



Report of the Chief Planning Officer

CITY PLANS PANEL

Date: 11 March 2021

Subject: Planning Application 20/04145/FU for the demolition of the existing buildings and construction of a new building for residential (Use Class C3) purposes incorporating communal areas for residents use, along with servicing, car parking, cycle parking, landscaping, highways and associated works, at Land off Foundry Street And Saxton Lane, Leeds, LS9 8HE.

APPLICANT	DATE VALID	TARGET DATE
Modernistic Ventures Ltd	13 July 2020	12 March 2021(extended)

Electoral Wards Affected:

Burmantofts & Richmond Hill

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

RECOMMENDATION: Defer and Delegate application 20/04145/FU to the Chief Planning Officer for approval, subject to the conditions at Appendix 1 and any others which the Chief Planning Officer considers appropriate and subject to the completion of a Section 106 agreement to secure the following:

- 1. Employment and training of local people**
- 2. The provision of publicly accessible areas**
- 3. The provision of affordable units at 3.43 of the total provision, equating to 7 units, resulting in a contribution of £705,187.00**
- 4. The provision of a travel plan fee of £3,845.00**
- 5. Provision of one Leeds City Council Car Club provider parking space with electric vehicle charging point**
- 6. Residential Travel Plan Fund which includes a contribution towards pedestrian connectivity of £51,051.00**
- 7. A contribution for Traffic Regulation Orders to address potential overspill parking of up to £10,000.00.**
- 8. A management fee**

In the circumstances where the Section 106 has not been completed within 3 months of the Panel resolution to grant planning permission, the final determination of the applications shall be delegated to the Chief Planning Officer.

Conditions

A list of draft Conditions for the application is provided in Appendix 1 of this report.

1.0 INTRODUCTION:

- 1.1 The proposal is put before City Plans Panel as the development involves the creation of a significant number of new dwellings, vehicle and pedestrian access, parking, landscaping and associated works, the re-use of brownfield land and a major investment in an important site on the East Street corridor.

2.0 PROPOSAL:

- 2.1 The proposal is for a three stepped building, with a middle section of 20 storeys and two side sections of 17 and 15 storeys. The upper levels would be given over to residential apartments, with the ground floor having a lobby/reception area, communal space, a bin store, maintenance workshop and plant room and cycle storage. To the area around the building there is proposed surface car parking, plus a car club parking space, a sub-station and a loading bay and further cycle storage, set within a hard and soft landscaped scheme.
- 2.2 The residential dwellings in the scheme are proposed to be 204 Build to Rent (BtR) apartments comprising:
54% of the units are to be 110 one bedroomed apartments (of 39-44 sqm in size)
33% of the units are to be 69 two bedroomed apartments (of 63sqm in size)
12% will be 24 three bedroomed apartments (of 80 sqm in size)
One of the units is to be a four bedroomed apartment (of 105 sqm in size).
- 2.3 With regard to car parking spaces, 11 undercroft spaces are proposed including 1 disabled space. The scheme also proposes 206 secure cycle parking spaces, plus 14 cycle spaces on external Sheffield Stands, as well as 2 motorcycle spaces. A Car Club space is also to be provided at the end of a new lay-by to be created on Saxton Lane.
- 2.4 To the edges of the site soft/green landscaping is proposed to be introduced, with a mix of planting heights and variety of species. External private amenity space is proposed on roof terraces for the residents of the scheme.

3.0 SITE AND SURROUNDINGS:

- 3.1 The Site is located off Marsh Lane (A61) to the west, on land bound by Saxton Lane to the north, Foundry Street to the east, and student accommodation at Mill Street to the south. Access is provided into the east of the site via Foundry Street, with direct access into the north of the Site from Saxton Lane.
- 3.2 The Site currently comprises one 'L' shaped two storey building with pitched roof used as a car service and MOT centre. A car parking area is located in the north western corner of the Site with access directly from Saxton Lane. The site is surrounded by a mix of boundary treatments and the general appearance is of a site which is more functional than aesthetically pleasing.
- 3.3 To the south, the student accommodation buildings extend up to between 8 and 11 storeys in height, and to the south west, beyond Marsh Lane, is 'The Gateway' residential development which is between 9 and 14 storeys. The Leeds Central Ambulance Station immediately to the east is 1 storey and has a 'Blue Route'

running along Saxton lane. To the north is the former Alton Cars garage site which is now used by 'Living Hope Church' and an application for a 22 storey residential building (app. ref. 19/01010/FU) was approved in principle by Members at City Plans Panel on 10 October 2019. The site is clearly visible from the main roads of the Crown Point gyratory as well as close to the elevated section of railway viaduct to the north.

- 3.4 The site is located within the defined City Centre and within the boundary of the Aire Valley Leeds Area Action Plan (AVLAAP). It is identified for housing in the AVLAAP having been the site of a previous residential permission referenced below in para 4.1. There are a number of bus stops located close to the site, with Leeds bus station being only 400m walking distance from the site. In addition, Leeds Railway Station is a 15-minute walk away.

4.0 RELEVANT PLANNING HISTORY:

- 4.1 The site has had previous planning permissions (app ref. 20/159/04) for a Part 8, Part 9 storey block of 80 flats with parking. This was subsequently renewed by permission ref: 08/01844/FU and 11/01442/EXT. These applications have not been implemented and have now expired.
- 4.2 An application for a pair of tall buildings to the north of Saxton Lane was approved in principle at City Plans Panel on 10 October 2019 (app. ref. 19/01010/FU). This comprises 2 buildings for a Build to Rent (BtR) residential development of 6-22 storeys with 349 no. apartments, landscaping, basement parking and associated works.
- 4.3 Approval was granted at City Plans Panel in November 2017 for a Build To Rent scheme at Flax Place approximately 150m to the south of the site which is the subject of this pre-application (app. ref. 17/06296/FU). This approved 300 residential units, a retail unit, a health care centre, parking and landscaping. Construction has not yet commenced

5.0 HISTORY OF NEGOTIATIONS:

- 5.1 The proposals have been the subject of pre-application discussions since October 2018. These discussions have focused on scale & massing, architectural treatment and materials and highways considerations.
- 5.2 A preapplication presentation for the scheme was given to Members at Plans Panel on 31 October 2019. Members made the following comments:
- Members were supportive of the proposed housing mix and welcomed the provision of additional 3 bedroom accommodation.
 - Members were supportive of the emerging scale and form of the proposed building
 - Members were generally supportive of the emerging elevational treatment to the proposed building.
 - Members were of the view that the approach to car and cycle parking provision and servicing was acceptable, but noted that they would welcome a contribution being made to the footbridge across Marsh Lane.
 - It was the wish of a number of Members that the affordable housing provision should be provided on-site.

6.0 PUBLIC/LOCAL RESPONSE:

- 6.1 No comments received.

7.0 CONSULTATION RESPONSES:

- 7.1 **District Valuer** concludes that this scheme can viably provide the required CIL/Section 106 contributions and a sub-compliant financial contribution of £705,187.00 for affordable housing. This sum equates to 3.43% (equal to 7 units) of the 7% total affordable housing requirement.
- 7.2 **Yorkshire Water** require Conditions to cover drainage strategy, the easement to the public sewer and surface water drainage
Response; Such Planning Conditions will be applied.
- 7.3 **Flood Risk Management Team** require Conditions to cover accordance with the drainage strategy, details of non-adopted drainage features and interim and temporary draing measures during demolition and construction.
Response; Such Planning Conditions will be applied.
- 7.4 **Contaminated Land Team** require Conditions to cover Phase II Site Investigation, Remediation Statement, Verification Reports and the removal of asbestos.
Response: Such Planning Conditions will be applied.
- 7.5 **Environmental Studies Transport Strategy Team (noise)** state that they agree with the findings of the submitted noise impact assessment and that the stated mitigation in the form of the type of proposed glazing and ventilation system/s will meet the recommendations of BS 8233.
Response: these requirement will be addressed via a Planning Condition.
- 7.6 **Highways** state that the amended transport details are acceptable and that Conditions are required to cover the details of the vehicular access, visibility splays, cycle and motorcycle facilities, unallocated parking and management of the car park, the areas to be laid out for vehicles, provision for contractors during construction and off site highways works. In addition, there is a requirement for a contribution for Traffic Regulation Orders to address potential overspill parking of up to £10,000.00 and a contribution for a Residential Travel Plan Fund, including a contribution towards pedestrian connectivity, of £51,051.00.
Reponses: Such Planning Conditions will be applied. The obligations would be addressed via the S106 legal agreement however they are subject to the financial viability appraisal.
- 7.7 **Influencing Travel Behaviour Team** state that a Travel Plan Review fee of £3,845, a Leeds City Council Car Club provider parking space/s (with EV Charge Point) and a Residential Travel Plan Fund of £51,051 are required.
Response: These obligations will be addressed via the S106 legal agreement.
- 7.8 **Environmental Studies Transport Strategy Team (air quality)** state that predicted annual mean NO₂ concentrations would be above the national objective level of 40 g/m³ across the majority of the site at ground floor level and concentrations are predicted to be above 90% of the objective (>36 g/m³) across the remainder of the site at ground level and across the majority of the site at 1st and 2nd floor level. At these levels the declaration of an Air Quality Management Area would need to be considered for any affected residential areas and all mitigation measures proposed, which it is considered would adequately address air quality, in the air quality report should be required by Condition.
Response: Such a Planning Condition will be applied.

- 7.9 **West Yorkshire Police** provide Secure by Design guidance.
Response; This guidance will be set out in an Informative.
- 7.10 **Wind Consultants (Tobermory)** state that the submitted wind study does provide a realistic results and that the mitigation measures are essential to address any wind issues that occur as a result of the scheme.
Response; the mitigation measures, which are detailed in the appraisal section of this report below, will be addressed via a Planning Condition.
- 7.11 **Local Plans** state that the site is allocated for residential development in the Aire Valley Leeds Area Action Plan (AVLAAP). The principle of the development is therefore established with extant planning permission (11/01442/EXT) for housing. Whilst there are concerns about the mix of 3 bed units not meeting the target of Table H4 of the Core Strategy, the mix is better than many other City Centre schemes and as such there is therefore no policy objection on this point. For the provision of Affordable Housing Policy H5, a financial viability assessment has been submitted for consideration by the District Valuer. In addition the Applicant is asked to revisit the heating model to comply with policy EN4.
Response: These matters are addressed in the appraisal below.
- 7.12 **Landscape Team** state that the scheme has no meaningful accessible greenspace and the scheme is disappointing in respect of the proposed landscaping and that larger trees should be proposed.
Response: These comments will be addressed in the appraisal below.
- 7.13 **Cycling Officer** no comments received to date.
- 7.14 **Access Officer** states that the scheme appears to aim to comply with Core Strategy Policy H10 in terms of accessible homes, BS8300 and Part M of the Building Regulations. The Officer asks if the accessible parking bay is as close to the exit as possible and if seating in the amenity areas is BS8300 compliant.
Response: these matters are addressed in the appraisal below.
- 7.15 **Health Partnerships** no comments received to date.

8.0 RELEVANT PLANNING POLICIES:

- 8.1 Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires the application to be determined in accordance with the development plan unless material considerations indicate otherwise.
- 8.2 The Development Plan for Leeds currently comprises the following documents:
1. Core Strategy 2014 (as amended by the Core Strategy Selective Review 2019)
 2. Saved Leeds Unitary Development Plan Policies (Reviewed 2006), included as Appendix 1 of the Core Strategy
 3. The Natural Resources & Waste Local Plan (NRWLP, Adopted January 2013) including revised policies Minerals 13 and 14 (Adopted September 2015).
 4. Leeds Site Allocation Plan 2019
 5. Aire Valley Leeds Area Action Plan (Adopted November 2017)
 6. Any Neighbourhood Plan, once made.
 7. Site Allocations Plan ('SAP') (adopted July 2019)
- 8.3 **Core Strategy**

- 8.4 The Core Strategy sets out strategic level policies and vision to guide the delivery of development investment decisions and the overall future of the district. Relevant Core Strategy policies are as outlined below.
- 8.5 Spatial Policy 1: Location of Development states that;
(i) The majority of new development should be concentrated within urban areas taking advantage of existing services, high levels of accessibility and priorities for urban regeneration and an appropriate balance of brownfield and Greenfield land
- 8.6 Spatial Policy 3: Role of Leeds City Centre states that the importance of the City Centre as an economic driver for the District and City Region will be maintained and enhanced by:
(iv) Comprehensively planning the redevelopment and re-use of vacant and under-used sites and buildings for mixed use development and new areas of public space;
- 8.7 Spatial Policy 5: Aire Valley Leeds Urban Eco-settlement
Aire Valley Leeds (Urban Eco–Settlement) is identified as a strategic location, providing a minimum of 6,500 new homes, at least 250 hectares of land for employment uses (including research and development, industrial, and warehouse development) and new retail services of an appropriate scale.
- 8.8 Spatial Policy 11: Transport Infrastructure Investment Priorities states that the delivery of an integrated transport strategy for Leeds will be supported, which takes account of:
(iv) Expansion of the Leeds Core Cycle Network to improve local connectivity;
(v) Improved facilities for pedestrians to promote safety and accessibility, particularly connectivity between the ‘Rim’ and the City Centre;
- 8.9 Policy CC1: City Centre Development
The City Centre will be planned to accommodate at least the following:
(iii) 10,200 dwellings.
b) Encouraging residential development including new buildings and changes of use of existing providing that it does not prejudice the town centre.
Addressing where and how much A1 retail is appropriate.
- 8.10 POLICY CC3: Improving connectivity between the city centre and neighbouring communities; to help provide and improve routes connecting the City Centre with adjoining neighbourhoods and improve connections within the City Centre in order to improve access to jobs and services, to encourage greater usage and make walking and cycling easier, safer and more attractive.
- 8.11 Policy EN1: Climate Change – Carbon Dioxide Reduction states that all developments of over 1,000 square metres of floorspace, (including conversion where feasible) whether new-build or conversion, will be required to:
(i) Reduce total predicted carbon dioxide emissions to achieve 20% less than the Building Regulations Target Emission Rate and,
(ii) Provide a minimum of 10% of the predicted energy needs of the development from low carbon energy.
- 8.12 Policy EN2: Sustainable Design and Construction states that
Non-residential developments of 1,000 or more square metres (including conversion) where feasible are required to meet the BREEAM standard of ‘excellent’.
Residential developments of 10 or more dwellings (including conversion) where feasible are required to meet a water standard of 110 litres per person per day.

- 8.13 Policy EN4: Where technically viable, appropriate for the development, and in areas with sufficient existing or potential heat density, developments of 1,000 sqm or more or 10 dwellings or more (including conversions where feasible) should propose heating systems.
- 8.14 Policy EN5: Managing Flood Risk states that the Council will manage and mitigate flood risk:
 (iii) Requiring flood risk to be considered for all development commensurate with the scale and impact of the proposed development and mitigated where appropriate.
 (iv) Reducing the speed and volume of surface water run-off as part of new build developments.
 (v) Making space for flood water in high flood risk areas.
- 8.15 Policy EN6: Strategic Waste Management states that to manage waste and recycling:
 (i) Development will be required to demonstrate measures to reduce and re-use waste both during construction and throughout the life of the development; and
 (ii) Sufficient space will be provided within all new developments (including conversions) to enable separation, storage, and collection of recyclable materials to take place.
- 8.16 Policy EN8: Electric Vehicle Charging Infrastructure states;
 All applications for new development which include provision of parking spaces will be required to meet the minimum standard of provision of electric vehicle charging points. This requires:
 i) Residential: 1 charging point per parking space and 1 charging point per 10 visitor spaces
- 8.17 Policy G9: Biodiversity Improvements;
 Development will be required to demonstrate:
 (i) That there will be an overall net gain for biodiversity commensurate with the scale of the development, including a positive contribution to the habitat network through habitat protection, creation and enhancement, and
 (ii) The design of new development, including landscape, enhances existing wildlife habitats and provides new areas and opportunities for wildlife, and
 (iii) That there is no significant adverse impact on the integrity and connectivity of the Leeds Habitat Network.
- 8.18 Policy H4: Housing Mix states:
 Developments should include an appropriate mix of dwelling types and sizes to address needs measured over the long term taking into account the nature of the development and character of the location.

Type*	Max %	Min %	Target %
Houses	90	50	75
Flats	50	10	25
Size*	Max %	Min %	Target %
1 bed	50	0	10
2 bed	80	30	50
3 bed	70	20	30
4 bed+	50	0	10

*Type is applicable outside of City Centre and town centres; Size is applicable in all parts of Leeds

- 8.19 Policy H5 incorporates Targets and Thresholds for affordable housing. In this case 7% of the total units to be provided on site must be affordable housing. For Build to Rent developments the policy allows the affordable housing to be provided either on site or as an off site commuted sum.
- 8.20 Policy H9 – Minimum Space Standards states:
All new dwellings should comply with Minimum Space Standards.
- 8.21 Policy H10 Accessible Housing Standards states:
New build residential developments should include the following proportions of accessible dwellings:
- 30% of dwellings meet the requirements of M4 (2) ‘accessible and adaptable Dwellings’ of Part M Volume 1 of the Building Regulations.
 - 2% dwellings meet the requirement of M4 (3) ‘wheelchair user dwellings’, of Part M Volume 1 of the Building Regulations
- 8.22 Policy P12: Landscape states that: The character, quality and biodiversity of Leeds’ townscapes and landscapes, including their historical and cultural significance, will be conserved and enhanced to protect their distinctiveness through stewardship and the planning process
- 8.23 Policy P10: Design states that: New development for buildings and spaces, and alterations to existing, should be based on a thorough contextual analysis to provide good design appropriate to its scale and function.
New development will be expected to deliver high quality innovative design that has evolved, where appropriate, through community consultation and which respects and enhances the variety of existing landscapes, streets, spaces and buildings according to the particular local distinctiveness and wider setting of the place, contributing positively towards place making and quality of life and be accessible to all.
- 8.24 Policy T1: Transport Management states that support will be given to the following management priorities:
c) To support wider transport strategy objectives for sustainable travel and to minimise congestion during peak periods.
- 8.25 Policy T2: Accessibility Requirements and New Development states that new development should be located in accessible locations that are adequately served by existing or programmed highways, by public transport and with safe and secure access for pedestrians, cyclists and people with impaired mobility:
(i) In locations where development is otherwise considered acceptable new infrastructure may be required on/off site to ensure that there is adequate provision for access from the highway network, by public transport and for cyclists, pedestrians and people with impaired mobility, which will not create or materially add to problems of safety, environment or efficiency on the highway network.
- 8.26 **Leeds Unitary Development Plan Review 2006 - Retained Policies**
Policy ARC6 (Conditions required with regard to preservation of archaeological details by record)
Policy GP5 (All planning considerations)
- 8.27 **Leeds Natural Resources and Waste DPD 2013 including revised policies Minerals 13 and 14 (Adopted September 2015).**

- 8.28 The plan sets out where land is needed to enable the City to manage resources, like minerals, energy, waste and water over the next 15 years, and identifies specific actions which will help use natural resources in a more efficient way. Policies regarding land use, energy, coal recovery, drainage, flood risk and waste will be relevant to this proposal.
- 8.29 **Aire Valley Leeds Area Action Plan (AVLAAP)**
- 8.30 The AVLAAP identifies the site for housing use under Policy AVL6 and AVL9.
- 8.31 The site is on the edge of the Richmond Hill Green Infrastructure Corridor as identified in the AVLAAP where the key functions/indicators identified are open space, biodiversity, landscape, food production, health, accessibility, recreation, the quality of the environment, land and property values and economic growth.
- 8.32 Policy EB4 states that within the East Street Opportunity Area redevelopment of existing buildings for housing is encouraged where it supports the guiding principles for the area set out in this plan and accords with other plan policies.
- 8.33 **Supplementary Planning Guidance**
- 8.34 Tall Buildings Design Guide Supplementary Planning Document (Spring 2010)
- 8.35 Parking Policies and Guidelines Supplementary Planning Document (January 2016)
- 8.36 Street Design Guide Supplementary Planning Document (August 2009)
- 8.37 Travel Plans Supplementary Planning Document (February 2015)
- 8.38 Achieving Net Gain for Biodiversity – Guidance for Developers Option 2
- 8.39 **The Site Allocations Plan (Adopted July 2019)**
- 8.40 The Site Allocations Plan was adopted in July 2019. Following a statutory challenge, Policy HG2, so far as it relates to sites which immediately before the adoption of the SAP were within the green belt, has been remitted to the Secretary of State and is to be treated as not adopted. All other policies within the SAP remain adopted and should be afforded full weight. The Site Allocations Plan (SAP) states that Leeds City Centre is the main retail and service centre for the city. This site has no specific designation in the SAP.
- 8.41 **National Planning Policy Framework (NPPF)**
- 8.42 The National Planning Policy Framework (NPPF) was revised and adopted in February 2019 and sets out the Government's planning policies for England and how these should be applied.
- 8.43 Paragraph 11 of the NPPF states that plans and decisions should apply a presumption in favour of sustainable development.
- 8.44 Paragraph 110 of the NPPF states that priority should be given to pedestrian and cycle movements; the needs of people with disabilities and reduced mobility addressed; creation of safe, secure and attractive spaces; allow for the efficient delivery of goods; and be designed to enable use by sustainable vehicles.

8.45 Paragraph 124 of the NPPF states that the creation of high quality buildings and places is fundamental to what the planning and development process should achieve. Good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities

9.0 MAIN ISSUES

1. Principle of the use
2. Affordable Housing
3. The impact on the character and visual amenity of the host site and surrounding area
4. Residential Amenity
5. Vehicle Parking, Sustainable Transport and Travel Planning
6. Landscape Proposals
7. Climate Change and Sustainability Measures
8. Wind Study
9. Access & Inclusion
10. Section 106 Legal Agreement

10.0 APPRAISAL

10.1 Principle of the Use

10.2 The proposals seek to create 204 Build to Rent (BtR) apartments in a three stepped block. The surrounding area has had a significant change in character with a high number of conversions and new build residential schemes replacing former industrial and commercial uses. The proposals accord with the residential use allocation in the AVLAAP, site reference AV19, and the principles of Policy EB4 which encourages redevelopment of existing buildings for housing in the East Street Opportunity Area. Policy CC1 (b) (City Centre Development) of the CS encourages residential development in city centre locations. The site is sustainably located within the defined City Centre and thus accords with the locational priorities for development set out in CS Spatial Policy 1.

10.3 Therefore the residential use proposed would significantly contribute towards the Aire Valley and City Centre HMCA housing targets set out under Core Strategy Spatial Policy 5. As such, it is considered that the use of the site for residential use accords with policy requirements and is acceptable here.

10.4 The proposals are for 204 apartments. This equates to 54% of the units being one bedroomed, 33% of the units being two bedroomed, 12% of the units being three bedroomed and 1% being 4 bedroomed. The number of 3 and 4 bedroomed apartments proposed is lower than the percentage aimed for under Policy H4.

10.5 Affordable Housing

10.6 Core Strategy Policy H5 states that the council will seek affordable housing provision equating to 7% of the total provision on major residential developments in this part of the city. This policy also identifies that applicants may choose to submit individual viability appraisals to verify that the affordable housing target cannot be met. In such cases affordable housing provision may be reduced accordingly.

10.7 The applicant has submitted a viability appraisal which has been independently reviewed by the District Valuer (DV). The DV has provided a report which concludes

that this scheme can viably provide the required CIL/Section 106 contributions and a sub-compliant financial contribution of £705,187.00 for affordable housing. This sum equates to 3.43% (equal to 7 units) of the 7% total affordable housing required under Policy H5 (see Appendix 2 for the full appraisal). Policy H5 allows the option for Build to Rent schemes to either provide the affordable housing on site or to provide an affordable housing contribution as an off-site commuted sum which is equivalent to providing the cost of the units on site. The calculation should reflect the Council's adopted affordable benchmark figures. The DV has confirmed in his appraisal that current benchmarks have been applied correctly in this case.

- 10.8 The Applicant has accepted this appraisal and has elected to provide the affordable provision as a financial contribution of £705,187.00.
- 10.9 Whilst the full provision of affordable housing cannot be delivered it is clear from Policy H5 and also government guidance that where a viability case is verified, affordable housing provision can be reduced, and accordingly the DV's conclusions should be accepted.
- 10.10 The impact on the character and visual amenity of the host site and surrounding area
- 10.11 This site is in the immediate setting of a number of substantial buildings, namely Gateway Court to the south and Quarry House to the north and Members recently considered the site immediately to the north appropriate for a tall building up to 22 storeys in height. It is also located adjacent major transport routes. In this context a tall building is considered appropriate in terms of its townscape impact.
- 10.12 The primary focus for the design ethos of the building has been to create a form which provides a transition between the student residential building to the south and the proposed taller development to the north, but which would be acceptable within this context if the building to the north were not developed. This has resulted in a stepped outline which itself creates an interesting silhouette on the city skyline. The recesses created in the elevation have been introduced to try to emphasise the tallest part of the proposal located in the centre of the scheme, as well as additional layering and variation. Officers consider that the orientation of the blocks responds positively to the alignment of Marsh Lane and Saxton Lane and the building to the south.
- 10.13 The area is one of transition, in terms of both uses and architecture. Here the scheme would sit alongside a broad mix of buildings from differing architectural periods. As such the design is not required to be reflective of any particular style or character of the area although it clearly sets up an architectural dialogue with the proposal to the north. The overriding factor is that the architecture and the materials used are both of high quality in their own rights and the use of brick is considered to be appropriate here.
- 10.14 As such the facades are proposed to have a calm modernist architecture incorporating two shades of complementary red brick to provide visual interest and to emphasise the dominant central element. Bronze metallic panels would be used adjacent to the recessed floor to ceiling glazed windows, with window frames being of a matching tone. The building is proposed to be subdivided both horizontally and vertically in order to provide depth and layering. This detailing has been used to provide emphasis to the central element to which the other elements are subservient. Variety in the building elevations is attained through the modelling of the facades which provides interest.

- 10.15 Officers consider the proposed height, scale, design, materiality and detailing to be appropriate for this site and that the resulting scheme would make a positive contribution to the host site and the wider area.
- 10.16 Residential Amenity
- 10.17 All apartments are designed to meet or be above the minimum space standards set out in the NDSS and Core Strategy Policy H9. The building maintains a respectful relationship with the existing student building to the south, to which it is no closer than some 15 metres. This proximity is considered to be acceptable in this city centre location and will allow windows to gather sufficient natural light and views out to be acceptable for the future occupiers of the proposal and those of the existing building. In view of the proposed distances between the buildings and their spatial relationship, along with the provision of internal and external space, the amenity of the occupiers of these buildings is considered to be acceptable
- 10.18 The submission details accessible housing units across the development addressing the requirements of Core Strategy Policy H10 and Building Regulations M4 (2) and M4 (3).
- 10.19 The site is close to a main traffic route on marsh Lane and the building has taken account of this in its design, with measures mitigate the impact of road traffic noise and air quality via the materials, in particular the type of glazing being considered. The full details of such mitigation including the glazing type and any mechanical ventilation systems, will be required under Planning Conditions.
- 10.20 Vehicle Parking, Sustainable Transport and Travel Planning
- 10.21 The site is in a sustainable location with excellent access to the many amenities offered by the City Centre which would be within easy walking distance, including the bus and coach stations. In addition the area available for car parking is very limited due to the size of the site. As such the car parking spaces will be limited to only a low number, with 11 undercroft spaces being proposed. All car parking spaces are to have electric vehicle charging point access, to accord with the requirement of Core Strategy Policy EN8.
- 10.22 Other facilities that will promote sustainable form of transport and which are required to service the building are provided, with a Car Club space, 206 secure cycle parking spaces, plus 14 cycle spaces on external Sheffield Stands and 2 motorcycle parking space. An accessible space is also provided in the car parking and this has been positioned as close to the car park entrance/exit as possible.
- 10.23 Bin storage areas are set within the building with a defined loading bay area for bin wagons and other servicing vehicles, within the site. In addition, the scheme will create a new layby to Saxton Lane and 2 metre wide footways around the perimeter of the site with other servicing able to be undertaken on Foundry Street. The Car Club space will be positioned to one end of the new lay-by.
- 10.24 A Travel Plan has been submitted which includes the following measures and targets:
- Promotion of walking and pedestrian routes.
 - Promotion of cycling and cycle routes.
 - Provision of a Car Club bay.
 - Provision of electric vehicle charging facilities.

- Promotion of travel choices through marketing initiatives such as poster campaigns, personalised travel planning, internet sites and accessible information.
- Details of the sustainable travel options to be included within 'welcome' packs for new residents.
- The nomination of a Travel Plan Co-ordinator.

In addition a Residential Travel Plan Fund will be required under the Section 106 legal agreement, which will include a contribution towards pedestrian connectivity of £51,051.00. The Travel Plan will form part of the approved documents on the decision for the Planning Application as well as being controlled via the Section 106 legal agreement.

10.25 On the basis of the information as set out above, the proposals are considered to comply with the Council's transport and access policies T1, T2 and CC3 of the Core Strategy.

10.26 Landscape Proposals

10.27 The small size of the site means there is little opportunity for open space provision on the site, although the area to the road frontage is to be landscaped. As this site is less than 0.5 Ha and within the city centre there is no specific requirement for open space provision as part of the proposal. The Applicant has stated that they aim to utilise the space available and key aims of their landscape scheme are; to create an attractive frontage to Marsh Lane, to complement the landscape proposals on neighbouring sites, to create a scheme that visually integrates the free-standing vertical wind baffles required to reduce wind speeds, to screen the proposed under-croft parking from Marsh Lane and Saxton Lane, to create a green roof terrace for residents with planting and seating, and to minimise maintenance requirements by specifying appropriate robust plant species, paving and street furniture.

10.28 Concerns were raised by the Landscape Officer with regards to the quality and level of amenity space and to the size of trees provided in the landscape scheme. The Applicant responded to these as follows:

- That a proposed communal roof terrace at level 15 with seating, wind shelters, climbing plants and raised planters will provide outdoor amenity space for all residents of the building.
- That there is to be a further private balcony at Level 15, which would also provide external amenity space for the residents.
- That there would be a substantial trellis screen at ground floor, with robust climbing plantings around the edge of the under-croft area. That the climbers would be trained up the trellis and onto the overhead wind canopy, such that, in time, this would create the appearance of a green wall, and ultimately a green roof.
- That a continuous band of planting is proposed along the western boundary of the site, facing onto Marsh Lane, providing a buffer between the site and the adjacent traffic. This buffer would include an evergreen perimeter hedge, low ground cover shrubs and semi-mature pleached trees aligned with and responding to the shape and appearance vertical wind baffles.
- That the scheme has been revised to provide larger semi-mature trees (*Carpinus betulus* 'F. Fontaine) with a girth of 25 to 30cm and a minimum height of 4.5m.
- That's planting beds are proposed to the eastern edge of the site, facing onto Foundry Street.
- That they consider that all opportunities to 'green' the development have been explored and incorporated into the proposals, where appropriate and feasible and that the scheme brings a significant improvement in terms of landscaping and potential for biodiversity benefits in comparison with the existing site.

Officers accept the view that the landscape scheme takes advantage of all available space for greenery on what is a small, constrained site. Full details of the landscaping will be required under Planning Conditions to ensure the maximum benefits and greenery can be achieved at the site.

10.29 Climate Change and Sustainability Measures

10.30 Members will be aware that the Council has declared a Climate Emergency. Existing planning policies seek to address the issue of climate change by ensuring that development proposals incorporate measures to reduce the impact of non-renewable resources

10.31 The proposals aim to meet the requirements of planning policies EN1 and EN2 to reduce total predicted carbon dioxide emissions to achieve 20% less than the Building Regulations Target Emission Rate and provide a minimum of 10% of the predicted energy needs of the development from low carbon energy. As such the proposal incorporates a variety of sustainability measures including;

- Optimising the building shape / form orientation in relation to solar gain and solar shading.
- Facade treatment chosen to aid solar shading
- The use of thermal mass / thermal insulation.
- Photovoltaic panels to the roof of the development.
- Heat pump base heating systems.
- The use of flow restriction to the showers, taps and whitegoods and low volume cisterns to the WC's
- The use of excellent rated building fabric to reduce the demand for energy.
- Maximising natural daylight via size of windows.
- Maximising natural ventilation.
- High efficiency motors incorporated into all building services.
- Provision of a full building energy management system with energy metering to control and monitor all energy consuming plant and systems; and environmental conditions.

Such sustainability measures will require more comprehensive design work as the scheme is progressed through all of the required detail design stages and as such the full details of the measures for carbon dioxide reduction and to minimise energy use will come forward via a Planning Condition.

10.32 In response to Policy EN4 the Applicant has stated that they do not consider the District Heating Network to be technically viable for this development for the following reasons;

- It would require a reduction in lower ground floor accommodation to accommodate a gas-fired boiler house, thus impacting on access and the number of car parking spaces.
- It would require a reduction in residential accommodation floorspace to accommodate plant rooms, louvres and flue and wet LPHW risers.
- It would require an increase in building height, or reduction in floors, to accommodate the system within increase ceiling void sizes.
- It would complicate the energy metering for prospective tenants and lock tenants into a single supplier for a significant proportion of their energy needs, preventing them from taking advantage of the competitive energy market to reduce their ongoing costs.
- A Heat Interface Unit would be required within each home, the controls of which are more complex. The meter billing is via a landlord's system which is not as transparent for the tenant as a simple single utility electric meter.

- There are maintenance concerns that using a wet system would also introduce pipework distribution heat losses to the circulation areas of the development, increasing the risk of overheating in these spaces as well as concern that there could be single point failure mechanisms inherent in the system, resulting in the removal of the supply of heat to an apartment and to the whole building. As such the Applicant has stated that they will not be connecting their building to the District Heating Network and their preference is to utilise a combination of photovoltaic panels to the roof and a heat pump base heating system.

10.33 Whilst Council Officers do not necessarily share all the applicant's concerns about the Leeds District Heating Network, it should be noted that policy EN4 does recognise that connecting to the District Heating Network may not be appropriate for all development and in this case the energy use commitments required by policies EN1 and EN2 can be achieved by alternative means. As a result the applicant's position is accepted.

10.34 To address Policy EN8 the scheme incorporates Electric Vehicle (EV) Charging Points and the use of EVs is promoted via the Travel Plan. The addition of electric vehicle charging points will also be controlled via a Planning Condition.

10.35 Wind Study

10.36 A wind study was submitted as part of the application which considers the impact of the prevailing winds as a result of the development and any creation of localised wind focused micro-climates. The Lawson distress criteria is an industry standard and as such this has been employed in the wind study. This criteria states that a wind speed greater than 15 metres-per-second occurring for more than two hours per year is classified as unsuitable for the general public and represents a wind speed with the potential to destabilise the less able members of the public such as the elderly, cyclists and children. Able-bodied users are those determined to experience distress when the wind speed exceeds 20 metres-per-second for two hours per year.

10.37 The wind study states that wind conditions were tested using wind tunnel modelling considering;

1. The current site without development.
2. The site with the proposed development.
3. The site with the proposed development and the existing surroundings.
4. The site with the proposed development and the cumulative impact other consented but yet to be built developments in the area.

These were tested for both summer and winter scenarios and the analysis concluded that the proposed development in the existing surrounds would cause a significant increase in the windiness across the site and in the surrounding area, especially to the north and south of the site. However appropriate mitigation measures would address the wind issues. In addition, the analysis found that the proposed development in combination with the construction of the consented cumulative surrounding schemes, without any mitigation, would create significant wind issues to the north of the site. However, again, the implementation of appropriate mitigation measures would adequately address these wind issues

10.38 The following wind mitigations measures are those that are proposed to address the wind issues that this scheme would create in both of the above scenarios;

- A porous canopy along the northern, western and southern sides of the Development;
- Porous walls on the bike store at the south-western corner of the Development;

- 17 porous screens, either attached to the façade of the Development, or located within the site boundary
 - A porous trellis type structure on the western roof terrace of the Development.
- Full details of these mitigation measures and further testing of their effectiveness would need to come forward as integrated elements of the design via Planning Conditions.

- 10.39 The wind study has been peer reviewed and is considered to be robust and of a suitable quality and to provide a realistic result, consistent with the reviewer's expectations. The peer review also advises that the mitigation measures as detailed above in paragraph 10.38 are considered by the reviewer to be essential to address any wind issues that occur as a result of the siting of the proposed buildings at this location and that these identified mitigation measures would adequately resolve the wind issues in the three areas identified on site.
- 10.40 Access & Inclusion
- 10.41 The submitted details indicated that the proposal will comply with the requirements of Core Strategy H10 in respect of accessible housing, as well as BS8300 and Part M of the Building Regulations.
- 10.42 In respect of accessible homes the Developer has stated that the following can be provided:
62 apartments are to be Part M4 (2) compliant
4 apartments are to be Part M4 (3) compliant.
- 10.43 Flat and level access will be provided at the entrance lobby of the block and lift access is provided to all floors. In addition, as stated above an accessible car parking space is to be provided in accordance with relevant policies. Further to this, to address Officers comments regarding seating in amenity areas the Applicant has advised that this seating will accord with BS8300-2-2018 and will be a range of seating, that will be both fixed and removable, will be with and without armrests, will have a variety of heights, will have level transfer spaces and areas will be allocated for mobility scooter / wheelchair storage in amenity areas.
- 10.44 Section 106 Legal Agreement
- 10.45 A legal test for the imposition of planning obligations was introduced by the Community Infrastructure Levy Regulations 2010. These provide that a planning obligation may only constitute a reason for granting planning permission for the development if the obligation is -
(a) Necessary to make the development acceptable in planning terms,
(b) Directly related to the development; and
(c) Fairly and reasonably related in scale and kind to the development.
- 10.46 There is a requirement for the following obligations that sit outside the Community Infrastructure Levy regime:
1. Employment and training of local people
 2. The provision of publicly accessible areas
 3. The provision of affordable units at 3.43 of the 7% total provision, equating to 7 units, resulting in a contribution of £705,187.00
 4. The provision of a travel plan fee of £3,845.00
 5. Provision of one Leeds City Council Car Club provider parking space with electric vehicle charging point

6. Residential Travel Plan Fund which includes a contribution towards pedestrian connectivity of £51,051.00.
7. A contribution for Traffic Regulation Orders to address potential overspill parking of up to £10,000.00.
8. A management fee.

10.47 The proposed obligations have been considered against the legal tests and are considered necessary, directly related to the development and fairly and reasonably related in scale and kind to the development. Accordingly this can be taken into account in any decision to grant planning permission for the proposals.

10.48 The development is Community Infrastructure Levy (CIL) liable and is estimated to be in the region of £89,670.62 CIL is generally payable on the commencement of development. The payment of CIL is not material to the determination of the planning application. Accordingly, this information is presented simply for Members information

11.0 CONCLUSION

11.1 In conclusion it is considered that the proposal is an appropriate use, scale, design and style for this site which would result in a high quality, appropriate development. Although the full policy requirement for affordable housing cannot be met, the reduced amount has been justified by a financial viability assessment that has been verified as acceptable by the District Valuer. The scheme would bring much needed housing as well as adding to the vibrancy and vitality to the area and furthering its regeneration to the benefit of both the existing and emerging community in the wider area. Therefore on balance the proposal is in accordance with the Development Plan and is considered to be acceptable and is recommended for approval, subject to the conditions set out in Appendix 1 and the planning obligations set out at the head of this report.

Background Papers:

PREAPP/18/00582

20/04145/FU



Appendix 1 - Draft Conditions

CITY PLANS PANEL

Subject: Planning Application 20/04145/FU for the demolition of the existing buildings and construction of a new building for residential (Use Class C3) purposes incorporating communal areas for residents use, along with servicing, car parking, covered cycle parking, landscaping, highways and associated works, at Land off Foundry Street And Saxton Lane, Leeds, LS9 8HE.

1) The development hereby permitted shall be begun before the expiration of three years from the date of this permission.

Imposed pursuant to the provisions of Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

2) The development hereby permitted shall be carried out in accordance with the approved plans listed in the Plans Schedule.

For the avoidance of doubt and in the interests of proper planning.

3) No above ground building works shall take place until details and samples of all external walling and roofing materials have been submitted to and approved in writing by the Local Planning Authority. Samples shall be made available on site prior to the commencement of building works, for inspection by the Local Planning Authority which shall be notified in writing of their availability. The building works shall be constructed from the materials thereby approved.

In the interests of visual amenity.

4) No surfacing works shall take place to the hard surfaced and landscaped areas until details and samples of all surfacing materials to the said hard surfaced and landscaped area have been submitted to and approved in writing by the Local Planning Authority. The surfacing works shall be constructed from the approved materials.

In the interests of visual amenity.

- 5) No above ground building works shall take place until full details of the following have been submitted to and approved in writing by the Local Planning Authority-
- (i) 1 to 20 scale drawings of the detail of roof line treatments and ground floor treatments
 - (ii) 1 to 20 scale section drawings of each type of window detail and the depths of the reveals
 - (iii) 1 to 20 scale section drawings of all new external doors and entrances
 - (iv) 1 to 20 scale section drawings of the junctions of different materials
- The works shall be carried out in accordance with the details thereby approved.

In the interests of visual amenity.

6) No development shall take place until a Statement of Demolition and Construction Practice has been submitted to and approved in writing by the Local Planning Authority. The Statement of Demolition and Construction Practice shall include full details of:

- a) details of any phasing of the development
- b) the positions and types of cranes and details of excavations and earthworks
- c) the methods to be employed to prevent mud, grit and dirt being carried onto the public highway from the development hereby approved;
- d) measures to control the emissions of dust and dirt during construction and associated air quality (in accordance with the Institute of Air Quality Management (IAQM) planning guidance)
- e) location of site compound, and its means of enclosure and of safety barriers
- f) details of plant equipment/storage as well as details of any vibro-impact machinery
- g) details and location of contractor and sub-contractor parking and of the management of abnormal loads
- h) a local resident and business communications strategy for the duration of the works
- i) the means for controlling noise from the demolition and construction processes
- j) how this Statement of Demolition and Construction Practice will be made publicly available by the developer

The contractor must ensure compliance with current legislation on noise and dust control including the Environmental Protection Act 1990 and the Control of Act 1974. Relevant Codes of Practice set out procedures for dealing with the control of noise on construction and demolition sites are contained in BS5228: 2009 Noise and Vibration Control on Construction and Open Sites.

The approved details shall be implemented at the commencement of work on site, and shall thereafter be retained and employed until completion of works on site. The Statement of Construction Practice shall be made publicly available for the lifetime of the construction phase of the development in accordance with the approved method of publicity.

In the interests of the amenity of occupants of nearby buildings.

7) The hours of construction including deliveries and waste collection shall be restricted to 08:00 to 18:00 hours Monday to Friday, 08:00 to 13:00 hours Saturdays, with no construction activities on Sundays and Bank Holidays.

In the interests of the amenity of occupants of nearby buildings.

8) The development shall be fully undertaken in accordance with the Roscoe Drainage Statement Rev 5 dated August 2020, with a peak surface water discharge rate of 12.5 l/s unless otherwise submitted and approved in writing with the Local Planning Authority. The works shall be fully implemented in accordance with the approved scheme before the development is brought into use, or as set out in the approved phasing details.

To ensure sustainable drainage and flood prevention.

9) Prior to the occupation of the first unit, details shall be provided in respect to the management, inspection and maintenance of any non-adopted drainage features. The details shall identify the responsible parties and set out how these will be funded and managed and provide a schedule of the proposed inspections and annual maintenance for the lifetime of the development. The plan shall be submitted to and approved in writing with the Local Planning Authority prior to first occupation and the development shall thereafter be maintained at all times in accordance with the approved details.

To ensure the development is adequately maintained for the lifetime of the development.

10) Development shall not commence until details and a method statement for interim and temporary drainage measures during the demolition and construction phases have been submitted to and approved in writing by the Local Planning Authority. This information shall provide full details of who will be responsible for maintaining such temporary systems and demonstrate how the site will be drained to ensure there is no increase in the off-site flows, nor any pollution, debris and sediment to any receiving watercourse or sewer system. Where temporary discharges to a sewer are proposed, written confirmation from the sewer owner that these have been accepted shall be provided. The site works and construction phase shall thereafter be carried out in accordance with approved method statement, unless alternative measures have been subsequently approved by the Planning Authority.

To prevent flooding offsite.

11) No building or other obstruction including landscape features shall be located over or within 3 (three) metres either side of the centre line of the public sewer i.e. a protected strip width of 6 (six) metres, that crosses the site. If the required stand-off distance is to be achieved via diversion or closure of the sewer, the developer shall submit evidence to the Local Planning Authority that the diversion or closure has been agreed with the relevant statutory undertaker and that prior to construction in the affected area, the approved works have been undertaken.

In order to allow sufficient access for maintenance and repair work at all times

12) The approved Phase I Desk Study report indicates that a Phase II Site Investigation is necessary, and therefore development (excluding demolition) shall

not commence until a Phase II Site Investigation Report has been submitted to and approved in writing by the Local Planning Authority.

Where remediation measures are shown to be necessary in the Phase II Report and/or where soil or soil forming material is being imported to site, development (excluding demolition) shall not commence until a Remediation Strategy demonstrating how the site will be made suitable for the intended use has been submitted to, and approved in writing by, the Local Planning Authority. The Remediation Strategy shall include a programme for all works and for the provision of Verification Reports.

It is strongly recommended that all reports are prepared and approved by a suitably qualified and competent person.

To ensure that the presence of contamination is identified, risks assessed and proposed remediation works are agreed in order to make the site 'suitable for use' with respect to land contamination

13) If remediation is unable to proceed in accordance with the approved Remediation Strategy, or where significant unexpected contamination is encountered, or where soil or soil forming material is being imported to site, the Local Planning Authority shall be notified in writing immediately and operations on the affected part of the site shall cease. The affected part of the site shall be agreed with the Local Planning Authority in writing. An amended or new Remediation Strategy and/or Soil Importation Strategy shall be submitted to and approved in writing by the Local Planning Authority prior to any further remediation works which shall thereafter be carried out in accordance with the revised approved Strategy. Prior to the site being brought into use, where significant unexpected contamination is not encountered, the Local Planning Authority shall be notified in writing of such.

It is strongly recommended that all reports are prepared and approved by a suitably qualified and competent person.

To ensure that any necessary remediation works are identified to make the site 'suitable for use' with respect to land contamination.

14) Remediation works shall be carried out in accordance with the approved Remediation Strategy. On completion of those works, the Verification Report(s) shall be submitted to the Local Planning Authority in accordance with the approved programme. The site or phase of a site shall not be brought into use until such time as all verification information has been approved in writing by the Local Planning Authority.

It is strongly recommended that all reports are prepared and approved by a suitably qualified and competent person.

To ensure that the remediation works are fully implemented as agreed and the site has been demonstrated to be 'suitable for use' with respect to land contamination.

15) No installation of externally mounted plant or equipment shall take place until details of the installation and/or erection of any air conditioning or extract ventilation

system, flue pipes, window cleaning equipment or other excrescences proposed to be located on the roof or sides of the building, including details of their siting, design, noise attenuation, and external appearance have been submitted to and approved in writing by the Local Planning Authority. Works shall be carried out in accordance with the approved details and retained as such thereafter.

Plant and machinery operated from any commercial premises shall limit noise to a level at least 5dBA below the existing background noise level (L90) when measured at the nearest noise sensitive premises with the measurements and assessment made in accordance with BS4142:1997.

In the interests of amenity and visual amenity, in accordance with Saved Unitary Development Plan Policies GP5, BD2 and BD4, Leeds Core Strategy policy P10 and the NPPF.

16) No development shall take place until details of a further Air Quality assessment, which includes the impact of the final energy strategy and the identification of mitigation measures as necessary including the details of glazing and any mechanical ventilation systems, shall be submitted to and approved in writing by the Local Planning Authority.

The package shall be installed and implemented in accordance with the approved details prior to the commencement of the use of the building and shall be maintained and retained thereafter for the lifetime of the development.

In the interests of the amenity of future occupiers of the residential dwellings.

17) Development / building works shall not commence until a plan showing details of the proposed vehicular access to the site comprising a new vehicular access in to the site from Foundry Street, has been submitted to and approved in writing by the Local Planning Authority. The access shall be constructed as approved, prior to construction of the building and retained for the lifetime of the development

To ensure the free and safe use of the highway.

18) Notwithstanding the details shown the approved plans no development shall take place until a plan showing visibility splays of a new vehicular access in to the site from Foundry Street has been submitted to and approved in writing by the Local Planning Authority. The approved visibility splays shall be laid out to an adoptable standard prior to occupation and retained for the lifetime of the development.

The use of a substandard access, including by construction traffic, would be detrimental to the free and safe use of the highway.

19) Notwithstanding the approved details, before building works are commenced full details of cycle/motorcycle parking and facilities shall be submitted to and approved in writing by the Local Planning Authority. The development shall not be occupied until the approved cycle/motorcycle parking and facilities have been provided. The facilities shall thereafter be retained for the lifetime of the development.

In the interests of highway safety.

20) All car parking spaces shown on the approved plans (with the exception of any disabled spaces) shall be made available for any occupant of the development and shall remain unallocated to any specific occupant or residence for the lifetime of the development.

To ensure the free and safe use of the highway.

21) Development shall not be occupied until all areas shown on the approved plans to be used by vehicles have been fully laid out, surfaced and drained such that surface water does not discharge or transfer onto the highway. These areas shall not be used for any other purpose thereafter.

To ensure the free and safe use of the highway.

22) Development shall not be occupied until a Car Park and Servicing Management Plan (including timescales) has been submitted to and approved in writing by the Local Planning Authority. The plan shall be fully implemented and the development thereafter operated in accordance with the approved timescales.

To ensure the free and safe use of the highway.

23) Prior to occupation of the development details of works comprising the following;
1. Widened access on Foundry Street,
2. Provision of a layby and widened footway at Saxton Lane
3. Widening of Foundry Street to 4.8m from current width of 4.6m and
4. Widening footway at the west edge of Foundry Street to 2m,
shall be submitted to and approved in writing by the Local Planning Authority and shall have been fully implemented.

To ensure the free and safe use of the highway during all development works and throughout the lifetime of the development.

24) Prior to the commencement of the development the applicant will submit for approval by the Local Planning Authority construction details of the proposed footway crossings [and/or reinstatement to full height footway of any redundant existing crossings] along the site frontage. The crossings [and/or reinstatements] must be constructed in accordance with the approved details and be fully implemented prior to the first occupation of the development to the satisfaction of the Local Planning Authority.

In the interests of the free and safe use of the highway and in accordance with Core Strategy policy T2.

25) Notwithstanding the details on the hereby approved plans, hard and soft landscape works shall not take place until full details of both hard and soft landscape works have been submitted to and approved in writing by the Local Planning Authority. Hard landscaping works shall include
(a) proposed finished levels and/or contours,

- (b) means of enclosure,
- (c) car parking layouts,
- (d) vehicle and pedestrian access and circulation areas,
- (e) hard surfacing areas,
- (f) minor artefacts and structures (eg, furniture, play equipment, refuse or other storage units, signs, lighting etc.),
- (g) proposed and existing functional services above and below ground (eg. drainage, power cables, communication cables, pipelines etc., indicating lines, manholes, supports etc.).

Soft landscape works shall include

- (h) planting plans,
- (i) written specifications (including cultivation and other operations associated with plant and grass establishment),
- (j) schedules of plants noting species, planting sizes and proposed numbers/densities,
- (k) soil volumes for tree pits and planted beds
- (l) implementation programme.

Hard and soft landscaping works shall be carried out in accordance with the approved details prior to the occupation of any part of the development in accordance with the programme agreed with the Local Planning Authority and to a reasonable standard in accordance with the relevant provisions of British Standard BS 4428:1989 Code of Practice for General Landscape Operations or other recognised codes of good practice.

To ensure the provision and establishment of acceptable landscape in accordance with adopted Leeds Core Strategy Policy P12, Saved Leeds Unitary Development Plan Review (2006) policies GP5 and LD1, Leeds Natural Resources and Waste DPD, and the National Planning Policy Framework.

26) No hard or soft landscape works shall take place until a plan, schedule and specification for long term landscape management has been submitted to, and approved in writing by, the Local Planning Authority. This shall include reference to planting and hard landscaped areas, including paving, fencing and other features. The schedule shall identify the frequency of operations for each type of landscape asset and reflect the enhanced maintenance requirement of planted areas during the establishment period. It shall provide for an annual inspection during late summer for any areas of failed tree or shrub planting, and the identification of the replacements required in the autumn planting season. Prior to planting, all landscaped areas shall be cultivated and maintained in a weed free condition by mechanical cultivation or chemical control. Maintenance shall be carried out thereafter in accordance with the approved management plan.

To ensure the provision and establishment of acceptable landscape in accordance with adopted Leeds Core Strategy Policy P12, Saved Leeds Unitary Development Plan Review (2006) policies GP5 and LD1, Leeds Natural Resources and Waste DPD, and the National Planning Policy Framework.

27) If within a period of five years from the date of the planting of any tree/hedge/shrub that tree/hedge/shrub, or any replacement, is removed, uprooted or destroyed or dies, or becomes, in the opinion of the Local Planning Authority, seriously damaged or defective, another tree/hedge/shrub of the same species and

size as that originally planted shall be planted in the same location as soon as reasonably possible and no later than the first available planting season, unless otherwise agreed in writing by the Local Planning Authority.

To ensure maintenance of a healthy landscape scheme, in accordance with adopted Leeds Core Strategy Policy P12, retained Leeds Unitary Development Plan Review (2006) policies GP5 and LD1, the Leeds Natural Resources and Waste DPD, and the National Planning Policy Framework.

28) a) No works or development shall commence until full details of the load bearing cell type rooting zone using proprietary structures has been submitted and approved in writing by the local planning authority. Details shall be fully in accordance with LCC guidance on urban tree planting (available on Landscape Planning website). Details shall include:

- proprietary soil cell structures to support paving over extended sub-surface rooting areas
- Soil cell volume /soil volume calculations
- specification of topsoil including additives and conditioners
- Tree grilles and guards and means of anchoring root balls. Built-in Root Irrigation Pipe system with end cap and aeration system.
- Passive and / or active irrigation including directed use of grey water / roofwater or surface water infiltration to benefit planted areas. Details of distribution system and controls
- Tree grill details
- drainage system for tree pits.
- Where applicable -details of protection measures for statutory utilities and drainage
- Works shall then be carried out in accordance with the approved details.
- Confirmation of Manufacturer supervision on site (free service)

b) To ensure full compliance, a brief report on the installation of the rooting zone system, including supporting photographic evidence, shall be submitted to the LPA when the works are still "open" to allow LPA inspection prior to any finish surfacing works. Seven days written notice shall be given to the Local Planning Authority that the rooting zone structures are in place to allow inspection and approval of them as installed. Confirmation is required that the installation has been overseen by the manufacturer of the system

NOTE-this item cannot be discharged until post inspection approval is confirmed.

c) A three year irrigation programme for the trees (in accordance with BS 8545-2014 Trees from Nursery to Independence) shall be submitted to the LPA for approval in writing. Confirmation of irrigation compliance shall be submitted to the LPA on a quarterly basis for the full three year programme period

To ensure the provision of amenity afforded by appropriate landscape design and its cultural requirements are integrated into the development scheme

29) No development shall take place until plans of the site showing details of the existing and proposed ground levels have been submitted to and approved in writing by the Local Planning Authority. The development shall thereafter be carried out in

complete accordance with the details so approved and shall be retained thereafter as such.

To ensure that the works are carried out at suitable levels in relation to adjoining properties and highways in the interests of visual amenity and in accordance with retained Leeds Unitary Development Plan Review (2006) Policy GP5 and the National Planning Policy Framework.

30) Prior to the commencement of development, a Plan shall be submitted to and approved in writing by the Local Planning Authority of: integral bat roosting and bird nesting features (for species such as House Sparrow and Swift) within buildings. The agreed Plan shall show the number, specification of the bird nesting and bat roosting features and where they will be located, together with a timetable for implementation and commitment to being installed under the instruction of an appropriately qualified bat consultant. All approved features shall be installed prior to first occupation of the dwelling on which they are located and retained thereafter.

To maintain and enhance biodiversity in accordance with Core Strategy Policy G9, NPPF, and BS 42020:2013

31) No building works on each phase shall take place until an updated Sustainability Statement has been submitted to and approved in writing by the Local Planning Authority, which will include a detailed scheme comprising (i) a recycle material content plan (using the Waste and Resources Programme's (WRAP) recycled content toolkit); (ii) a Site Waste Management Plan (SWMP) and (iii) an energy plan showing the percentage of onsite energy that will be produced by the selected Low and Zero Carbon (LZC) technologies and that it produces a minimum of 10% of the total energy demand of the development and a carbon dioxide reduction target and plan showing a minimum of 20% reduction in carbon dioxide emissions against building regulations targets. The development shall be carried out in accordance with the detailed scheme for that phase, and

(a) Within 6 months of the first occupation of each phase a post-construction review statement for that phase shall be submitted to and agreed in writing by the Local Planning Authority

(b) The development and buildings comprised therein shall be maintained thereafter and any repairs shall be carried out all in accordance with the approved detailed scheme and post-completion review statement or statements.

To ensure the adoption of appropriate sustainable design principles in accordance with Leeds Core Strategy Policies EN1 and EN2, Leeds SPD Sustainable Design and Construction, and the National Planning Policy Framework.

32) Notwithstanding the plans hereby approved, the construction of any phase of the development shall not commence until full details of the wind mitigation measures as referenced in the hereby approved document PEDESTRIAN LEVEL WIND MICROCLIMATE ASSESSMENT INCLUDING MITIGATION TESTING referenced RWDI #2001712 REV C and dated 30TH JUNE 2020 has been submitted to, and approved in writing by the Local Planning Authority. The development shall then be carried out in accordance with the details then so approved and retained for the lifetime of the development.

In the interests of public and highway safety

33) Prior to installation of the agreed wind mitigation measures a scheme for the monitoring of the wind environment shall be submitted to and agreed in writing by the Local Planning Authority, assessing the effectiveness of the approved mitigation measures. The scheme shall incorporate details and timescales for the implementation of any further mitigation measures where these are found to be necessary by the monitoring exercise and shall be implemented in accordance with the details and timescales thereby approved.

In the interests of public and highway safety.

34) No external lighting shall be installed unless a scheme has previously been approved in writing by the Local Planning Authority. No lighting fitment shall be installed on the site in such a way that the source of light is directly visible from nearby residential properties or is a hazard to users of adjoining or nearby highways. The scheme shall be installed and retained thereafter in accordance with the approved details.

In the interests of amenity.

35) No development shall commence on each phase until full details of the means of access into and out of the buildings and around the public realm areas, for disabled persons, have been submitted to and approved in writing by the Local Planning Authority.

In the interests of disabled people and access for all

36) Following completion of at least 50% of the dwellings within the development as a whole and secondly at the stage of the final completion of the remaining 50% of the dwellings, a post-construction Accessible Housing Certification Table containing confirmation of the full details of the following matters shall be submitted to and approved in writing by the Local Planning Authority;

- Which and how many dwellings within the development have satisfied M4(2)* accessible and adaptable dwellings standards
- Which and how many dwellings within the development have satisfied M4(3)* wheelchair adaptable dwellings standards
- Which and how many dwellings within the development have satisfied M4(3)* wheelchair accessible dwellings standard.

*contained within Part M volume 1 of the Building Regulations.

The accessible dwellings shall be implemented and retained thereafter unless otherwise agreed in writing by the Local Planning Authority.

In the interests of disabled people and access for all

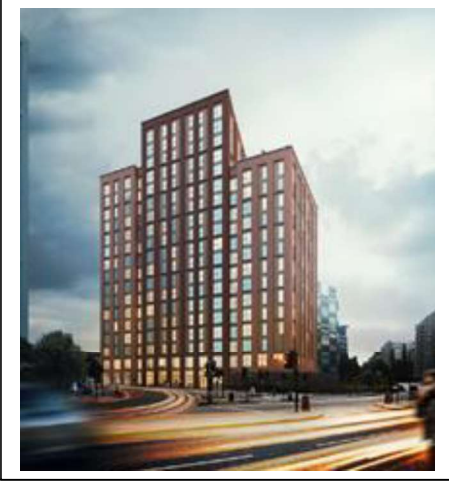
37) The development hereby permitted shall not be occupied until a scheme for each phase, detailing the method of storage and disposal of litter and waste materials, including recycling facilities, has been submitted to and approved in writing by the Local Planning Authority. The details shall include a description of the facilities to be

provided including, where appropriate, lockable containers, details of recyclable materials collection with timescales. The approved scheme shall be implemented before the development is brought into use and no waste or litter shall be stored or disposed other than in accordance with the approved scheme.

In the interests of residential amenity and to promote recycling.



Valuation Office
Agency



DVS Property Specialists
for the Public Sector

Viability Report for
Saxton 2 Saxton Lane and
Foundry Lane
Leeds
LS9 8HE

Report for:

[REDACTED] - Principal Planner
City Centre Team
Development Management
Leeds City Council

Prepared by:

[REDACTED]
Principal Surveyor
RICS Registered Valuer
DVS

Tel : [REDACTED]

E Mail: [REDACTED]

Case Number: 1748971

Client Reference: 20/04145/FU

Date: 15 February 2021

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1. Executive Summary

The applicant is seeking to redevelop a brownfield site close to the centre of Leeds which currently comprises a vehicle repair workshop with a two storey built brick built workshop building and a front forecourt/yard area, accessed off Saxton Lane.

The proposed development will comprise 204 x 1, 2, 3 and 4 bedroom apartments suitable for occupation as build to rent accommodation.

This report provides an Independent Review of a Financial Viability Appraisal in connection with:

Proposed Development	Demolition of the existing buildings and construction of a new building for residential (Use Class C3) purposes incorporating communal areas for residents use, along with servicing, car parking, covered cycle parking, landscaping, highways and associated works.
Subject of Assessment:	Land off Foundry Street and Saxton Lane, Leeds, LS9 8HE
Planning Ref:	20/04145/FU
Applicant:	Modernistiq Ventures Limited
Applicant's Viability Advisor:	Savills (UK) Limited

Viability Conclusion

A site specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

It is the considered conclusion of the DVS that this stage 2 Viability Report concludes a planning compliant scheme is not viable and cannot support full policy.

The scheme can, however, support 7 units or 3.43% affordable (assuming affordable units are subject to Leeds City Council Transfer Rates for PRS Apartments).

You have also requested I calculate the commuted sum payable in lieu of on-site affordable provision which is £705,187 (Seven Hundred & Five Thousand One Hundred & Eighty Seven Pounds).

Non-Technical Summary of Viability assessment Inputs

Viability Inputs	Agent Viability conclusion Build to Rent Scheme	DVS Viability Review Build to Rent Scheme (20% Discount to Market Value Rents)	Agreed (Y/N)
Assessment Date	June 2020	February 2021	Y
Scheme, Gross Internal Area, Site Area	GIA 156,852 sq ft Site area 0.43 acres	GIA 156,852 sq ft Site area 0.43 acres	Y
Development Period	6 months lead-in period Construction 24 months 12 months to achieve full occupancy	6 months lead in period Construction 24 months Sale 1 month	N
Net realisation	£36,316,294	£36,274,549	N
Affordable Housing	Nil	3.43% (7 Units) LCC transfer rates 2020-21	N
Planning Policy / S.106 Total	Nil	CIL £89,620.62 Section 106 contribution £67,896	N
Construction Cost inc. Prelims, External Works Total and £/m ²	£26,200,000 £167.04 per sq ft	£28,195,716 £179.76 per sq ft	Y
Contingency	3%	3%	Y
Professional Fees	10%	6.5%	N
Finance Interest and Sum	6%	5%	N
Other Fees			
Marketing Fees	£50,000	£Nil	N
Letting Agent Fee	10%	£Nil	N
PRS Investment Agency Fees	£Nil	0.50%	N
Legal Fees	0.5%	0.25%	N
Land Acquiring Costs	Agent 1.5%	Agent 1.5% Legal 0.5%	N
Profit Target %	10% profit on cost	8% profit on cost	N
EUV	£250,000	£262,000	N
EUV Premium to BLV	10%	45%	N
Benchmark Land Value	£275,000	£380,000	N
Purchase Price (if relevant)	Not provided	Not provided	N/A
Alternative Use Value	Not Applicable	Not applicable	N/A
Viability Conclusion	Fully Private rented Scheme. No on-site Affordable and financial contribution of £693,000 towards off side affordable, CIL and S106 requirements	Sub Planning Compliance Comprising : 3.43% CIL £89,620, S106 £64,896 and is Viable. OR Commutated Sum £705,739	N

2. Introduction

- 2.1 I refer to your instructions dated 28 July 2020 and my Terms of Engagement dated 1 September 2020.
- 2.2 The opinion of the development viability of the proposed development scheme is based on a stage 2 review of the planning applicant's agent's report dated June 2020 submitted to the Local Authority.
- 2.3 I have inspected the property on 25 September 2020 and finalised my viability assessment and I am pleased to report to you as follows. This report supersedes our earlier stage 1 report dated 6th October 2020.
- 2.4 A copy of my Terms of Engagement dated 1 September 2020 are attached.

2.5 Identification of Client

Leeds City Council.

2.6 Purpose of Assessment

It is understood that Leeds Planning Department require an independent opinion on the viability information provided by Savills (UK) Limited, in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made are acceptable and can be relied upon to determine the viability of the scheme.

2.7 Subject of the Assessment

Development of 204 build to rent properties at Land off Foundry Lane and Saxton Lane, Leeds, LS9 2HE.

3. Date of Assessment

The date of viability assessment is 15th February 2021.

Please note that values change over time and that a viability assessment provided on a particular date may not be valid at a later date.

4. Viability Methodology / Professional Guidance

- 4.1 The review of the applicant's viability assessment has been prepared in accordance with the recommended practice set out in the National Planning Policy Framework; the NPPG on Viability (July 2018, updated May 2019, September 2019) and the Royal Institution of Chartered Surveyors (RICS) Professional Statement, Financial Viability in Planning (**FVIP: Conduct and Reporting**) (effective from 1st September 2019) and the RICS (**FVIP**) Guidance Note (1st Edition) (GN 94/2012), where applicable.

- 4.2 The Residual appraisal methodology is established practice for viability assessments. In simple terms the residual appraisal formula is:

Gross Development Value less Total Development Cost (inclusive of S106 obligations, abnormal development costs and finance) less Profit, equals the Residual Land Value.

- 4.3 The Residual Land Value is then compared to the Benchmark Land Value as defined in the Planning Practice Guidance on Viability. Where the Residual Land Value produced from an appraisal of a policy compliant scheme is in excess of the Benchmark Land Value the scheme is financially viable, and vice versa:

Residual Land Value > Benchmark Land Value = Viable
Residual Land Value < Benchmark Land Value = Not Viable

- 4.4 The appraisal can be rearranged to judge the viability of a scheme in terms of the residual profit, which is compared to the target profit:

Residual Profit > Target Profit = Viable
Residual Profit < Target Profit = Not Viable

- 4.5 For this case the DVS appraisal produces a Residual Profit which is then compared to the Target profit.

Gross Development Value less Total Development Cost (exclusive of S106 obligations) less Profit, less Benchmark Land Value = Residual Pot available for policy requirements.

5. RICS Financial Viability in Planning Conduct and Reporting

In accordance with the above professional standard it is confirmed that:

- 5.1 In carrying out this viability assessment review the valuer has acted with objectivity impartiality, without interference and with reference to all appropriate sources of information.
- 5.2 The professional fee for this report is not performance related and contingent fees are not applicable.
- 5.3 DVS are not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- 5.4 The appointed valuer, [REDACTED] Principal Surveyor is not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.

- 5.5 Neither the appointed valuer, nor DVS advised this local planning authority in connection with the area wide viability assessments which supports the existing planning policy.
- 5.6 DVS are employed to independently review the applicant's financial viability assessment, and can provide assurance that the review has been carried out with due diligence and in accordance with section 4 of the professional standard. It is also confirmed that all other contributors to this report, as referred to herein, have complied with the above RICS requirements.

6 Restrictions on Disclosure / Publication

- 6.1 The report has been produced for Leeds City Council only. DVS permit that this report may be shared with the applicant and their advisors as listed above, as named third parties.
- 6.2 The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers and solely for the purposes of the instruction to which it relates. Our report may not, without our specific written consent, be used or relied upon by any third party, permitted or otherwise, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our report. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report.
- 6.3 Planning Practice Guidance for viability promotes increased transparency and accountability, and for the publication of viability reports. However, it is has been agreed that your authority, the applicant and their advisors will neither publish nor reproduce the whole or any part of this report, nor make reference to it, in any way in any publication. It is intended that a final report will later be prepared, detailing the agreed viability position or alternatively where the stage one report is accepted a redacted version will be produced, void of personal and confidential data, and that this approved document will be available for public consumption.
- 6.4 None of the VOA employees individually has a contract with you or owes you a duty of care or personal responsibility. It is agreed that you will not bring any claim against any such individuals personally in connection with our services.
- 6.5 This report is considered Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006 and your council is expected to treat it accordingly.

7. Validity

This report remains valid for 6 (six) months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

8. Limits or Exclusions of Liability

This Stage Two report is for the purposes of determining viability. DVS are tasked with providing an opinion as to whether the appraisal inputs and assumptions proposed by the applicant are 'reasonable' based upon our experience of industry norms and with regard to the evidence available to DVS. If it is our view an alternative input would be appropriate, we have adopted this in order to report the cumulative impact any changes will have on the overall viability.

Our viability assessment is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our viability assessment may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our viability report. If we do provide written consent to a third party relying on our viability assessment, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

9. Confirmation of Standards

- 9.1 The viability assessment review has been prepared in accordance with paragraph 57 of the National Planning Policy Framework, which states that all viability assessments should reflect the recommended approach in the National Planning Practice Guidance on Viability, (July 2018, updated May 2019 and September 2019).
- 9.2 The viability assessment review report has been prepared in accordance with the Professional Statement Financial Viability in Planning: Conduct and Reporting (effective from 1st September 2019). Regard has been made to the RICS Guidance Note "Financial Viability in Planning" 1st Edition (GN 94/2012), where applicable.
- 9.3 Valuation advice (where applicable) has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards 2017 and RICS UK National Supplement, commonly known together as the Red Book. Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).
- 9.4 Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your internal decision making and for planning purposes, and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our assessment and conclusion may be used by you as part of a negotiation, therefore RICS Red Book professional standards PS1 and PS2 are applicable to our undertaking of your case instruction, compliance with the technical and performance standards at VPS1 to VPS 5 is not mandatory (PS 1 para 5.4) but remains best practice and they will be applied to the extent not precluded by your specific requirement.

9.5 Where relevant measurements stated will in accordance with the RICS Professional Statement 'RICS Property Measurement' (2nd Edition) and, the RICS Code of Measuring Practice (6th Edition).

9.6 As specifically requested by you, any residential property present has been reported upon using a measurement standard other than IPMS, and specifically Net Internal Area / Gross Internal Area have been used. Such a measurement is an agreed departure from 'RICS Property Measurement (2nd Edition)'. I understand that you requested this variation because the operator needs to compare viabilities on a like for a like basis. The applicant has submitted a scheme based on Net Internal Area (NIA) and Gross Internal Area (GIA).

10. Conflict of Interest

10.1 In accordance with the requirements of RICS Professional Standards, DVS as part of the VOA has checked that no conflict of interest arises before accepting this instruction. It is confirmed that DVS are unaware of any previous conflicting material involvement and is satisfied that no conflict of interest exists.

10.2 It is confirmed that the valuer appointed has no personal or prejudicial conflict in undertaking this instruction. It is confirmed that all other valuers involved in the production of this report have also declared they have no conflict assisting with this instruction. Should any conflict or difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

11. Engagement

11.1 The DVS valuer has not conducted any negotiations with the applicant or any of their other advisors. They have however contacted the applicant for clarification in relation to their appraisal and requested digital copies of their Argus appraisal.

12. Status of Valuer

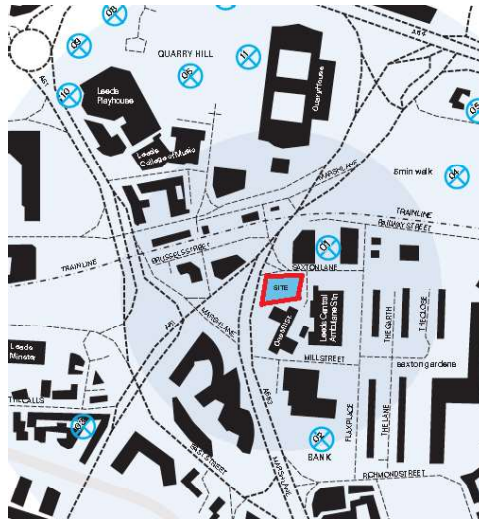
12.1 It is confirmed that the viability assessment has been carried out by [REDACTED], BSc (Hons) MRICS, Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge, skills and understanding necessary to undertake the viability assessment competently and is in a position to provide an objective and unbiased review. [REDACTED] is referred hereafter and in redacted correspondence as 'the DVS Valuer.'

12.2 As part of the DVS Quality Control procedure, this report and the appraisal has been peer reviewed by [REDACTED], Registered Valuer, who has the appropriate knowledge, skills and understanding necessary to complete this task.

13. Assessment Details

13.1 Location

The subject property is situated to the south of Saxton Lane and to the East of Marsh Lane, approximately ½ mile to the east of Leeds City Centre, in an area of mixed land uses but where residential use is increasing with a number of existing and proposed residential developments in close proximity.



13.2 Description

The subject of this viability appraisal is a brownfield site, currently occupied by a vehicle repair business. The applicant proposes to develop a Build to Rent Scheme (BRS) comprising 204 apartments. The development will be accessed off Saxton Lane with limited undercroft parking comprising 10 spaces adjacent to Marsh Lane and resident amenity space above.

The scheme is intended to provide a mix of 1, 2, 3 and 4 bedroom apartments. The completed development will comprise a net sales area of 117,091 sq. ft. with an average unit size of 574 sq. ft.

The attached viability appraisal confirms that the GIA including all communal areas of the building totals 156,852 sq. ft.

13.3 Site Area

0.43 acres.

14. Date of Inspection

25 September 2020.

15. Planning Policy / Background

The site is located within the Aire Valley, Leeds, as designated by Leeds City Council. The Council's area action plan for the Aire Valley identifies it as a major regeneration and growth opportunity.

There are also major mixed-use and residential schemes consented or underway in close proximity to the site. The neighbouring Living Hope Church site has planning permission for two building of up to 22 storeys and containing 349 apartments (19/01010/FU). Flax Place has planning permission for a mixed-use development of 8-10 and 12-14 storeys which contains 300 residential units (17/06296/FU).

16. Local Plan Policy Scheme Requirements / S106 Costs

Planning policy provides developers with two options for the provision of affordable housing. The applicant should either provide 7% affordable based on published transfer rates or 20% affordable subject to the market rents being discounted by 20% across all affordable housing. The proposal does not reflect either option.

Table 2 below sets out affordable rent benchmarks. These apply in situations where a Private Rented Scheme Provider and the City Council have agreed that affordable housing provision will be provided on-site, or in buildings off-site. Management companies responsible for administering the rental of dwellings would be expected to rent the affordable dwellings at rents that accord with the benchmarks subject to arrangements agreed with the City Council.

Table 2: Affordable Rents for PRS Schemes

Dwelling Type	Affordability	Benchmark £/sqm/week	Benchmark £/sqm/mth
Apartment	Lower Decile	1.34	5.82
	Lower Quartile	1.73	7.49

The benchmarks apply to the gross internal floorspace of dwellings.

17. Special Assumptions

17.1 The following assumptions and special assumptions have been agreed with the Council and applied:

- that your council's planning policy, or emerging policy, for affordable housing is up to date
- There are no abnormal development costs in addition to those which the applicant has identified, and the applicant's abnormal costs, where supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report.

17.2 Scheme Floor Areas

I refer you to an extract from the applicant's viability report which summarises the residential accommodation within the scheme. I am informed the proposed total area is 117,091 sq. ft. (net sales area), the average unit size will be 574 sq. ft. I am also advised that the gross internal area including all of the common areas is 156,852 sq. ft.

Level	1 bed (39 sqm)	1 bed (43 sqm)	2 bed (63 sqm)	3 bed (80 sqm)	4 bed (105 sqm)	Total Per Floor
1	2	3	4	0	0	9
2	4	3	5	1	0	13
3	4	3	5	1	0	13
4	4	3	5	1	0	13
5	4	3	5	1	0	13
6	4	3	5	1	0	13
7	4	3	5	1	0	13
8	4	3	5	1	0	13
9	4	3	5	1	0	13
10	4	4	3	2	0	13
11	4	4	3	2	0	13
12	4	4	3	2	0	13
13	4	4	3	2	0	13
14	4	4	3	2	0	13
15	1	2	2	2	0	7
16	1	2	2	1	1	7
17	0	1	2	1	0	4
18	0	1	2	1	0	4
19	0	1	2	1	0	4
Total No.	56	54	69	24	1	204
Total Sqm	2,184	2,322	4,347	1,920	105	10,878
Total Sqft	23,509	24,994	46,791	20,667	1,130	117,091

17.3 Mineral Stability

The applicant's viability appraisal makes no reference to Mining Subsidence or whether it is located in an underground mining area.

17.4 Environmental Factors Observed or Identified

The applicant's viability appraisal makes no reference to contaminants affecting the site. Asbestos may be present in the construction of the existing buildings. While this material remains intact and in good condition the asbestos fibres are likely to be safe but specialist advice should be sought in the event of alteration, maintenance or demolition.

17.5 Tenure

Freehold with vacant possession.

17.6 Easements and Restrictions

I have not been provided with a report and title and cannot comment as to whether any onerous easements or restrictions exist.

17.7 Services

My viability appraisal assumes that all services are either available or connected to the site unless otherwise stated by the viability consultant acting on behalf of the applicant.

17.8 Access and Highways

The applicant makes no comment in their viability appraisal with regards to onerous restrictions regarding access and highways. My report assumes the surrounding road network is maintained at the public expense.

18. Development Scheme information

18.1 Gross Development Value (GDV)

Applicant's Evidence & Opinion of Value

The applicant's advisor has presented an overview of comparable private rental apartments in relation to Saxton Gardens, East Point, X1 Aire and Gateway, Leeds.

The evidence does not represent comparable evidence for build to rent schemes and simply refers to a range of rents summarised in size and rental range, average rent per calendar month (pcm) and average rent per sq. ft.

In addition, the evidence relates to “buy to let” apartments where lettings take place between mainly private landlords with no services associated with PRS schemes. For instance, a PRS scheme usually offers a premium service with 24 hour on-site concierge and building management services which attract premium rents, in excess as more conventional “buy to let” evidence.

DVS Evidence

The VOA holds details of all sales of residential properties in the region including referencing information such as accommodation, floor areas etc. The valuer has analysed lettings of dwellings built since 2016 in the surrounding post code areas.

DVS also holds evidence of numerous schemes either under construction or in planning where viability appraisals have been submitted to the planning authority creating a body of evidence for PRS accommodation rents which the market place states will be let at a premium to conventional “buy-to-let” properties. I summarise below the most recent agreed rents in respect of PRS units for similar schemes in Leeds City Centre.

Location	Studio Average Size sq.m / £/sq. m.	1 bed Average Size sq.m / £/sq. m.	2 bed Average Size sq.m / £/sq. m.)	3 bed Average Size sq.m / £/sq. m.
Leeds City Centre				
Site A	31.5 / £264.37	47.5 / £201.72	62.5 / £193.75	76.00 / £203.45
Site B	No Studios	49.0 / £201.93	70.0 / £175.56	85.83 / £195.69
Site C	No Studios	45.6 / £249.73	67.8 / £224.75	92.10 / £210.97
Site D	No Studios	42.7 / £201.82	63.45 / £175.45	85.00 / £195.69
Site E	37.43 / £228.41	45.6 / £249.73	67.81 / £224.75	92.15 / £210.97

Further detailed evidence can be provided in due course on a confidential basis subject to the Commissioners for Revenue Act restrictions. My assessment of the estimated rental value has considered the evidence above and I have made suitable adjustments to the rents to reflect the fact that the subject scheme contains smaller 1 and 3 bed apartments when compared with nearby PRS schemes.

I summarised below the market rents adopted in the applicants appraisal followed by the rents adopted in the DVS appraisal:

Applicants Rental Values

Type	Sqm	Sqft	Rental Value (pcm)	Rental Value (£/sqft pa)	Rental Value (pa)	Quantity	Total Rental (pa)
1 bed	39	420	£800.00	£22.86	£9,600.00	56	£537,600
1 bed	43	463	£850.00	£22.03	£10,200.00	54	£550,800
2 bed	63	678	£1,050.00	£18.58	£12,600.00	69	£869,400
3 bed	80	861	£1,250.00	£17.42	£15,000.00	24	£360,000
4 bed	105	1130	£1,500.00	£15.93	£18,000.00	1	£18,000
Totals/Ave	10,878	117,091	£954.17	£19.95	£11,450.00	204	£2,335,800

I have concluded the applicants proposed rents for 1 and 2 bed apartments are slightly higher than rents either proposed or agreed with other PRS applicants and therefore in my impartial capacity I have reduced the estimated rental values in my appraisal. The Rental Values i have adopted are as follows:

DVS Apartment Rental Values

Type	Value (PCM)	Rental Value (pa)	£/ sq.ft
1 bed	£775	£9,300	£22.14
1 bed	£775	£9,300	£20.08
2 bed	£1,025	£12,300	£18.14
3 bed	£1,250	£15,000	£17.42
4 bed	£1,500	£18,000	£15.93

Car Parking Revenue

In addition, to the PRS units within the scheme there are 10 parking spaces which have been valued by the applicants agent at £1,500 per space per annum which I agree with as fair and reasonable. I do not agree with the capitalisation yield and I have applied a yield of 4.65% based on agreements with other nearby PRS developers/operators in Leeds City Centre.

DVS Evidence and Opinion of Value

Net Rental Income Capitalisation Yield

The manner in which the revenue is assessed for a PRS Scheme it is essential to consider the total rental value of the accommodation and then make an adjustment for the running costs for the entire development. For instance, the landlord will receive rent from tenants, however, the landlord is also required to pay for all of the operational costs in relation to heating, cleaning, maintenance and general management of communal areas.

Therefore, the rental value of each apartment builds up a total gross revenue for the development after which it is important to make a deduction to the gross rent for the ongoing management of the property including site staff, building operations, tenancy operational expenditure and management fees cleaning, maintenance, utilities costs and voids/lettings these.

I summarise below the applicant’s surveyor’s allowance for running costs within the scheme:

Description	Cost expressed as a percentage of gross revenue
BTR Operating Costs	25%

The applicant has allowed for a deduction to gross rents of 25%

Their viability report did not include a detailed commentary justifying the allowances adopted.

There appears to be some double counting in the applicant's viability appraisal as they have allowed an additional 10% letting agent's fee for letting the Build to Rent Units and car parking spaces. Conventional appraisals for Build to Rent properties (BRS) includes the letting fee/cost within the running costs.

I have interpreted the applicant's appraisal as effectively adopting a 35% gross to net adjustment for the management and letting of the properties which is far in excess of normal rates, and not accepted. The same body of evidence for operational expenditure is

I have adopted a lower percentage for calculating the net rental income of 24% which reflects the particular of this scheme and is supported by agreements with other developers in Leeds where PRS viability appraisals have been submitted for multiple buildings within a scheme.

Operation Voids	2.5%
Bad Debt	0.5%
Council Tax Voids	1%
Void Utilities	1.5%
Management Fees	9% inclusive of VAT
Operational Expenditure	8.50%
Total	23%

Further evidence can be provided in due course on a confidential basis subject to the Commissioners and Revenue Act restrictions. In the meantime, I refer you to a schedule of anonymised evidence in Appendix 24.5.

Capitalisation Yield

The applicant has presented a number of PRS schemes in support of the adoption of a capitalisation yield of 4.75%. I have given less weight to the following properties due to their geographical location outside Leeds namely:

- The Rock, Bury;
- Kingsmill, Baltic Triangle, Liverpool;
- 2 Greengate, Salford;
- Clipper Quays Salford
- Port Street, Northern Quarter, Manchester;
- Blossom Street, Ancoats
- Plots A5 and A6 New Bailey, Salford.

Within the schedule of comparable evidence there appears to be only one property in Leeds namely City Heights, Gotts Road, Leeds, which was constructed in approximately 2008 and comprised 183 apartments. The development was not constructed as a PRS scheme but was let out following the global financial crash (credit crunch).

The applicant put forwards evidence of the property selling in January 2016 for £25,000,000 resulting in a yield net on income of 4.46% and a yield of 4.95% net on estimated rental value. I do not consider this site comparable as it is not a purpose-built PRS scheme and the evidence is over four years old prior to the development of other PRS schemes in Leeds city centre which I have assessed.

I refer you to a table in section 24.5 of this report which contains evidence of agreed capitalisation yields for net income for a number of PRS schemes in Leeds city centre. The developers were advised by a full suite of professional advisers and agreed capitalisation yields as summarised below.

Following a deduction for operational costs a valuer is then required to capitalise the net rent to arrive at a value at which the completed scheme will be sold. The applicants has adopted an initial yield of 4.65% which I consider not supported by comparable transactions. I can provide further detailed evidence upon request subject to the Commissioners of Revenues Act restrictions.

DVS Reasoning and Conclusion

Based on my comments above, I have given greater weight to the agreed capitalisation yields for PRS schemes, including a schemes, close to the subject site. I have therefore adopted a yield of 4.65%.

Applicant's Development Period

The applicant's surveyor has adopted a development period, comprising a 6 month lead-in period followed by a construction period of 24 months and a further 12 months to reach full occupancy.

I do not agree with the development period adopted firstly because the scheme should be valued at practical completion. It is not relevant that the developer has chosen to hold the investment for a further 12 months. I have therefore adopted a lead-in period of 3 months, construction period of 24 months and valued the completed scheme on practical completion. This is a valuation methodology which has been applied to all BRS schemes throughout Leeds in the past 2 years.

Applicant's Distribution Curves

The applicants have adopted an s-curve distribution for site specific abnormal and construction costs and professional fees.

DVS Development Period and Distribution Curve

DVS has not adopted the same curve and has weighted professional fees to reflect the proposed construction procurement method, i.e a high proportion of the professional fees will be incurred during the early stages of the scheme.

18.3 Development Costs

£31,740,735 incl. professional fees, CIL and 106 obligations, marketing and sale fees including legals, finance, profit.

18.2 Total Construction Cost

Para 12 of the NPPG explains that the assessment of costs should be based on evidence which is reflective of local market conditions. The RICS viability guidance indicates that site specific costs should be used to assess viability of a scheme where available.

A site specific cost plan detailing the anticipated development costs for the outline scheme, has been prepared by Faithful and Gould, and is included as an appendix to the applicant's viability report. Further to this the applicant's estimated Total Construction, inclusive of contingency and abnormal costs is £29,995,187 or £191.

The build costs have been reviewed by Leeds City Councils independent cost consultant Rex Proctor and Partners (RPP).

RPP have concluded that the base build excl contingency and inflation allowances is £174/sqft – which is not unreasonable.

A contingency of 5% is included for design development and construction risk – which is £9/sqft. This arguably should be 3%.

The cost plan includes £8/sqft for tender and construction inflation – this is the main area of uncertainty in the cost plan and could be arguably lowered to approximately £5.75.

What we are seeing is that prices are increasing (recent increase in steel prices one notable reason) due to both COVID and Brexit – this is hard to predict and BCIS data doesn't reflect this as yet.

Recent tenders we have received are not as competitive as we would have expected – due to;

- Working methods to respect social distancing
- Steel increase – affects steel, M&E, reinforcement, cladding etc – ie all items that contain steel
- Shortage of some key sub-contractors are suppliers – mainly on envelope elements and M&E
- Brexit – which is affecting materials supplies
- Effect of COVID – we are not seeing the shortage of work and opportunities that most expected.

I have in my capacity as an independent party I have included an additional cost for my appraisal relating to the provision of furniture within apartments at £2,000 per property.

Contingency

The applicant's advisors have also allowed a 3% contingency in addition to a build cost contingency. This is considered excessive and I have allowed a total contingency for the entire scheme of 3% (£820,200).

Professional Fees

The applicants have used 10% for professional fees, applied to build cost
On the evidence available 10% is regarded to be high for developers of PRS schemes in the city centre. The DVS valuer has adopted professional fees of 6.5%. I refer you to a schedule of evidence contained within section 24.5 of this report. Further detailed evidence can be provided in due course on a confidential basis subject to the Commissioners and Revenue Act restrictions.

Planning Policy Financial Contributions

The applicant has stated in their viability report:

“Leeds CC adopted their CIL charging schedule in 2015. Lying in Zone 4, CIL is chargeable on new residential development at a rate of £5psm or £0.46 psf. The total gross area of the development as proposed is 156,852 sq ft, equating to a CIL charge of circa £72,000. However, the existing buildings are understood to extend to circa 6,000 sq ft which may be capable of offsetting against the quantum of new floor space. Given that the areas are approximated at this stage we have simply adopted a slightly lower, rounded CIL charge of £69,000 for appraisal purposes.”

Your council have provided the following figures for the scheme which I have adopted:

Section 106/CIL		
Travel Plan Review Fee		3,845
Residential Travel Plan Fee		51,051
CIL		89,670
TRO		10,000
		154,566

Section 106 Hierarchy and Timing

Regarding the timing of these contributions, the valuer has sought guidance from your Authority and consequently DVS has adopted a cash-flow assumption for the Section 106 costs whereby the entire contributions are paid on or soon after grant of planning consent.

Finance

The applicant's debit rate of 6% is considered high. The majority of PRS viability appraisals that I have reviewed in Leeds city centre have adopted an interest rate of 5%.

Remaining Cost Inputs

The remaining development cost inputs have been adopted in the DVS review. These include:

- DVS has adopted sales legal fees 0.25% of all revenue.
- DVS has adopted 0.5% for the sale of the completed scheme.

- Land acquisition and legal fees including 1.5% for agents and 0.5% legals.
- Stamp Duty Land Tax at the prevailing (commercial) rate is also included.

19. Benchmark Land Value (BLV)

19.1. The applicant's surveyor has adopted a Benchmark Land Value of £275,000, this has been reached through the surveyors interpretation of the EUV plus methodology and their opinion of EUV is £250,000 plus 10% premium.

19.2 Existing Use Value (EUV)

The Applicant's EUV comprises:

Current rent for workshop building £25,000 per annum. YP in perp at 10%

The applicant has provided a brief commentary explaining the capital value is equivalent to £42 per sq ft on an existing basis.

The calculation of the EUV (Existing Use Value) is not accompanied by any supporting evidence and does not appear to be a calculation of the estimated rental value (ERV) at the date of appraising the scheme's viability.

19.3 Premium (EUV)

There is no evidence or reasoning in support of the 10% premium applied by the applicant's agent. The DVS valuer does not consider a fixed percentage to be an appropriate means for assessing the premium in any event, however based on similar development sites, in the area I consider an uplift of £25,000 would not sufficiently incentivise a typical landowner to release the site for development.

19.4 Purchase Price

19.4.1 The PPG and the RICS encourage the reporting of the purchase price to improve transparency and accountability.

19.4.2 RICS FVIP (1st edition) 2012 guidance states at para 3.6.1.2 "It is for the practitioner to consider the relevance or otherwise of the actual purchase price, and whether any weight should be attached to it, having regard to the date of assessment and the Site Value definition.."

19.4.3 However, the NPPG on viability very much dissuades the use of a purchase price as a barrier to viability this is reinforced at several places in the PPG: The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. And Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

19.4.4 The PPG does not invalidate the use and application of a purchase price, or a price secured under agreement, where the price enables the development to meet the policies in the plan.

19.4.5 DVS would welcome confirmation of the purchase price ahead of the final report.

19.5. Market Transactions

To accord with the requirements of the RICS professional statement Market Evidence must be reported, and adjusted in accordance with (Paragraph 14 of) the PPG. This explains that market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value.

There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In accord with the requirements of the RICS professional statement Market Evidence must be reported, and adjusted in accordance with (Paragraph 14 of) the PPG. The applicant has not provided any evidence of land sales. The DVS valuer is therefore unable to comment upon how the BLV relates to adjusted market evidence.

19.6. Alternative Use Value (AUV)

19.6.1 Where applicable The DVS reviewer recognises an Alternative Use Value approach may be applicable in this case. Describe the AUV. (extant consent, permitted development, allocated in the plan)

19.6.2 The DVS valuer has considered the AUV is not appropriate in this instance.

19.7. Other Evidence

19.7.1 Other evidence should be considered such as adopted benchmark land values for similar schemes agreed between DVS and applicant's advisors or as used in local plan studies produced under public scrutiny to inform policy.

19.8. Benchmark Land Value Considerations

19.9. DVS EUV

Firstly, I have considered the existing built accommodations existing use value which comprise an industrial unit.

I have not been provided with a detailed survey or measurement of the buildings. However, I have relied on the applicant's viability consultant statement that the existing building is 6,000 sq. ft (GIA).

I have referred to the comparable rental evidence below:


Sign Date	Start Date	Address	City	Floor	Total SF Leased	Rent/SF/Yr	Service	Rent Type	Use
Jan 2018	Jan 2018	Torre Rd	Leeds	GRND	9,308	£4.29	FRI	Effective	Industrial
Oct 2017	Oct 2017	Cross Green Garth	Leeds	GRND	9,350	£3.56	FRI	Effective	Industrial
Apr 2017	Jul 2017	Leathley Rd	Leeds	GRND	11,276	£1.31	FRI	Effective	Industrial
Jan 2017	May 2017	169 Meanwood Rd	Leeds	GRND,M...	10,080	£5.10		Effective	Industrial
May 2016	May 2016	16 Cross Green Way	Leeds	1st	9,400	£3.07		Effective	Industrial
Feb 2016	Feb 2016	Bridgewater Rd	Leeds	GRND	10,720	£6.05		Effective	Industrial
Apr 2015	Apr 2015	Bridgewater Rd	Leeds	GRND,M...	10,751	£4.67	FRI	Effective	Industrial
Jan 2015	Jan 2015	Carlisle Rd	Leeds	GRND,1	12,740	£3.77	FRI	Effective	Industrial
Jan 2014	Feb 2014	Meanwood Rd	Leeds	GRND,M...	10,780	£2.93	FRI	Effective	Industrial
Feb 2013	Feb 2013	Cross Green Approach	Leeds	GRND	9,601	£0.99	FRI	Effective	Industrial
Mar 2005	Mar 2005	16 Cross Green Way	Leeds	GRND	11,352	£6.52		Effective	Industrial

Source: Co Star

After considering the current rental value of the properties I have concluded the likely rents are in the region of £3.50 per sq. ft. with reference to comparables at Cross Green and Torre Lane Leeds.

I have also considered a vacant possession value and applied a capitalisation yield of 8% (12.5 YP). My yield is based on evidence held confidentially which can be disclosed in a private forum subject to the restrictions, and results in a EUV of £262,000 (£43.75 psf).

In order to check the reliability of Yield evidence I have also considered published evidence of industrial sales on the edge of the City Centre and within 3 miles of the subject site.




Sold Feb 2017 · £220K (£36/SF) ✓

Owner User

56 Roseville Rd
Leeds, LS8 5DR
6,178 SF Service · Built 1980

★★★★☆ + VIEW MORE



Sold July 2017 · £150K (£26/SF) ✓

Unit · Owner User · 132 Days on Market

Industrial Unit - Lesser Industrial Estate
Upper Westland Sq, Leeds, LS11 5SS
5,746 SF Industrial Unit · GRND FI · 15

★★★★☆ + VIEW MORE



DVS BLV

I have first considered Other Benchmark Land Values (BLV) such as those adopted in local plan studies produced under public scrutiny to inform policy for viability purposes or those put forward by applicants and accepted by DVs, or those put forward by DVS and accepted by an applicant or as adopted and agreed between DVS and an applicant's advisor.

In terms of established benchmarks the area study for city centre residential was agreed at £750,000 per acre as published by Avison Young on behalf of Leeds City Council.

In addition, I have agreed benchmark land values in the surrounding area based on approximately £1,000,000 per acre.

I have also had regard to whether the site specific costs would support a benchmark land value consistent with the evidence. The residual land value of the planning compliant scheme, based on 20% of units have discounted rents at 80% of market value rents, is £1.36 million which is considerably greater than the applicants opinion of the benchmark land value. I consider the Landowner would be motivated by this knowledge, but the sum would be reduced due the planning risk.

Whilst the matter of premium is ultimately a matter for the decision maker, it is my balanced and professional opinion having considered all of the above to place greatest weight to other benchmarks, and that a fair and reasonable BLV for this site would be £400,000 (rounded down) based on £950,000 per acre x 0.43 acres.

For the Stage 2 report the DVS reviewer has adopted a BLV of £380,000 this comprises an EUV of £262,000, and a £118,000 premium.

20. Developer Profit

20.1 Applicant's Profit Position

The applicant's adviser have concluded that a developer's return of 10% of gross development costs is appropriate for assessing viability. I do not consider this conclusion to be reasonable.

The applicant's advisors conclusion is not supported by comparable data. I have, assessed numerous Build to Rent schemes within the city centre and agreed appraisals at a profit on gross development cost at 8%.

I refer you to Section 24.5 of this report which summarises agreed inputs for Build to Rent schemes in Leeds City Centre. Further evidence can be provided in due course on a confidential basis and subject to the Commissioners of Revenues Act restrictions.

10% of GDC is not accepted as a suitable profit for this scheme. For my review I have adopted a target profit at 8% of gross development costs for the entire scheme. I consider profit margins at this level is well supported by other similar PRS developments DVS have appraised and reviewed in Leeds and that 8% profit is acceptable for determining the viability of the scheme.

21 DVS Viability Assessment

Methodology

The DVS development appraisals fixes the developer's profit. The residual output for a planning compliant scheme represents a residual Land value which is compared to minus -£457,114 which leads me to conclude a policy compliant scheme cannot be viable.

Viability Appraisal of Policy Compliant Scheme

Appraisal 1 - reflects a planning compliant scheme including 7% on site affordable housing (assuming a LCC PRS transfer rents) and £69,000 CIL and S106 costs of £64,896.

As detailed above the DVS valuer has a difference of opinion over a number of inputs to the appraisal and the cumulative effect of these changes is that the viability appraisal identifies generates a negative land value of £458,114.

Appraisal 2 - reflects a planning compliant scheme including 7% on site affordable housing (assuming affordable units are subject to Leeds City Council Transfer Rates) and £69,000 CIL and S106 costs of 654,896.

As detailed above the DVS valuer has a difference of opinion over a number of inputs to the appraisal and the cumulative effect of these changes is that the viability appraisal generates a surplus after allowing for policy compliant affordable housing and section 106 contributions.

Further to this it is DVS valuer's independent conclusion a fully planning compliant scheme is not viable and able to support full policy.

The scheme can, however, support 7 units or 3.43% affordable (assuming affordable units are subject to Leeds City Council Transfer Rates).

You have also requested I calculate the commuted sum payable in lieu of on site affordable provision which is £705,187.

22. Sensitivity Analysis and Testing

As set out in the RICS Professional Standard 'Financial viability in planning: conduct and reporting' (effective from 1st September 2019), I have carried out sensitivity tests to test the robustness of the stage 1 viability conclusion described above.

I have varied a number of the most sensitive inputs of the development appraisal relating to changes in base construction costs. I have adjusted these in upward and downward steps of 1% from the base conclusion.

The results show the revised the Benchmark Land Value (BLV) of £401,657 increases to £955,230 (a difference of £553,573) if construction costs are reduced by 1%

Saxton 2 PRS Viability

Table of Land Cost and Gross Development Value

Construction: Rate /m ²				
-2.000%	-1.000%	0.000%	+1.000%	+2.000%
176.16 /m ²	177.96 /m ²	179.76 /m ²	181.56 /m ²	183.36 /m ²
(£955,230)	(£678,446)	(£401,657)	(£124,861)	£156,126
£36,826,953	£36,826,953	£36,826,953	£36,826,953	£36,826,953

A 1% reduction in construction costs demonstrates the scheme could then provide an additional £553,573 towards section 106 costs or affordable housing. However, if costs increase the scheme will become increasingly unviable. This shows the *viability* conclusion is very sensitive to changes in the cost profile.

23. Comments and Recommendations

Market Uncertainty

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel

restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a “second wave” is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. As at the valuation date some but not all property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is being reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Material valuation uncertainty

In respect of PRS as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of sufficient market evidence on which to base our judgements. Our valuation of Saxton 2 is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt, this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.’

I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.

Yours sincerely

REDACTED

██████████ MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Reviewed by: REDACTED ██████████ MRICS Principal Surveyor RICS Registered Valuer DVS

24. Appendices

- 24.1 Terms of Engagement
- 24.2 Location Plan
- 24.3 Site Layout Plan
- 24.4 Development Appraisal
- 24.5 Summary of PRS Evidence

1. Client

This instruction will be undertaken for Leeds City Council and the appointing planning officer is [REDACTED].

2. Subject Property and proposed development

The land or property) subject to the review is land at Foundry Lane, Leeds .

It is understood that the development has:

- a site area of 0.43 acres
- a total GIA of 156,852 sq ft
- the proposed schedule of accommodation is as follows:

3. Purpose and Scope

To complete this assessment DVS will:

a) Assess the Financial Viability Appraisal (FVA) submitted by / on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authorities planning website.

b) Advise you on those areas of the appraisal which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion.

c) If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, we will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or s106 contributions might be provided without adversely affecting the overall viability of the development. This will take the form of sensitivity tests.

3.1 My report to you will constitute my final report if my findings conclude that the planning applicant / developer cannot provide more affordable housing and s106 payments than have been proposed.

3.2 However, if having completed my assessment I conclude that the planning applicant / developer may be able to provide more affordable housing and s106 payments than have been proposed, I understand that my findings report may only constitute stage 1 of the process as the report will enable all parties to then consider any areas of disagreement and potential revisions to the proposal.

3.3 In such circumstances, I will where instructed by you be prepared to enter into discussions on potential revisions to the applicant's proposals, and / or consider any new supporting information. Upon concluding such discussions, I will submit a new report capturing my subsequent determination findings on the potentially revised application; for convenience and to distinguish it, this report on a second stage assessment may be referred to as my Stage 2 report.

4. Date of Assessment

The date of the assessment is to be agreed

5. Confirmation of Standards to be applied

The viability assessment will be prepared in accordance with paragraph 57 of the National Planning Policy Framework, which states that all viability assessments should reflect the recommended approach in the National Planning Practice Guidance on Viability, this document was revised in May 2019.

The viability assessment review report will be prepared in accordance with the professional statement Financial Viability in Planning: Conduct and reporting (effective from 1st September 2019).

Regard will be made to the RICS Guidance Note "Financial viability in planning" 1st Edition (GN 94/2012), where applicable.

Valuation advice (where applicable) will be prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book. Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

Measurements stated are in accordance with the RICS Professional Statement 'RICS Property Measurement' (2nd Edition) and, where relevant, the RICS Code of Measuring Practice (6th Edition).

6. Agreed Departures from the RICS Professional Standards

As agreed by you, any office and/or residential property present has been reported upon using a measurement standard other than IPMS, and specifically Net Internal Area has been used. Such a measurement is an agreed departure from 'RICS Property Measurement (2nd Edition)'.

I understand that you requested this variation because this measurement standard is how the applicant has presented their data, is common and accepted practice in the construction/ residential industry, and it has been both necessary and expedient to analyse the comparable data on a like with like basis

RICS Red Book professional standards PS1 and PS2 are applicable to our undertaking of your case instruction but as our assessment may be used by you as part of a negotiation, compliance with the technical and performance standards at VPS1 to VPS 5 is not mandatory (PS 1 para 5.4) and they will only be applied to the extent not precluded by your specific requirement.

7. Basis of Value

7.1 Benchmark Land Value. Paragraph 014 of the NPPG (May 2019) states that Benchmark land value should:

be based upon existing use value

allow for a premium to landowners (including equity resulting from those building their own homes)

reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

See related policy: National Planning Policy Framework paragraph 57
Paragraph: 014 Reference ID: 10-014-20190509
Revision date: 09 05 2019

7.2 Existing Use Value: the NPPG (May 2019) explains Existing Use Value at para 15 as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and

should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

See related policy: National Planning Policy Framework paragraph 57
Paragraph: 015 Reference ID: 10-015-20190509.
Revision date: 09 05 2019.

7.3 Gross Development Value (GDV)

GDV is the cumulative total of the market values of the entire development, as detailed in the schedule of accommodation.

Market Value (MV) RICS VPS 4, para 4 defines MV as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

On occasion, it may be agreed that a basis of value requires to be modified and a Special Assumption added, for example where there is the possibility of Special Value attaching to a property from its physical, functional, legal or economic association with some other property.

Any Special Assumptions agreed with you have been captured below under the heading Special Assumptions, in accordance with VPS 4, para 9 of the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, and will be restated in my report.

8. Special Assumptions

The following special assumptions have been agreed and will be applied:

- that your council's planning policy, or emerging policy, for affordable housing is up to date
- There are no abnormal development costs in addition to those which the applicant has identified, and (for cases with no QS review) the applicant's abnormal costs, where supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report.

9. Extent of Valuer's Investigations, Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries that will be undertaken by the assessor.

The following agreed assumptions will apply to your instruction and be stated in my report, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer decides is professionally adequate and possible in the particular circumstance will be undertaken
- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property will be undertaken. The Valuer will have regard to the apparent state of repair and condition, and will assume that inspection of those parts that are not inspected would neither reveal defects nor cause material alteration to the valuation, unless the valuer becomes aware of indication to the contrary. The building services will not be tested and it will be assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection. If the Valuer decides further investigation to be necessary, separate instructions will be sought from you.
- It will be assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing.
- It will be assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.
- It will be assumed that all factual information provided by you or the applicant or their agent with regard to the purpose of this request and details of tenure, tenancies, planning consents and all other relevant information is correct. The advice will therefore be dependent on the accuracy of this information and should it prove to be incorrect or inadequate the basis or the accuracy of any assessment may be affected.
- Valuations will include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but will exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.
- No access audit will be undertaken to ascertain compliance with the Equality Act 2010 and it will be assumed that the premises are compliant unless otherwise stated by the applicant
- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972 unless identified as pertinent by the applicant.

10. Nature and Source of Information to be relied upon by Valuer

10.1 From the client

Information that will be provided to the VOA by the client comprises the following material, which will be relied upon by the viability assessor without further verification.

- a) The Planning application details.
- b) Confirmation of S106 / S278 planning obligations triggered by the scheme. In particular whether the applicant's assumptions on these matters are correct, if they are incorrect then please provide the correct details.
- c) A copy of, or a link to, the relevant planning policy applicable to the site, including current designation (and emerging designation if applicable).
- d) Details of any extant or elapsed consents relating to permitted Alternative Use.
- e) If the applicant has relied on an alternative use that is not permitted, a statement as to whether this alternative would be an acceptable development.
- f) If the applicant has applied vacant building credit, a statement as to whether this is agreed by your Council, if not the appropriate figure.
- g) A copy of the applicant's financial viability appraisal prepared by Savills dated June 2020.

10.2 Information from the applicant

Site access

It is understood that the site is accessible and no appointment to inspect is required. In particular it is understood there are no extraordinary health and safety issues to be aware of. If this is incorrect, please provide details of access arrangements and any PPE requirements.

Viability assessment

With regards to the applicant's financial viability appraisal the applicant should provide sufficient detail to enable DVS to assess the applicant's contention that the scheme would not be viable if the requirements for affordable housing and other public realm contributions were met as stated in the Local Plan.

To support the contention, the applicant's FVA should include a report with the following details:

- a) A planning policy compliant viability assessment, if completed by a member the RICS this should be prepared in accordance with the Financial Viability in planning: conduct and reporting Professional Statement (effective from 1 September 2019). The follow details are required:

- b) Site area -and schedule of accommodation the gross developable area and net developable area should be stated together with an illustrative plan showing the respective boundaries (or reference to the appropriate planning document with this information)
- c) Development programme assumptions, to detail the anticipated period involved in development, including pre- build, build period and marketing period.
- d) Gross Development Value:
 - (i) Market evidence in support of the sales values adopted
 - (ii) Tenure assumptions and Values for affordable housing
- e) Land Value
 - (i) The Benchmark Land Value should be clearly stated with reference to:
 - i. EUV (as defined in the Viability PPG para 015)
 - ii. Premium (see PPG para 016)
 - iii. Market evidence (suitably adjusted in accordance with PPG para 016)
 - (ii) Alternative use value for the site such be provided, where it exists. (see para 17 of the PPG).
 - (iii) The Purchase Price (or expected price as agreed through a conditional or optional agreement) should be reported for transparency. Where this is below the assessment of BLV a brief explanation of the reasoning should be provided.
- f) Gross Development Costs
 - (i) Build Cost assessment - the evidence should include a full build cost estimate, showing how the costs have been estimated.
 - (ii) Abnormal Costs total - Supporting reports for site abnormalities should be provided, together with the calculation adopted
- g) Cash flow. Either in the form of an accessible viability toolkit (Argus developer or HCA DAT) or as a Microsoft Excel unprotected document.

10.3 DVS Information

DVS will make use of VOA held records and information. The sources of any other information used that is not taken from our records will be identified in the review report.

10.4 Information Outstanding

We have reviewed the viability information already supplied and can confirm that we have most of the information to complete this case with the exception of the following

From your council:

A summary of Section 106 Costs applicable to the application
A summary of CIL charges applicable to the application

The report delivery date will be dependent upon timely receipt of this information.

11. Identity of Responsible Valuer and their Status

It is confirmed that the valuation will be carried out by a RICS Registered Valuer, acting as an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the assessment competently.

The valuer responsible will be [REDACTED] and their contact details are as stated above in the letterhead.

Any graduate involvement will be detailed in the report.

12. Disclosure of any Material Involvement or Conflict of Interest

In accordance with the requirements of the RICS standards, the VOA has checked that no conflict of interest arises before accepting this instruction.

It is confirmed that DVS are unaware of any previous conflicting material involvement and am satisfied that no conflict of interest exists. Should any such difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

It is confirmed that the valuer appointed has no personal conflict undertaking this instruction.

13. Description of Report

A side headed written Stage 1 report as approved by you for this purpose will be supplied and any differences of opinion will be clearly set out with supporting justification, where inputs are agreed this will be stated also.

Further to the requirements of the RICS a non-technical summary will be included in the report, together with sensitivity tests to support the viability conclusion.

14. Report Date

It is my intention to submit the stage 1 report of my findings by 28th September 2020

If unforeseen problems arise that may delay my report, you will be contacted before this date with an explanation and to discuss the position.

In order to meet the above reporting date it is essential that the information requested with section 10 of these terms is supplied by 21st September.

15. Validity Period

The report will remain valid for 6 months unless circumstances alter or further material information becomes available. Reliance should not be placed on the viability conclusion beyond this period without reference back to the VOA for an updated valuation.

16. Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

17. Limits or Exclusions of Liability

Our viability advice is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our advice may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report.

If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

18. Fee Basis

18.1 You have asked for a fixed fee quote for the viability appraisal. Having considered the initial details of this application, we have agreed a fixed fee basis of [REDACTED] plus VAT in order to complete the work set out above.

The personnel involved in this assessment will be as follows:

Personnel:	Role	Task
[REDACTED]	Development Consultant	Report and Viability Residential and commercial
[REDACTED]	Valuer Residential and commercial	research and Valuation

18.2 This fixed fee proposal is for the provision of a report stating my findings on the development viability appraisal as initially provided by the planning applicant / developer. It will include a meeting with you to deal with initial issues. It may require revision if the information supplied by you or the applicant is not quickly forthcoming at our request or if the initial task is varied by you and in both cases we would revert to you for advice on the way forward. Abortive fees would be based on work already carried out.

18.3 If there is a subsequent need following the delivery of my report to discuss issues with the planning applicant / developer or you, including the consideration of potential revised proposals, or to attend meetings, this will constitute a second stage requiring a Stage 2 report and we would need to charge on a time spent basis as an additional cost at hourly rates as shown in the table above for this Stage 2 work. I am able to reduce the amount of time I need to spend upon your work by delegating some functions to colleagues who have a lower cost and this will be reflected in the invoice for this work.

RICS Lead Development Consultant Report and viability discussions [REDACTED]

18.3 If there is a subsequent need following the delivery of my report to discuss issues with the planning applicant / developer or you, including the consideration of potential revised proposals, or to attend meetings, this will constitute a second stage requiring a Stage 2 report and we would need to charge on a time spent basis as an additional cost at hourly rates as shown in the table above for this Stage 2 work. I am able to reduce the amount of time I need to spend upon your work by delegating some functions to colleagues who have a lower cost and this will be reflected in the invoice for this work.

18.4 Payer of fees: With regard to the payment of fees, Homes and Communities Agency has issued a Good Practice Note: "Investment and Planning obligations - Responding to the downturn". In this GPN is a comment that it is common practice for developers to fund the cost of independent validation. The reasoning for this is that you have a planning policy which the applicant is seeking to vary. In order to assess the applicant appraisal you need advice which it is reasonable for the applicant to bear in these circumstances. I understand that the planning applicant / developer has agreed to reimburse your reasonable costs incurred in this review.

Please note that you will be our named Client. As such, our contractual obligation is to you and not to the applicant and your authority will be responsible for payment of our fees. Any arrangement between your authority and the Applicant relating to payment of the fees would be a matter between yourselves.

Please note that that my minimum fee is £200 unless agreed otherwise as part of a contract or SLA.

19. Currency

All prices or values are stated in pounds sterling.

20. Fee Payment and Interim Billing

Our fees are payable by our client within 30 days from the receipt of our invoice whether or not the amount is disputed or is being passed on to a third party for reimbursement.

The VOA reserves the right, subject to prior notification of details of time spent, to invoice at suitable points during the financial year for work in progress undertaken but not yet formally reported. In order to ensure timely cash flows within the public sector, such interim bills may be issued at either monthly or two monthly intervals. You will be advised beforehand that any such bill is imminent.

Where a case is cancelled before completion, our fees will be calculated on a 'work done' basis with added reasonable disbursements unless alternative arrangements have been prior agreed.

Please note under HM Treasury Managing Public Money we are required to review our charging on a regular basis. The VOA reserves the right to undertake an annual review of our rates going forward.

21. Purchase Order Numbers

If your organisation uses Purchase Order) Numbers, and you have not already provided one with your originating instructions, please supply this number to us as soon as possible as I cannot proceed without this information.

22. Complaints

The VOA operates a rigorous QA/QC system. This includes the inspection by Team Leaders of a sample of work carried out during the life of the instruction together with an audit process carried out by experienced Chartered Surveyors upon completion of casework. It also includes a feedback cycle to ensure continuous improvement.

The VOA has a comprehensive complaints handling procedure if you are not getting the service you expect. If you have a query or complaint it may be best to speak first to the person you have been dealing with or their manager. If you remain dissatisfied you should be offered a copy of our brochure "Our Code of Practice on Complaints". If it is not offered to you, please request a copy or access it on our website www.voa.gov.uk.

23. Freedom of Information

We will do all that we can to keep any information gathered or produced during this assignment confidential. The Freedom of Information Act 2000 or Environmental Information Regulations 2004, and subordinate legislation, may apply to some or all of the information exchanged between yourself and the VOA under this engagement. Therefore the VOA's duty to comply with the Freedom of Information Act may necessitate, upon request, the disclosure of information provided by you unless an exemption applies.

The VOA undertakes to make reasonable endeavours to discuss the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, with you prior to responding to any third party requests. However, the VOA reserves the right to comply with its statutory obligations under the Act in such manner as it deems appropriate.

The VOA requires you to make all reasonable endeavours to discuss with us the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, prior to your responding to any third party requests for information provided to you by the VOA.

24. Monitoring Compliance by RICS

It is possible that the RICS may at some stage ask to see the valuation for the purposes of their monitoring of professional standards under their conduct and disciplinary regulations.

25. Revisions to these Terms

Where, after investigation, there is in my judgement a need to propose a variation in these terms of engagement, you will be contacted without delay prior to the issue of the report.

For example, should it become apparent that the involvement of specialist colleagues would be beneficial, your consent will be sought before their involvement and we shall, if not included in the original fee estimate, provide an estimate of their costs.

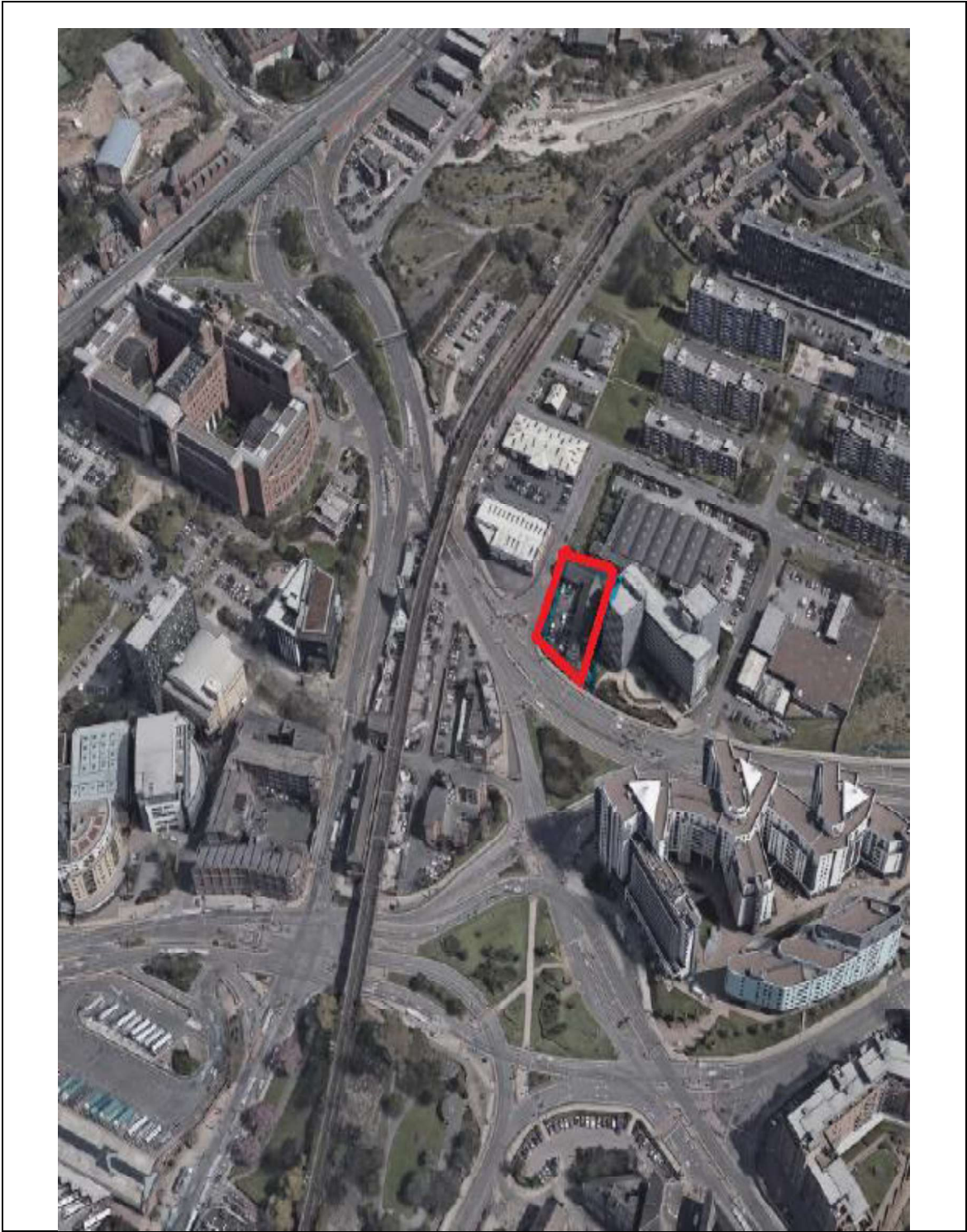
The valuer will be grateful to receive at your earliest convenience brief written confirmation by email or letter that these terms and conditions are accepted and approved by you. If you have any queries please do not hesitate to contact the valuer listed above.

Yours sincerely

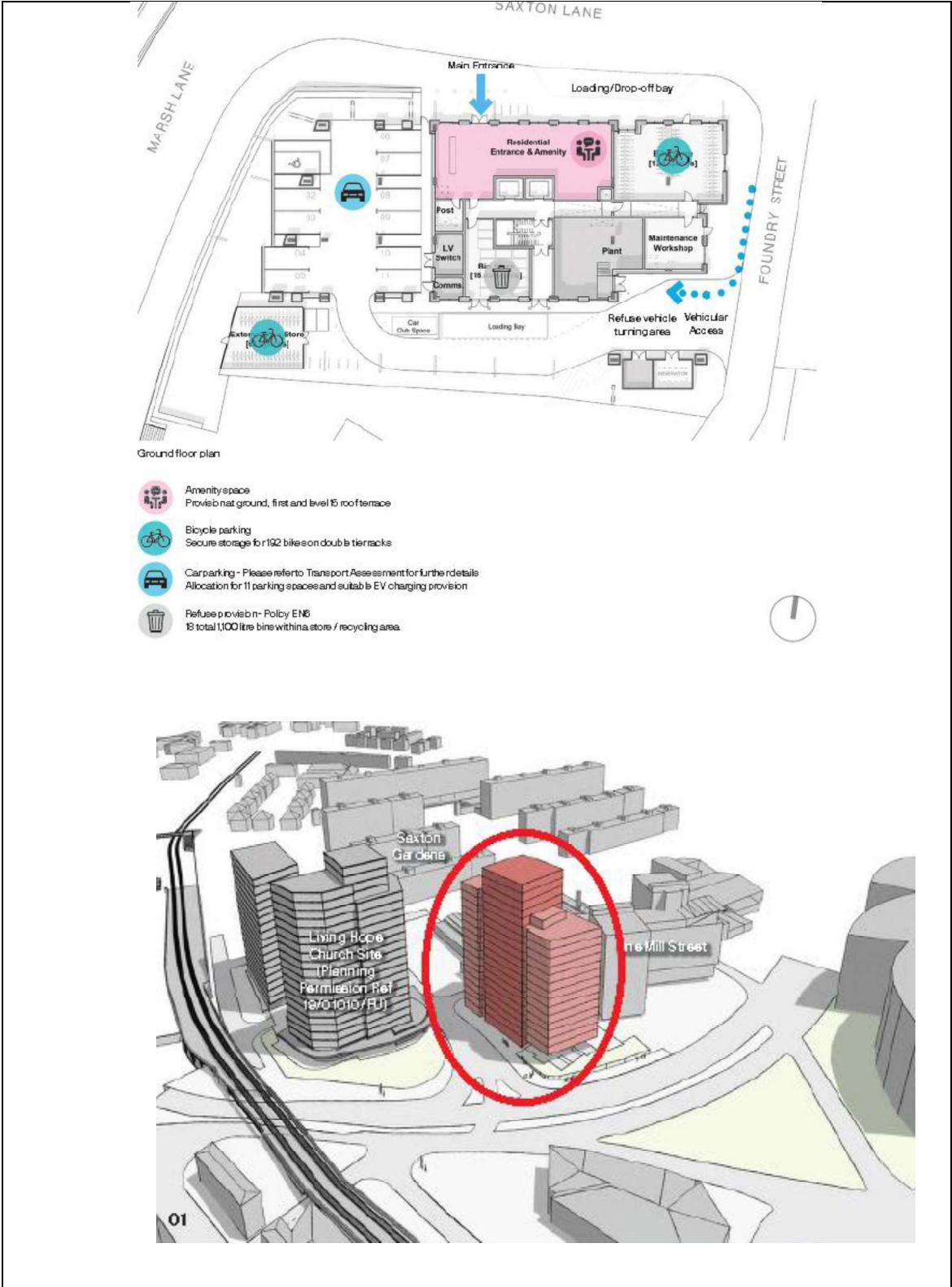
[Redacted Signature]

[Redacted Name] MRICS
Principal Surveyor
RICS Registered Valuer
DVS

24.2 Aerial Image of Location



24.3 Site Development Plan



24.4 Viability Appraisal

Saxton 2
PRS Viability - Policy Affordable Transfer Rates
3.43% Affordable

Development Appraisal
Valuation Office Agency
16 February 2021

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

Saxton 2
PRS Viability - Policy Affordable Transfer Rates

Summary Appraisal for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	ft ² Rent	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
1 Bed Apartment	52	21,840	22.14	9,300	372,372	483,800	372,372
1 Bed Apartment	51	23,613	20.09	9,300	365,211	474,300	365,211
2 Bed Apartment	69	46,782	18.14	12,300	653,499	848,700	653,499
3 Bed Apartment	24	20,664	17.42	15,000	277,200	360,000	277,200
4 Bed Apartment	1	1,130	15.93	18,001	13,861	18,001	13,861
Car Parking	10		1,500.00	1,500	13,500	15,000	13,500
1 Bed Apartment LD	4	1,680	6.29	2,642	8,137	10,567	8,137
1 Bed Apartment LQ	3	1,389	8.11	3,755	8,674	11,265	8,674
Construction Cost	1	156,852		0	0		
Totals	215	273,960			1,712,453	2,221,433	1,712,453

Investment Valuation

1 Bed Apartment							
Current Rent	372,372	YP @	4.6500%	21,5054	8,008,000		
1 Bed Apartment							
Current Rent	365,211	YP @	4.6500%	21,5054	7,854,000		
2 Bed Apartment							
Current Rent	653,499	YP @	4.6500%	21,5054	14,053,742		
3 Bed Apartment							
Current Rent	277,200	YP @	4.6500%	21,5054	5,961,290		
4 Bed Apartment							
Current Rent	13,861	YP @	4.6500%	21,5054	298,079		
Car Parking							
Current Rent	13,500	YP @	4.6500%	21,5054	290,323		
1 Bed Apartment LD							
Current Rent	8,137	YP @	4.6500%	21,5054	174,984		
1 Bed Apartment LQ							
Current Rent	8,674	YP @	4.6500%	21,5054	186,535		
					36,826,953		

GROSS DEVELOPMENT VALUE

36,826,953

Purchaser's Costs
Effective Purchaser's Costs Rate

(552,404)
1.50% (552,404)

NET DEVELOPMENT VALUE

36,274,549

NET REALISATION

36,274,549

OUTLAY

ACQUISITION COSTS

Residualised Price (0.43 Acres 887,538.92 pAcre)			381,642	381,042
Agent Fee		1.50%	5,725	
Legal Fee		0.50%	1,908	
				7,633

CONSTRUCTION COSTS

Construction	ft ² Build Rate ft ²	Cost	
Construction Cost	156,852 179.76	28,195,716	28,195,716

Contingency 3% of Cost Plan 820,200 820,200

Other Construction

Furniture	204 un 2,000.00 /un	408,000	408,000
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Section 106/CIL

Travel Plan Review Fee		3,845	
Residential Travel Plan Fee		51,051	
CIL		89,670	
TRO		10,000	
			154,566

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

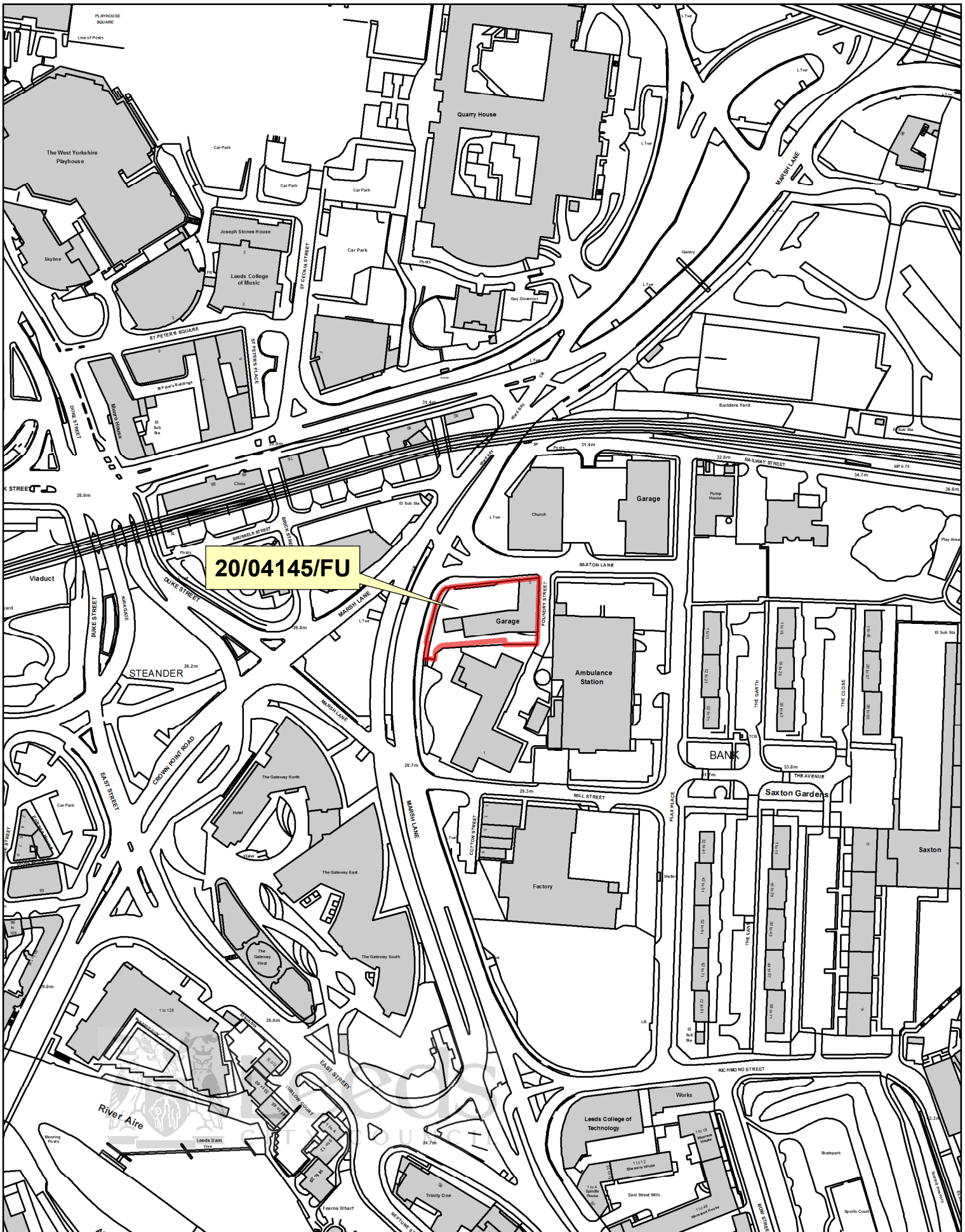
Saxton 2

PRS Viability - Policy Affordable Transfer Rates

PROFESSIONAL FEES			
Prof Fees	6.50%	1,832,722	
			1,832,722
DISPOSAL FEES			
Sales Agent Fee	0.50%	182,327	
Sales Legal Fee	0.25%	90,686	
			273,014
FINANCE			
Debit Rate 5.000%, Credit Rate 2.000% (Nominal)			
Land		44,257	
Construction		1,469,804	
Total Finance Cost			1,514,061
TOTAL COSTS			33,587,552
PROFIT			2,686,997
Performance Measures			
Profit on Cost%	8.00%		
Profit on GDV%	7.30%		
Profit on NDV%	7.41%		
Development Yield% (on Rent)	5.10%		
Equivalent Yield% (Nominal)	4.85%		
Equivalent Yield% (True)	4.79%		
IRR	12.83%		
Rent Cover	1 yr 7 mths		
Profit Erosion (finance rate 5.000)	1 yr 7 mths		

24.5 Schedule of PRS Evidence

REDACTED



CITY PLANS PANEL

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PRODUCED BY CITY DEVELOPMENT, GIS MAPPING & DATA TEAM, LEEDS CITY COUNCIL

SCALE : 1/2500



Drawing Original Size
A1

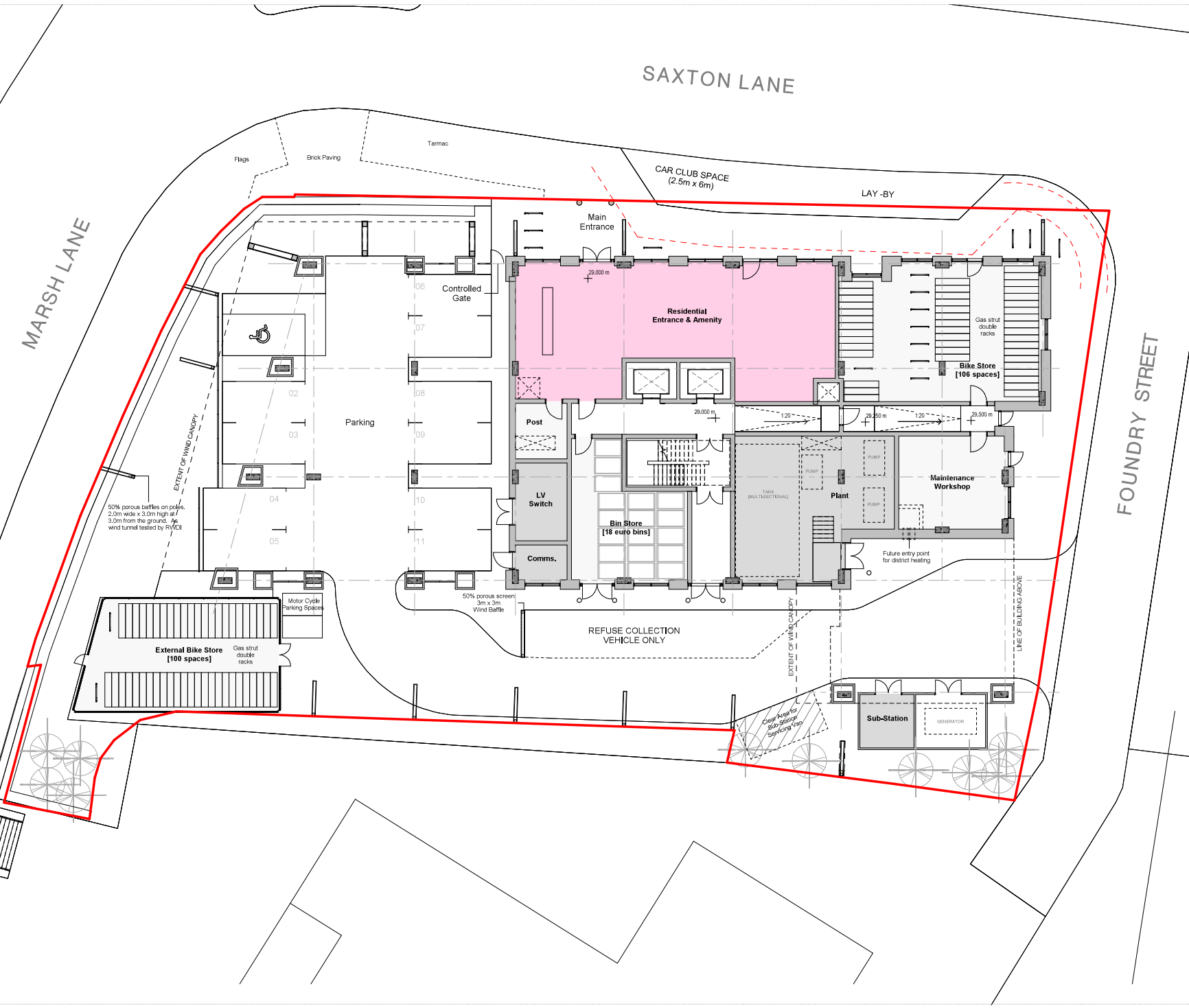
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Drawing Revisions
 Date: 23/11/20 Rev: P-1 Note: Highways comments integrated Check: LP



CARTWRIGHT PICKARD

Client
 Modernistic Ventures Ltd

Project
 845 Saxton Lane

Building Name
 Foundry Street / Saxton Lane

Drawing Title
 Level 00 Plan

Scale
 1:100 @ A1

Drawing Created
 Jun 2020

Revision
P1

Drawing No.
 845-CPA-ZZ-00-DR-A-0200

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