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Our Reference: 1710092/BM/BAE
Your Reference: 18/07433/FU

Please ask for : Brian Maguire
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Date : 3 October 2019

IN CONFIDENCE

Dear Ms Thomas

DVS Independent Review of a Development Viability Appraisal

Proposed Development: 437 Dwellings with New Roads, Open Space, Landscaping, Drainage and Associated Works, Radial Park, Manston Lane, Leeds, LS15 8ST

Scheme:	**437 Dwellings with New Roads, Open Space, Landscaping, Drainage and Associated Works**
Planning Ref:	**18/07433/FU**
Applicant:	**Strata Homes Yorkshire Limited**
Applicant's Advisor	**Cushman and Wakefield**

1.0 Introduction

Further to your instructions dated 6 March 2019, and my terms of engagement dated 9 April 2019, I have now inspected the site and reviewed the viability assessment prepared by Cushman and Wakefield on behalf of the applicant, and I am pleased to supply my report.

It is understood that Leeds City Council Planning Authority require my independent opinion on the viability information provided by Cushman and Wakefield, 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.

This is a final report, it gives both your authority and the applicant opportunity to consider the recommendations and impact of the assumptions and to revert back if there are any discrepancies or clarifications needed.

The report gives overview of the applicant's viability appraisal, then provides advice on those areas of the appraisal which I consider to be incorrect, along with justifications where appropriate. A summary of the key differences of opinion and impact is then provided.

1.3 Viability Conclusion

It is my conclusion a fully planning compliant scheme is not viable.

My viability review concludes the scheme can viably support a sub policy compliant affordable housing at 7.55% (33 Units) and full CIL and section 106 contributions.

1.3 Executive Summary Viability Assessment Inputs (summary)

	Applicant Revised Appraisal 21 August 2019 (proposes to deliver)	DVS (conclusion)
Gross Development Value	£17,021,059	£116,969,114
Market Housing	Market Evidence £115,226,834	Market Evidence £115,174,887
Affordable Housing	Sub Policy £1,794,225 7% on site (31 units)	Sub Policy £1,794,227 7.55 % on site (33 units)
CIL / S 106	£1,253,202/£280,000	£1,253,202/£280,000
Build Costs	£48,348,414 (Inclusive of garages)	£48,431,672 (Inclusive of garages)
Abnormal Cost	£22,551,089	£22,551,089
Developer's return	20% of Gross Development Value	20% of Gross Development Value
Benchmark Land Value (basis)	EUV Plus	EUV Plus
Benchmark Land Value (figure)	£9,534,179	£9,717,343

For full details please refer to body of the report

2.0 Assumptions and Limitations

This final report is for the purposes of determining viability

If it is my view an alternative input would be appropriate, I will adopt this in order to report the cumulative impact any changes will have on the overall viability. 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 should not be interpreted as RICS valuation advice nor as a Red Book valuation.

2.1 Date of Viability Review

The viability review has been assessed at 3 October 2019.

2.2 Validity

This report remains valid for 3 (three) months from the date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

2.3 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 I am 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.

2.4 Restrictions on Disclosure and Publication

The report has been produced for Leeds City Council only.

DVS permit that this report may be shared with Strata Homes and their viability adviser, Cushman and Wakefield listed above as named third parties.

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.

It is agreed that your authority and applicant / their viability advisor will neither make available to any other third party nor 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.

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.

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.

2.5 Status of Valuer

It is confirmed that the viability assessment has been carried out by, Brian Maguire, MRICS, RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the viability assessment competently and is in a position to provide an objective and unbiased viability assessment.

The assessment of the applicant's Viability Assessment has been prepared in accordance with: the recommended practice set out in the Royal Institution of Chartered Surveyors (RICS) Financial Viability in Planning Guidance Note (1st Edition) the National Planning Policy Framework and NPPG on Viability (July 2018);

As part of the DVS Quality Control procedure, this report and the appraisal has been reviewed by Cecilia Reed, MRICS, RICS Registered Valuer.

2.6 Inspection and Background

Brian Maguire has inspected the site and is familiar with the area and property values in the locality.

Radial Park is situated within the Crossgates suburb of Leeds approximately 5 miles to the eastern fringe of the city centre, where it adjoins other neighbourhoods such as Manston, Aushthorpe and Whitkirk.

Crossgates has good communication links by both road and rail. Junction 42 of the M1 is approximately 1.7 miles to the south providing excellent road connectivity to the M62 and the national motorway network.

Radial Park is within one mile of Crossgates Railway Station which lies on the Selby line and directly serves Leeds, York and Selby within direct services available to Manchester, Sheffield and Huddersfield. Kings Cross is commutable via Leeds within around 2 hours and 40 minutes. A masterplan for the area shows an intent to construct a new local railway station to serve Thorp Arch and the surrounding residential developments.

Crossgates also has good local amenities including Crossgates shopping centre. In addition, Radial Park is close to Thorpe Park, one of the regions most established and popular out of town business parks. Thorp Park also incorporates both leisure and retail units.

In the immediate area, adjoining Radial Park, there are mixed uses of new build residential properties and traditional industrial estates. New build housing schemes have been developed by Bellway Homes and Avant Homes, which are situated to the west and north east. Both the aforementioned schemes are subject to development at present with the completion on the final phases underway.

The subject site at Radial Park enjoys close proximity to open countryside to the east and south, with areas of traditional housing to the wider northwest and southern boundaries.

Site History

Radial Park is a former manufacturing facility which extends to approximately 60 acres. The site is broadly rectangular in shape with level topography. At the time of my inspection the site had been cleared of all buildings and there was continuing remediation and demolition being carried out by the current landowner. The demolition works were carried out following planning approval which was granted in April 2018.

The sites southern boundary adjoins the Leeds to York railway line and Manston Lane adjoins the northern boundary which provides direct access to the M1 motorway and Thorpe Park Retail and Leisure Park.

3.0 The Development Proposed

3.1 <u>The Scheme</u>

The development comprises 437 dwellings, which will be constructed over three phases.

The house types proposed by the applicant include 1, 2 and 3 bedroom terrace, semi-detached and detached houses. I summarise below the applicant's proposed phases and the house types to be constructed within Parcel A, B and C below.

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Parcel A - Ledbury	20	15,285	280.00	213,990	4,279,800
Parcel A - Tavy	9	7,459	250.00	207,206	1,864,853
Parcel A - Ledbury-Ginnel	4	3,444	260.00	223,860	895,440
Parcel A - Dart	2	1,808	250.00	226,050	452,100
Parcel A - Tavy-Ginnel	3	2,809	250.00	234,100	702,300
Parcel A - Warwick	24	25,833	290.00	312,149	7,491,570
Parcel A - Stratford Lifestyle	11	13,403	270.00	328,983	3,618,810
Parcel A - Oxford Lifestyle	10	13,132	265.00	347,998	3,479,980
Parcel A - Leamington	19	26,178	265.00	365,114	6,937,170
Parcel A - Stratford	12	14,622	270.00	328,995	3,947,940
Parcel A - Lincoln	14	17,631	250.00	314,839	4,407,750
Parcel A - Oxford	9	11,819	265.00	348,004	3,132,035
Parcel A - Cambridge	17	23,422	265.00	365,108	6,206,830
Parcel A - Shaftesbury	14	20,042	260.00	372,209	5,210,920
Parcel A - Canterbury	6	8,848	260.00	383,413	2,300,480
Parcel A - Harrogate	9	14,144	255.00	400,747	3,606,720
Parcel A - Tavy (lower decile)	5	4,145	62.03	51,423	257,114
Parcel A - Tavy-Ginnel (lower decile)	2	1,872	62.03	58,060	116,120
Parcel A - Dart (lower quartile)	3	2,712	78.86	71,289	213,868
Parcel A - Dart-Ginnel (lower decile)	1	1,023	62.03	63,457	63,457
Parcel A - Tavy (lower quartile)	3	2,486	78.86	65,349	196,046
Parcel B - Livorno	12	9,688	245.00	197,797	2,373,560
Parcel B - Geneva	42	50,633	220.00	265,220	11,139,260
Parcel B - Rosas	36	44,950	220.00	274,694	9,889,000
Parcel B - Barcelona	6	7,744	210.00	271,040	1,626,240
Parcel B - Oporto	10	13,455	240.00	322,920	3,229,200
Parcel B - Vienna	19	30,125	202.00	320,276	6,085,250
Parcel B - Madrid	6	8,893	205.00	303,844	1,823,065
Parcel B - Trivoli	24	37,200	205.00	317,750	7,626,000
Parcel B - AH1 (lower decile)	4	2,510	62.03	38,924	155,695
Parcel B - T1 (lower decile)	4	3,225	62.03	50,012	200,047
Parcel B - B1 (lower decile)	2	1,399	62.03	43,390	86,780
Parcel B - T2 (lower quartile)	7	6,405	78.86	72,157	505,098
Parcel C - Livorno	68	54,896	235.00	189,714	12,900,560
Totals	**437**	**503,241**			**117,021,059**

The proposed development comprises 437 units equating to a combined Net Sales Area (NSA) which equates to approximately 504,405 sq ft, equating to an average unit size of 1,154 sq ft, based on advice contained within the applicant's viability consultant's report.

The proposed scheme is served by three vehicular access points from Manston Lane, with housing configured in a linear arrangement around access roads and areas of public open space. The proposal includes 1,048 car parking spaces plus 238 garages.

The subject site extends to a gross area of 19.24 hectares (47.55 acres). Cushman and Wakefield are informed that the Net Developable Area equates to 14.78 hectares (36.53 acres).

As referred to above, the site is currently subject to demolition and remediation and the former industrial and manufacturing buildings have been demolished and contractors are currently excavating and screening the tarmacadam and concrete floors, roads and foundations, which was approved in May 2018 under Planning Reference 18/0078/FU.

I make no comment about the density, design, efficiency, merit or otherwise, of the suggested scheme.

3.2 Applicant's Assessment

I refer you to the applicant's surveyor's report titled Economic Viability Assessment Proposed Residential Development at Radial Park, Leeds, Strata Homes Yorkshire Limited, dated 10 June 2019. The report has one appraisal contained within it prepared by Cushman and Wakefield.

I have completed negotiations with Cushman and Wakefield, the applicant. I have contacted the applicant's surveyor to obtain an electronic copy of their appraisal. I have also attended numerous meetings with representatives of Cushman and Wakefield, Strata Homes, Leeds City Council Planning Department, Leeds City Council's Consultant Quantity Surveyors Rex Procter and Partners (RPP) and the site's current owners property agent Gent Visick.

Cushman and Wakefield, on behalf of Strata Homes Yorkshire Limited have concluded in their viability appraisal that the proposed development is unable to provide any contributions towards Section 106 Costs or affordable housing.

Their initial report was based upon a profit level of 20% of Gross Development Value (GDV) and a benchmark land value of £356,227 per net developable acre. This has been subsequently revised following negotiations to a benchmark land value of £260,995 per acre

To review the reasonableness of this conclusion I have considered each appraisal and put in turn.

3.3 Development Period

The applicant's surveyor has adopted a 74 month development period, comprising a 1 month purchase period and 6 months pre-construction phase followed by a 62 months construction phase.

This period is accepted as reasonable for a larger scheme, however, the applicants have not included any affordable housing which has been included in my viability appraisal and are sold at an accelerated rate to a registered provider.

The development program is otherwise considered reasonable.

3.4 Gross Development Value (GDV)

I have considered the applicant's revised Gross Development Value (GDV) of £17,021,059.

Comprising:

Market Housing: £115,226,834

Affordable Housing: £1,794,225

3.5 Market Housing Revenue

I have first considered the reasonableness of the sales prices for Market Housing.

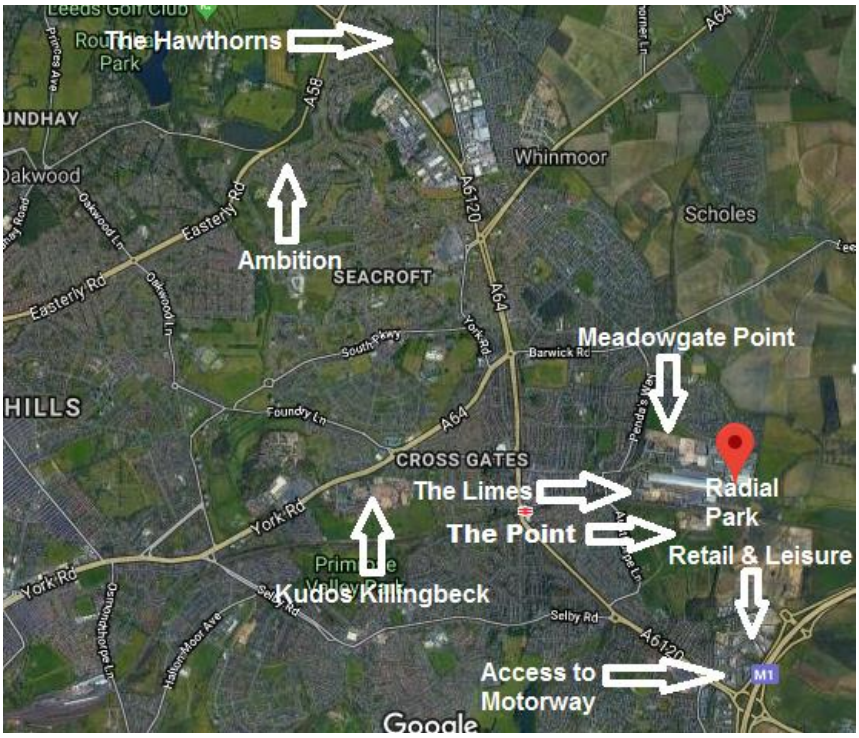
I summarise below an extract from the applicant's original viability appraisal showing the revenues adopted for each house type. The applicant subsequently increased revenues in accordance with the DVS research.

- **Apartments** - £250 per sq ft
- **2-storeys** -
  - **<1,000 sq ft** - £250 per sq ft
  - **>1,000 sq ft** - £230 per sq ft
- **2.5-storeys** - £220 per sq ft
- **3-storeys** - £200 per sq ft
- **Livorno (3-storey, <1,000 sq ft)** - £225 per sq ft

The VOA holds details of all residential properties in the region including referencing information such as accommodation, floor areas etc. I have analysed sales of dwellings built since 2017 in the surrounding post code areas.

I refer you to the key below which comprises a map identifying comparables used by both Cushman and Wakefield and DVS.

Aerial Photo Identifying Location of Comparables



The above aerial photograph identifies the subject site, Radial Park with a red place marker. In addition I have identified adjoining development sites which are currently subject to development and there is evidence of recent sales including Meadow Gate Point, and the Limes. I have also annotated Radial Park's close proximity to the adjoining Thorpe Park Retail and Leisure Development and its accessibility to the motorway which provides additional connectivity to Leeds city centre, avoiding commuting through Leeds suburbs.

It is important to note that Cushman and Wakefield have identified comparable evidence at Kudos in Killingbeck and Ambition in Seacroft as the most relevant "Recent" comparables. Both schemes are developments which have been constructed by the applicant.

I have also identified further schemes including The Hawthorns which is a scheme of terraced, semi-detached and detached houses being developed by Redrow Homes. In addition I have identified The Point, directly to the south of Radial Point which has recently released the first phase of houses.

Discounts and Incentives

Cushman and Wakefield have stated in their report that not all sales incentives offered by developers to secure sales are accounted for within the figure quoted at HM Land Registry, for example part exchange.

For the purposes of their report, for comparing net sales revenues on a like for like basis the price quoted on HM Land Registry has been discounted to allow for incentives.

I summarise Cushman and Wakefields evidence and analysis of comparable below:

Development	Net average revenues (£ per sq ft)						Location Comparison
	Blended (Gross)	Blended (Net)*	2-storeys			3-storeys	
			Ave.	<1,000 sq ft	>1,000 sq ft		
Kudos	-	£209	£249	£250	£223	£194	Comparable
Ambition	-	£195	£228	£238	£201	£180	Inferior
Meadowgate	£247	£235	-	-	-	-	Comparable
Hawthornes	£268	£255	-	-	-	-	Superior
Beechway	£212	£202	-	-	-	-	Inferior
The Limes**	£272	£245					Comparable

**a 5% discount has been applied to the gross average revenue to account for sales incentives not captured by HM Land Registry*
***a 10% discount has been applied to asking prices*

The applicant's agent's approach to discounting revenues is not reasonable. I make reference to Practice Guide 7 published by the Land Registry:

Entry of price paid or value stated data on the register updated 6 April 2019.

"5.1 Discounts and Incentives:

Often developers offer discounts and incentives to perspective buyers. In this case we enter the net (lower) price paid in the register. If we are unable to identify the net price we will request this. The reason for this is that entry of the pre-discount price may be misleading. Incentives, such as legal and moving costs, are not treated as discount for price paid purposes."

In addition, I have invited Cushman and Wakefield to supply evidence of discounts in the form of completed forms provided for the Council for mortgage lenders where discounts on house sales must be documented for mortgage purposes.

Cushman and Wakefield have not been unable to present any evidence to support or justify their assumption that all comparables have been subject to 5% incentives. I do not accept this approach and I have adopted revenues based on comparable evidence as reported to the Land Registry & HMRC for stamp duty purposes.

Cushman and Wakefield have identified six schemes in the adjoining areas which they have considered to varying degrees as appropriate as evidence. I insert below an extract from their viability report which summarised the comparable development sites and their conclusions.

I will deal with each site in order and comment on Cushman and Wakefield's conclusion in respect of each development site.

Kudos – Developer Strata Homes, Killingbeck, Leeds

Cushman and Wakefield have presented evidence from Kudos which is a site which has been developed by the applicant at Seacroft Hospital approximately 2.5 miles west of Radial Park. In a draft report submitted in February 2019, the Kudos site was referred to as being located in Seacroft, Leeds and the later final report describes the property as being situated in Crossgates. Neither description is correct, albeit the property was previously referred to as Seacroft Hospital it is in the Killingbeck district of Leeds, adjoining the suburbs of Crossgates, Halton and Seacroft.

I do not agree with Cushman and Wakefield that Kudos is a comparable scheme. My research shows there is more reliable evidence closer to the development site.

Ambition - A Development by Strata Homes, Seacroft, Leeds

I agree with Cushman & Wakefield Ambition is an inferior location to Radial Park due to the age of comparable evidence.

Meadowgate Point, Off Manston Lane, Crossgates

Developer: Avant Homes

Cushman and Wakefield have concluded that Meadowgate Point is a comparable location which I agree with, however, they have made unreasonable adjustments to comparable evidence by reducing the Land Registry by 5% to reflect, in their opinion an allowance for incentives.

In addition, Cushman and Wakefield have not included comparable evidence from any later than April 2016. The report advises that the first phase of the scheme comprised 177, 2, 3 and 4 bedroom homes and apartments.

I have carried out detailed research and have identified recent comparable sales within Meadowgate Point which have taken place between October 2017 and April 2019 at significantly higher values than those reported by Cushman and Wakefield.

The Hawthorns, Developed by Redrow Homes, Seacroft

The Hawthorns comprises a development of 3 and 4 bedroom family houses located approximately 5 miles to the north of Leeds city centre and 2.5 miles to the northwest of the subject site which is a similar distance to the Ambition site in Seacroft which the applicant had identified as comparable.

At the time of preparing their report, Cushman and Wakefield stated that the scheme was omitting from their report as there was a lack of substantial sales information available.

I have identified recent comparable transactions taking place between December 2018 and May 2019, which assists in informing my opinions of value.

Cushman and Wakefield have concluded in their report that The Hawthorns is a superior location to Radial Park. I disagree for the following reasons.

I believe The Hawthorns is comparable not only due to its location to the subject site but also the setting within which the houses are being developed. The Hawthorns also adjoin industrial development as illustrated in the photograph below:

Aerial Photo Illustrating The Location of The Hawthorns (Redrow Homes)

You will see the location of The Hawthorns scheme identified in the above aerial photograph, circle in red, situated to the south of a business park and directly north of a number of industrial facilities including a factory owned by Unilever which is subject to the UK's Control of Major Accident Hazard Regulations due to the storage of flammable substances used in the production of deodorants.

The safety environment standards on site have been reviewed by the Health and Safety Executor and the Environment Agency to ensure that they need the high standards for a site operating under the regulations. This has been demonstrated by the Health and Safety and Environmental Report and inspections on site by regulators.

The Unilever Facility has extensive control measures in place to prevent a major accident such as a fire or explosion happening and has prepared these in conjunction with Leeds City Council and the emergency services. The site is required to have an emergency plan to respond to incidents that is on the site itself and incidents that may affect its neighbours. This plant has been prepared with West Yorkshire Fire and Rescue Service and is subject to regular tests.

To the west of The Hawthorns site there is an industrial estate build in the 1950s and 1960s. Finally, to the west of Seacroft industrial estate there is Seacroft housing estate which is one of the largest Council housing estates in the Yorkshire and Humber region and is the second largest Council estate after Bransholme in Kingston-Upon-Hull.

I would respectfully disagree with Cushman and Wakefield and argue that The Hawthorns is inferior to any future development on Radial Park. I consider the site is comparable.

I outline below the comparable evidence and conclusions I have reached in arriving at the GDV for the scheme.

Meadow Point Gate, Off Manston Lane, Crossgates (Developer Avant Homes)

Date	Address	Price	Type	Main Rooms	Bedrooms	Bathrooms	Floors	EPC SIZE M2	£/m2	£/sq ft
26-Apr-19	41, LEICESTER SQUARE, CROSSGATES, LEEDS, LS15 8FW	£424,670.00	HD	6	4	3	2	136	£3,122.57	£290.09
26-Apr-19	24, LEICESTER SQUARE, CROSSGATES, LEEDS, LS15 8FX	£404,950.00	HD	6	4	3	2	136	£2,977.57	£276.62
26-Apr-19	30, LEICESTER SQUARE, CROSSGATES, LEEDS, LS15 8FX	£219,950.00	HS	3	2	1	2	64	£3,436.72	£319.28
26-Apr-19	28, LEICESTER SQUARE, CROSSGATES, LEEDS, LS15 8FX	£219,950.00	HS	3	2	1	2	64	£3,436.72	£319.28

The Hawthorns, Whinmoor, Leeds (Developer Redrow Homes)

Date	Address	Price	Type	Main Rooms	Bedrooms	Bathrooms	Floors	Floor Levels	EPC SIZE M2	£/m2	£/sq ft
17-May-19	11, BLACKTHORN AVENUE, WHINMOOR, LEEDS, LS14 1FP	£402,380.00	HD	4	4	2	2		106	£3,796.04	£352.65
17-May-19	1, HONEYSUCKLE DRIVE, WHINMOOR, LEEDS, LS14 1FR	£325,140.00	HD	4	4	2	2		118	£2,755.42	£255.98
22-Mar-19	4, JUNIPER COURT, WHINMOOR, LEEDS, LS14 1FQ	£349,950	HD	4	4	2	2		120	£2,916.25	£270.92
15-Mar-19	2, JUNIPER COURT, WHINMOOR, LEEDS, LS14 1FQ	£308,710.00	HD	5	4	2	2		118	£2,616.19	£243.05
22-Feb-19	1, JUNIPER COURT, WHINMOOR, LEEDS, LS14 1FQ	£308,785.00	HD	4	3	2	2		106	£2,913.07	£270.63
15-Feb-19	8, JUNIPER COURT, WHINMOOR, LEEDS, LS14 1FQ	£342,950.00	HD	5	4	2	2		106	£3,235.38	£300.57
08-Feb-19	9, BLACKTHORN AVENUE, WHINMOOR, LEEDS, LS14 1FP	£359,720.00	HD	5	4	2	2		128	£2,810.31	£261.08
11-Jan-19	5, BLACKTHORN AVENUE, WHINMOOR, LEEDS, LS14 1FP	£344,235.00	HD	5	4	2	2		112	£3,073.53	£285.53
20-Dec-18	7, BLACKTHORN AVENUE, WHINMOOR, LEEDS, LS14 1FP	£301,140.00	HD	5	4	2	2		120	£2,509.50	£233.13

The Limes, Off Manston Lane, Crossgates (Bellway Homes)

Date	Address	Consideration	Type	Main Rooms	Bedrooms	Bathrooms	Floors	EPC SIZE M2	£/m2	£/sq ft
30-Mar-15	2, ADA GLASSBY COURT, CROSSGATES, LEEDS, LS15 8FR	£294,995.00	HD	5	4	2	2	115	£2,565.17	£238.31
20-Mar-15	1, ETHEL JACKSON ROAD, CROSSGATES, LEEDS, LS15 8FE	£284,995.00	HD	5	4	2	2	113	£2,522.08	£234.30
11-May-15	24, MAGGIE BARKER AVENUE, CROSSGATES, LEEDS, LS15 8FH	£279,995.00	HD	5	4	2	2	113	£2,477.83	£230.19
29-May-15	1, ADA GLASSBY COURT, CROSSGATES, LEEDS, LS15 8FR	£284,000.00	HD	5	4	2	2	113	£2,513.27	£233.48
17-Sep-15	7, ALICE SMART CLOSE, CROSSGATES, LEEDS, LS15 8FP	£279,995.00	HD	5	4	2	2	115	£2,434.74	£226.19

3.6 Affordable Housing - Proportion

The applicant's surveyor has not included any affordable provision in their viability appraisal.

I understand from Leeds City Council that the site should include 15% affordable housing.

It should be noted that when considering viability, different assumptions in terms of the affordable types, proportions and tenure split would lead to a different outcome.

3.7 Affordable Housing Revenue

Type	Lower Quartile	Lower Decile
House	(£78.86 per sq ft)	(£62.03 per sq ft)

I have adopted the above transfer values, as a price per sq ft, when assessing the value of the affordable units in accordance with current planning policy.

Note. When comparing my review to that submitted by the applicant, the actual total revenue from the affordable housing is significantly different due to both the increase in market value and different proportion of affordable housing.

3.8 Ground Rent Revenue

Ground rent revenue has a positive impact in terms of viability. Some national housebuilders sell the dwellings subject to a long leasehold interest, and receive an annual rent, typically ranging from £100 to £500 pa.

DVS is aware of the recent consultation paper by the Government, 'Tackling unfair practices in the leasehold market'. A press release followed which highlighted the government's intention "to cut out unfair and abusive practices" within the leasehold system. Included in these measures is the intention to ensure that all new long leases are charged at zero. Whilst DVS acknowledge these changes and will follow them when enacted, at present we consider that it is premature, and contrary to current market practice, to not include non-onerous ground rents on flats where it is usual practice and there is evidence to include them. Were the legislation to be enacted or no ground rents were to be charged on new leases by the market, a reconsideration of both the GDV of the properties and the Benchmark Site Value would need to be undertaken to establish financial viability.

The evidence regarding the tenure on disposal for houses is predominantly freehold in this location. Therefore I have assumed all houses are to be sold with an unencumbered freehold interest, and have not included this potential revenue in my assessment of the gross development value.

3.9 DVS Conclusion Gross Development Value (GDV)

My opinion of GDV for a planning compliant scheme compromises:

Market Housing £115,174,887
Affordable housing £1,794,227

Total GDV circa. £116,969,114

The applicant's surveyor's GDV is £17,021,059.

I summarise below the values adopted for individual market value house types:

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Parcel A - Ledbury SEMI/TERR 3 BED	20	15,285	280.00	213,990	4,279,800
Parcel A - Tavy SEMI/TERR 2 BED	9	7,459	250.00	207,206	1,864,853
Parcel A - Ledbury-Ginnel SEMI/TERR 3 BED	4	3,444	260.00	223,860	895,440
Parcel A - Tavy-Ginnel SEMI/TERR 2 BED	3	2,809	250.00	234,100	702,300
Parcel A - Warwick DET 3 BED	24	25,833	290.00	312,149	7,491,570
Parcel A - Stratford Lifestyle DET 3 BED	11	13,403	270.00	328,983	3,618,810
Parcel A - Oxford Lifestyle DET 3 BED	10	13,132	265.00	347,998	3,479,980
Parcel A - Leamington DET 3 BED	19	26,178	265.00	365,114	6,937,170
Parcel A - Stratford DET 4 BED	12	14,622	270.00	328,995	3,947,940
Parcel A - Lincoln SEMI 2.5S 4 Bed	14	17,631	250.00	314,839	4,407,750
Parcel A - Oxford DET 4 BED	9	11,819	265.00	348,004	3,132,035
Parcel A - Cambridge DET 4 BED	17	23,422	265.00	365,108	6,206,830
Parcel A - Shaftesbury DET 4 BED	14	20,042	260.00	372,209	5,210,920
Parcel A - Canterbury DET 4 Bed	6	8,848	260.00	383,413	2,300,480
Parcel A - Harrogate DET 4 Bed	9	14,144	255.00	400,747	3,606,720
Parcel B - Livorno 3S QH 2 BED	12	9,688	245.00	197,797	2,373,560
Parcel B - Geneva 2.5S SEMI 3 BED	42	50,634	220.00	265,224	11,139,423
Parcel B - Rosas 2.5S SEMI 4 BED	36	44,950	220.00	274,694	9,889,000
Parcel B - Barcelona 3S SEMI 4 BED	6	7,744	210.00	271,040	1,626,240
Parcel B - Oporto 2.5S DET 4 BED	10	13,455	240.00	322,920	3,229,200
Parcel B - Vienna 3S SEMI 4 BED	19	30,125	202.00	320,276	6,085,250
Parcel B - Madrid 3S SEMI 4 BED	6	8,893	205.00	303,844	1,823,065
Parcel B - Trivoli 3S SEMI 4 Bed	24	37,200	205.00	317,750	7,626,000
Parcel C - Livorno QUAD	68	54,896	235.00	189,714	12,900,560

As part of any future negotiation or appeal process, and in the event further or better sales evidence, I may revisit this opinion of GDV.

4.0 Gross Development Costs

4.1 Construction Cost

The applicant has used Building Cost Information Services (BCIS) of the Royal Institution of Chartered Surveyors to inform their build costs and have adopted an “All-In” rate of £99.34 per sq. ft.

The issue of construction costs have been referred to Leeds City Council’s Quantity Surveying Consultants, Rex Proctor and Partners.

Andrew Cooper, Managing Partner, has reviewed all of the costs including house base build cost and abnormal costs (excluding remediation).

Andrew Cooper at Rex Proctor and Partners has attended a number of meetings and engaged in correspondence with Strata Homes in order to review the assumptions and figures incorporated within the Cushman and Wakefield report.

I understand that there have been a number of disagreements in respect of construction costs. Cushman and Wakefields report includes an overall figure for housing base construction costs to incorporate garages and externals (externals referred to roads, verges, services within the scheme).

I have adopted a more a detailed approach following consultation with Rex Proctor and Partners and broken down the construction cost into elemental costs separating the base build cost for houses/externals and garages.

For the avoidance of doubt I have adopted a base build cost in my appraisal of £93 per sq ft inclusive of external costs at 10%.

I have stated the cost of constructing 238 garage spaces separately across each phase at £14,000 for double garages and £7,000 for single garages.

The combined cost of base build, externals and garages results in an “All-in” cost of £96.18 per sq ft.

4.2 External Costs

As referred to above the applicant has not stated a figure for external costs. Construction costs has been referred to Rex Proctor and Partners who had advised me appropriately resulting in a base build cost of £93 inclusive of externals.

4.3 Contingency

The applicant's surveyor Cushman and Wakefield have allowed 3% contingency, applied to the base build costs for houses and 5% for abnormal costs. I agreed with these conclusions following advice from Rex Proctor and Partners.

4.3 Abnormal Costs

Cushman and Wakefield’s appraisal originally incorporated abnormal costs totalling £23,517,017. These comprised:

Abnormal Item	Cost
Site specific elevational design changes	£494,016
Acoustic glazing	£377,674
Renewable energy	£1,092,500
S.278 works – junction to entrance	£850,000
Electric car charging points	£168,245
POS	£359,216
Fill/capping gardens/POS	£439,960
Tree clearance	£66,000
Abnormal foundations (piling, reinforced strips, underbuild, heave, suspended slabs)	£4,347,641
Abnormal services/diversions/substation	£879,890
EO highways	£1,545,185
Attenuation	£2,277,331
Retaining walls	£714,070
Topsoil/subsoil capping	£555,290
Total	**£14,167,017**

The abnormal costs above have been referred to Rex Proctor and Partners (RPP) who have reviewed the costs.

In addition, for the costs above, I am informed that the applicant is also required to contribute to the delivery of the Manston Lane link road which has recently been completed.

Upfront cost item	Cost
Site reclamation/remediation (inclusive of fees)	£4,750,000
Manston Lane Link Road contribution/ransom	£4,600,000
Total	**£9,350,000**

The mechanism for contributing to the Manston Lane Link Road (MLLR) is complex and requires the current landowner to grant a ransom strip, to a third party who has funded the link road, upon the grant of planning permission for either residential or commercial development. The ransom strip will prevent anyone from developing the site until a payment is made towards the cost of the Manston Lane Link Road.

The applicant, in their appraisal state that the contribution/ransom payment for the Manston Lane link road is £4,600,000.

I have, with the agreement of the applicant and the current landowner, reviewed the agreement between the parties in respect of the payment/contribution to the Manston Lane Link Road.

I have also sought an updated cost estimate with a contribution to the link road which states the contribution will be a maximum payment of £4,117,636 which is the amount I have included in my viability report.

Site Reclamation and Remediation (Inclusive of Fees)

The Cushman and Wakefield viability appraisal includes a cost of £4,750,000 for the remediation of the site. It is important to note that the remediation work is currently being undertaken and is not completed as suggested by the applicant's viability adviser.

More importantly, the remediation work is being carried out by the current landowner, Zurich, and neither the applicant nor Leeds City Council's Quantity Surveying adviser can comment on whether this cost estimate is accurate or reasonable.

For the avoidance of doubt the applicant is not undertaking any remediation of the site, however at the date of establishing viability it is a material fact that must be incorporated within the appraisal.

DVS Abnormal Costs

Rex Proctor & Partners have reviewed abnormal costs, on behalf of Leeds City Council, following discussions and meeting with Strata Homes. I understand the applicant has submitted supporting information in relation to the abnormal works.

I set out below the costs incorporated in my appraisal following advice from Rex Proctor and Partners.

<u>Summary of Abnormal Costs adopted in the DVS Appraisal</u>

Manston Lane Link Road	4,117,636
Site reclamation	4,750,000
Topsoil/subsoil capping	555,290
Retaining walls	638,470
Attenuation	2,277,331
EO highways	1,545,185
Abnormal services/diversions	879,890
Abnormal foundations	4,347,641
Tree clearance	66,000
Fill/capping garden	439,960
POS	359,216
Electric car charging points	168,245
S.278 works	850,000
Renewable energy	874,000
Acoustic glazing	377,674
Elevational impproved designs	304,551

In summary the applicant's costs are regarded to be high, the DVS QS review, concludes that the like for like true abnormal costs would be expected to be in the order of £22,551,089 compared with the applicants original estimate of £23,517,017,
.

Contaminated Land Tax Relief

Contaminated land relief is a form of corporation tax deduction [only]. It was introduced in 2001 as an incentive to developers to clean up contaminated sites to construct on rather than stretch the use of green field sites.

A deduction of 150% of the relevant spend is available as a deduction for qualifying expenditure incurred by companies in cleaning up land acquired from third parties that was in a contaminated state at the time of acquisition.

In general (although not always the rule), land or buildings are deemed contaminated for these purposes if there is contamination present as a result of industrial activities and,

1) it is causing relevant harm or
2) there is a serious possibility that it could cause relevant harm

Relevant harm applies to land, groundwater, streams and other water courses.
The definition of relevant harm is explored in this report and is one of the major tests to whether or not a company has a valid claim. Because the land for development at Radial Park has historically been used to facilitate manufacturing there is a likelihood that contaminants from industrial activities exist and furthermore there is a serious possibility that harm could be caused.

Additionally, the legislation allows relief to be claimed on the removal of certain obstructions pre-existing the acquisition of the major interest in the site or that were not contributed to by the current developer.

This is known as derelict land relief and assuming the land was in a derelict state throughout the period beginning with the earlier of 1 April 1998 and the date on which the major interest in the land was first acquired, the relief may be available on certain expenditure.

Due to the lack of supporting information provided by the applicant I have assumed that the total “Site Reclamation/Remediation” of £4,750,000 qualifies for tax relief which results in making the development more viable due to the contribution to net proceeds of £1,353,750.

In the event that the applicant or land owner can supply information regarding remediation I remain open to reviewing the effect of tax reliefs on viability. Perhaps it would be prudent to review the cost once the remediation is completed.

4.5 Planning Obligations

CIL

The applicant has adopted a revised CIL calculation of £1,253,202 for their appraisal and £280,000 section 106 costs which is agreed as correct and reasonable.

4.6 Section 106 Hierarch and Timing

Regarding the timing of these contributions, I have sought guidance from your Authority and consequently I have timed the payment for early in the scheme.

4.7 Professional Fees

The applicant has revised their initial allowance for professional fees based on actual allowances which totals £3,142,647 which is equivalent to 6.5% of the construction cost.

I consider the allowance for professional fees to be unreasonable and I have adopted 6.5% within my appraisal.

4.8 Finance

The debit rate of 6.5% is considered reasonable, however, I have included credit rate of 2% within my appraisal.

5.0 Profit

The applicants have stated that they are seeking a minimum profit margin equivalent to 20% of gross development value which I consider reasonable due to the complexity of the site.

Further to para 18 of the NPPG

For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.

6.0 Benchmark Land Value

6.1 Applicant’s Benchmark Land Value

As referred to earlier the property comprises a former manufacturing facility which extends to approximately 60 acres. The site is broadly rectangular in shape with level topography. At the time of my inspection the site had been cleared of all buildings and there was continuing remediation and demolition being carried out by the current landowner.

According the applicants viability report the gross area for residential development is 47.55 acre and has a net acreage of 36.53 acres.

The applicant has approached the assessment of Benchmark Land Value (BMLV) by considering the existing use value (EUV).

I have asked Leeds city Council Planning department to confirm the sites current planning status.

6.2 Applicant's Benchmark Land Value

The applicant originally adopted a fixed land value of £13,012,982 which equates to approximately £346,227 per net acre or approximately £216,883 per gross acre.

I did not agree with their calculation and conclusions. Following negotiations and presentation of evidence by DVS parties have agreed to a lower benchmark land value of £266,009 per acre.

6.3 Professional Guidance

In order to judge the reasonableness of the applicant's original land value figure I referred to Professional Guidance, prior to the new NPPG on viability the main guidance which assists surveyors in Viability Appraisals being "Financial Viability in Planning" by the Royal Institution of Chartered Surveyors (RICS)

Site Value is defined in the RICS guidance as:"Site value should equate to the market value subject to the following assumptions that the value has regard to the development plan policy and all other material planning consideration and disregards that which is contrary to the development plan"

As the planning application is being considered under this framework, in my view this takes precedent over the RICS FVIP.

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner.

The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+).

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 and
- be informed by market evidence including current uses, costs and values wherever possible.

Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. 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 lanof non-policy compliant developments are not used to inflate values over time.

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. 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. 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.

The NPPG advocates an Existing Use Value (EUV) plus approach to land value. At paragraphs 13 and 14 the policy explains the premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.... while allowing a sufficient contribution to comply with policy requirements.

For viability assessments both professional guidance explain it is the planning policy and material considerations (abnormal development costs, site-specific infrastructure costs; and professional site fees) that drive the site value and not the other way around. The valuation process therefore involves the surveyor judging where the value of the site would be if the respective costs of applying all the Council policies in undertaking the normal works (if applicable) were fully reflected and reflecting whether this figure would be acceptable to the typical landowner.

In the case of Radial Park the assessment of EUV is complex as Leeds City Council have confirmed the following:

"The site clearly was employment land, however I am of the view that the previous use has been abandoned through the demolition of the buildings and the commencement of the remediation works.

Abandonment of a use in planning is not something that occurs all that frequently, however in this instance I believe the circumstances suggest that it has.

It is acknowledged that a site can be left empty for a number of years and does not lose its previous use simply through vacancy.

However, in this instance we are not dealing with the simple cessation of use for a period of time, but the undertaking of substantial engineering works to clear the site of all structures and features associated with the previous use and the preparation of the site to a residential standard.

On the evidence at present it is difficult to suggest that the land owner (a joint applicant on the current application for residential development) has any intention other than the sale of the site for residential development.

Thus at present there is no defined use of the land. For an employment use to be possible a planning application would be to be submitted; this application would be a clear departure from the plan (as it is allocated for residential in the emerging SAP (due to be adopted 10th July 2019)).

Significant care would need to be taken regarding the TPO trees (front and rear of the site) and the residential dwellings that have been constructed since it was last in use; the playing pitch would also need to be reinstated. Thus it is likely that even if approval were recommended to an application that was a clear departure from the plan, not all the site could be redeveloped for employment purposes."

6.4 Purchase Price

In connection with purchase price this RICS 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..'

However, the new NPPG on viability (July 2018) very much dissuades the use of a purchase price as a barrier to viability and advocates an Existing Use Value (EUV) plus approach to land value. At paragraphs 13 and 14 the policy explains the premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land.... while allowing a sufficient contribution to comply with policy requirements.

I any event, neither the applicant nor land owners representatives have been unwilling to disclose the purchase price.

6.5 EUV

The Existing Use Value, under the NPPG para 15 definition,

EUV is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. 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.

The applicants opinion of EUV is based on “a notional area of 40 acres” which would be suitable for development for employment uses. The assumption that 40 acres could be developed in not reasonable when considering the planning departments comments regarding the sites current planning status, specifically:

“……..thus it is likely that even if approval were recommended (for employment uses) to an application that was a clear departure from the plan, not all the site could be redeveloped for employment purposes.”

The applicant has not provided a rationale for the “Notional” area suitable development. I have given this point considerable thought in conjunction with the planning department.

My major consideration following their comment above is employment uses effect on nearby residential properties amenity. More specifically, Leeds Planners have stated:

“Significant care would need to be taken regarding the TPO trees (front and rear of the site) and the residential dwellings that have been constructed since it was last in use; the playing pitch would also need to be reinstated.”

I have considered the Current Use Value, as employment land. The land is a brownfield site subject to ongoing remediation and I consider that based on experience of similar sites within the region and the available comparable evidence the site has a maximum current use value of £335,000 per acre following the completion of the MLLR.

Cushman & Wakefield (C&W) have quoted a recent transaction off Pontefract Lane Crossgreen, Leeds where 16 acres of vacant land, “with a prime location……with excellent road connectivity to the M1”.

Press Release for Sale of Land Off Pontefract Lane, Crossgreen, Leeds

12 Jul **Keyland Confirms Sales of Strategic Leeds Development Site**

Posted at 13:58h in News by admin Share

265,000 Sq Ft Aire Valley Development Promises Up To 500 New Jobs

July 2018 – Keyland Developments Ltd, the property trading arm of Kelda Group and sister-company to Yorkshire Water, has sold a 16 acre site with planning consent in place for 265,000 sq ft of mixed-employment development to Total Developments Ltd for an undisclosed sum following a marketing campaign carried out by industrial property specialists, Gent Visick. The vacant site occupies a key location fronting the A63 in the Aire Valley area of Leeds and its development has the potential to provide up to 500 new jobs for the area.

Planning permission for the site was granted in January this year with the approved scheme providing 265,000 sq ft of B1, B2 and B8 industrial and commercial space. The site will create a prosperous new employment hub, which can be accessed directly off the A63 East Leeds Link Road Thornes Farm Roundabout.

Firstly, at the date of assessing viability, the subject site will be landlocked by virtue of a ransom strip which will be is granted to a third party when either a residential or commercial planning consent is granted for Radial Park.

In addition, the value quoted by Cushman & Wakefield is incorrect. Records held by HMRD show the site sold for a £306,000 per acre. C&W's conclusion that Radial Park will be worth £350,000 per acre when the MLLR is complete cannot be correct based on the information available to me. I have adjusted the current use value to £335,000 per acre.

It is correct to deduct the cost of contributing to the MLLR from the sites EUV. My calculation is summarised based on my comments above:

36.53 acres @ £335,000 per acre = £12,375,550	
Minus MLLR Contribution	- £4,117,636
Sub Total	£8,119,914
Plus 23.47 acres amenity land	
@ £30,000 per acre	= £704,100
Grand Total EUV	**£8,824,014**

My assessment of the EUV is equivalent to £185,573 per gross acre (47.55 acres) or £241,555 per net acre (36.53 acres).

Finally, I have made allowance of 10% to incentivise a landowner to sell the property which results in a benchmark land value of approximately £265,710 (say £266,000 per acre).

6.8 Conclusion on land value

In determining my Site Value I have considered the applicants figure and the reasoning behind the applicant's figure

This is based on EUV PLUS. I have completed a policy compliant appraisal with 15% affordable housing and all of the CIL and section 106 contributions.

The residual appraisal produces a land value equivalent to 200,000 per acre or £7,300,000 overall which is below the benchmark land value adopted.

C&W concluded in their viability report that the BMLV represented a 30% premium above the EUV (Existing Use Plus) which I disagree with.

£9,716,980 (£266,000 per acre) has been used as a threshold for judging viability.

7.0 Remaining Appraisal Inputs

All other appraisal inputs have been carried forward in my review. I may not agree with all these inputs, and DVS reserve the right to reconsider these as part of any future discussions.

8.0 Key Differences

The key differences for a planning compliant scheme are summarised below:

	Applicant 10th June 2019	Revised Applicant 21 August 2019	DVS	Monetary Difference positive or negative impact on Applicants viability 10th June 2019
GDV	£112,652,270	£117,021,059	£116,969,114	+£4,316,844
Construction Cost	£50,052,108 (Inclusive of garages)	£48,348,414 (Inclusive of garages)	£48,431,672 (Inclusive of garages)	+£1,620,436
Abnormal Costs	£22,551,089	£22,551,089	£22,551,089	£NIL
Section 106 total	£359,216	£280,000	£280,000	+£79,216
Profit	£22,662,706	£23,404,211	£23,342,435	-£679,729
Tax Relief	£0	£1,353,750	£1,353,750	+£1,353,750
Land Value	£13,012,982	£9,534,179	£9,716,980	+£3,296,002

9.0 DVS Conclusion

For ease of reference I have presented my appraisals in the same way as applicant's surveyor, with the residual output presented as residual land value which is then compared to my opinion of the site value (the benchmark land value).

9.1 Policy Sub Compliant Appraisal

It is my conclusion a fully planning compliant scheme is not viable.

I attach my planning compliant appraisal with 7.55% affordable housing and £1,253,202 CIL and £280,000 S106 costs

As detailed above I have a difference of opinion over a number of inputs to the Cushman & Wakefields appraisal.

9.2 Sensitivity Analysis

In accordance with RICS guidance I have carried out sensitivity analysis which shows for every 1% increase in construction costs the projected profit reduces by approximately 0.5% as illustrated below.

Construction: Rate /ft²				
0.000%	+1.000%	+2.000%	+3.000%	+4.000%
20.003% £116,696,114	19.505% £116,696,114	19.007% £116,696,114	18.507% £116,696,114	18.006% £116,696,114

10.0 Recommendations

If the factual matters above relating to unit numbers, floor areas, tenure split, planning obligation hierarchy, cost of planning obligations, cost of abnormals etc. are incorrect my report would not be valid and I would have to revise my appraisal and advice.

I recommend that remediation costs should be reviewed by an independent expert.

I emphasise that my appraisal embraces the costs and revenues appropriate to the review date and is therefore valid only if the building construction work commences within 6 months and proceeds at a rate consistent with achieving sales in the market.

If commencement of the works were to be delayed and is then undertaken at some other time when market conditions may be different, then I believe a re-appraisal will be required adopting the costs and revenues then obtaining.

Some of the content of this report may be regarded by DVS, Applicant's surveyor or the applicant as commercially confidential and, in this regard, I assume that you will restrict the report’s circulation as appropriate.

I would be pleased to discuss any of the foregoing with your Authority if you wish. My instruction does not extend to negotiations with the applicant / Applicant's surveyor however if your authority think that this would be of benefit this can be facilitated through a separate instruction.

Should the applicant disagree with the conclusions of our assessment, we would recommend that they provide further information to justify the values and costs they have adopted. Upon receipt of further information and with your further instruction, we would be happy to review the information and reassess the schemes viability.

We will keep the file open for 3 weeks

Yours sincerely

Brian Maguire BSc (Hons) MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Report reviewed by

CReed

Cecilia Reed BSc Hons MRICS Registered Valuer
Principal Surveyor DVS
Sector Leader Viability (North)