	578
Unit 5	Duplex Studio	1	56.7	610	57.3	616
Unit 6	Duplex Studio	1	59.0	635	58.4	629
Unit 7	Duplex Studio	1	53.0	570	55.0	592
Unit 8	Duplex Studio	1	59.0	635	61.0	657
Unit 9	Duplex Studio	1	51.3	552	63.3	682
Unit 10	Duplex Studio	1	87.2	939	70.3	756
Unit 11	Duplex Studio	1	60.2	648	67.9	731
Unit 12	Duplex Studio	1	54.2	583	54.6	588
Unit 13	Duplex Studio	1	57.2	616	53.6	576
Unit 14	Duplex Studio	1	59.4	639	58.7	632
Unit 15	Duplex Studio	1	68.8	741	64.8	698
Unit 16	Duplex Studio	1	52.0	560	59.2	637
Unit 17	Duplex Studio	1	59.6	642	61.3	660
Unit 18	Duplex Studio	1	57.7	621	66.9	720
Unit 19	1 Bed Apartment	1	52.4	564	45.3	487
Unit 20	1 Bed Apartment	1	59.7	643	67.2	723
Unit 21	1 Bed Apartment	1	52.5	565	50.3	541
Total		21	1,232	13,258	1,252	13,478

The applicant as part of their updated report have stated that studio flats generally will have a 10-15% discount on traditional apartments. Whilst we acknowledge that smaller flats will generally have a reduced value we disagree that there should be a 10–15% discount on the properties within this development because they have been defined as studios. Key reasons for this are as follows:

- Floor space parity: In this scheme the duplex studios generally offer equal or more internal square footage. This, despite the classification as studio, will still attract increased value as purchasers will often value the additional space equally. The units in all cases exceed Nationally Described Space Standards which should be taken into account when valuing the units.
- Duplex Layout: The duplex design adds value to the units. A duplex (with living on one level and sleeping on another) provides a functional separation of space, mimicking a 1-bed layout. This perceived "zoning" can make the space feel more like a traditional apartment and increase desirability and value.
- Condition: In all circumstances, all of the units within the scheme will benefit from being finished to a high modern standard. The properties will have modern fixtures, fittings, insulation, and energy performance, which can exceed older 1-bed units in quality.
- Lifestyle Preferences & Demographics: Younger buyers and renters may prefer open-plan living with modern designs.

Given this we do not consider a blanket reduction in value to be appropriate to these units.

We note that the applicant as part of their June response has contacted two third parties in relation to the potential sales values of the units at this site. Firstly they have contacted local agent Sarah Domenech who has, without evidence, suggested values of £70,000 for the studio units and £85,000 for the 1 bed flats.

The applicant has also received a valuation from Allied Surveyors and Valuers which referencing other sold properties provided a valuation of £1,800,000 for the 21 units.

To assess value of the proposed properties we have considered the evidence presented by the applicant alongside other properties that have recently sold.

The first development referenced by the applicant and given the most weight is the development at The Sugar Mill, Batley. Whilst providing some relevance the development is significantly larger than the subject development and is over 2.5 miles from the site. The development does however give insight into the typical price point of flats in this location.

This is also true of the development at Fountain Street. The converted church which sold earlier this year whilst tidy, has not been recently converted, provides an indication of the price point of the location. This property is particularly useful as the property sold for £72,000 but is only 392sqft in size. Given this the £/sqft rate for the property is £183/sqft. This is in line with Altair's initial valuation of the homes.

Altair note that property prices do not increase in a linear pattern with increased sizing. However, purchasers will pay an increased amount for larger units (particular duplex units), though not always at the same rate.

Another example of the achievable value in this location comes from the property at 14, St Vincent Court, Littlemoor Road, Pudsey LS28 9GH which has sold recently for £80,000. The unit, smaller than proposed by the applicant, is part of a converted church and again provides an indication of the value achievable in this location. Similarly, the property at 11, 36 Chapel Lofts, Commercial Street, Leeds LS27 8HL provides a good indication of the potential value of this type of unit. The converted property recently sold for £115,000 despite again being smaller than the proposed units. The property is a similar distance from the site as the Sugar Mill development that the applicant referenced and provides a strong indication of the value achievable for converted properties in this location.

In light of this evidence we have revised our open market values for the properties but do not agree with the overall drop in values made by the applicant. We have revised our values as follows.

Unit	Type	No. of Bedrooms	Updated Sqm	Altair Revised OMV	Altair Revised £/Sqft
Unit 1	Duplex Studio	1	68.1	£115,000	£164
Unit 2	Duplex Studio	1	61.0	£110,000	£174
Unit 3	Duplex Studio	1	54.5	£105,000	£179
Unit 4	Duplex Studio	1	53.7	£105,000	£182
Unit 5	Duplex Studio	1	57.3	£110,000	£180
Unit 6	Duplex Studio	1	58.4	£110,000	£173
Unit 7	Duplex Studio	1	55.0	£105,000	£184
Unit 8	Duplex Studio	1	61.0	£110,000	£173
Unit 9	Duplex Studio	1	63.3	£110,000	£199
Unit 10	Duplex Studio	1	70.3	£115,000	£123
Unit 11	Duplex Studio	1	67.9	£115,000	£177
Unit 12	Duplex Studio	1	54.6	£105,000	£180
Unit 13	Duplex Studio	1	53.6	£105,000	£171
Unit 14	Duplex Studio	1	58.7	£110,000	£172
Unit 15	Duplex Studio	1	64.8	£115,000	£155
Unit 16	Duplex Studio	1	59.2	£110,000	£197
Unit 17	Duplex Studio	1	61.3	£115,000	£179
Unit 18	Duplex Studio	1	66.9	£115,000	£185
Unit 19	1 Bed Apartment	1	45.3	£115,000	£204
Unit 20	1 Bed Apartment	1	67.2	£120,000	£187
Unit 21	1 Bed Apartment	1	50.3	£115,000	£204
Total		21	1,252	£2,335,000	£176

Build Costs

Both parties accept build costs of £1,482,075.

Professional Fees

Both parties accept a professional fee allowance of 8%.

Sales & Marketing

Both parties accept a sales and marketing fees allowance of % of private sale GDV plus £1k pu sales legal fees.

Developer's Return – Private Sale

Both parties accept a 17.5% profit margin for private sale units.

Developer's Return – Affordable Housing

Both parties accept a 6% profit margin for affordable housing units.

S106 Costs

The LPA has confirmed total S106 costs of £50,393.

Finance Costs

Both parties accept a finance cost of 6.75%.

Programme

Both parties will continue to apply a programme of 14 months (11 months construction and 3 months for sales)

Benchmark Land Value

Both parties accept a BLV of £287,986.

Summary

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

Assumption	Applicant – May25	Altair – June25	Comments
Open Market Values	£2,000,000	£2,335,000	Altair updated assumption.
Build Costs	£1,482,075	£1,482,075	Agreed.
Developer's Return – Private Sale	17.50%	17.50%	Agreed.
Developer's Return – Affordable Housing	6.00%	6.00%	Agreed.
Professional Fees	8.00%	8.00%	Agreed.
Sales & Marketing Fees (Resi)	1.50% £1,000 pu legal fees	1.50% £1,000 pu legal fees	Agreed.
S106 / CIL	Nil	£50,393	LPA Assumption.
Finance Costs	8.00%	6.75%	Altair original assumption.
Programme	Construction: 11 months Sales: 3 months	Construction: 11 months Sales: 3 months	Agreed.
Benchmark Land Value	£450,000	£287,986	Altair original assumption.

3. Revised Outputs

The following table sets out the financial outputs, based upon assumptions set out in section 2 of this report. It shows that no affordable housing contribution is financially viable as part of the application.

100% Private Sale - Rebuttal	17.5% Profit on PS GDV
Private Sale Income	£2,335,000
Affordable Housing Income	£0
Gross Development Value	£2,335,000
Construction Costs	£1,482,075
Professional Fees	£118,566
Marketing Fees	£35,025
Sales Legal Fees	£21,000
S106 Fees	£50,393
Finance	£53,133
Profit	£408,625
Total Costs	£2,168,817
Residual Land Value	£166,183
Benchmark Land Value	£287,986
Surplus / (Deficit)	**-£121,803**

The current appraisal of a 100% private sale application, based upon the assumptions within section 2, show that a 11.92% profit on GDV is achieved – less than the 17.50% rate considered reasonable as part of this application. This profit level increases to 14.10% if the S106 contributions are removed as part of the application – still below the 17.50% threshold.

4. Conclusion

The applicant has responded to Altair's FVA review (June 2025) with additional information justifying why they still consider no affordable housing to be financially viable as part of the application.

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

Section 3 of this report concludes that no affordable housing contribution is financially viable as part of the application. In the main this is due limited value being attributed to the homes which would be significantly oversized for the location. Given the lack of comparable evidence for similar properties in this location we would propose that, where local policy allows, that the Council applies both early and late-stage review mechanisms to monitor the viability of the application and to secure an affordable housing contribution where market conditions improve.

Appendix 1 Argus Appraisal – 100% PS – 17.5% Profit

Wesley House
100% Private Sale

Wesley House
Birstall
Batley
WF17 9EJ
United Kingdom

Development Pro Forma
Prepared by Altair Ltd
ARGUS Software
July 8, 2025

Wesley House
100% Private Sale

Project Pro Forma for Phase 1 Private Sale

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Private Sale	21	13,478	173.25	111,190	2,335,000
TOTAL PROJECT REVENUE				**2,335,000**	
DEVELOPMENT COSTS					
ACQUISITION COSTS					
Residualized Price			166,183		
				166,183	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Private Sale	13,478	109.96	1,482,075		
				1,482,075	
Section 106 Costs					
Section 106 Costs			50,393		
				50,393	
PROFESSIONAL FEES					
Professional Fees		8.00%	118,566		
				118,566	
DISPOSAL FEES					
Sales Agent Fee		1.50%	35,025		
Sales Legal Fee	21 un	1,000.00 /un	21,000		
				56,025	
TOTAL COSTS BEFORE FINANCE				**1,873,242**	
FINANCE					
Debit Rate 6.750%, Credit Rate 0.000% (Nominal)					
Land			9,544		
Construction			39,269		
Other			4,320		
Total Finance Cost				53,133	
TOTAL COSTS				**1,926,375**	
PROFIT					
				408,625	
Performance Measures					
Profit on Cost%		21.21%			
Profit on GDV%		17.50%			
Profit on NDV%		17.50%			
IRR% (without Interest)		50.52%			

Wesley House
100% Private Sale

Profit Erosion (finance rate 6.750)	2 yrs 10 mths