



Report of the Chief Planning Officer

CITY PLANS PANEL

Date: 13 February 2025

Subject: 24/03842/FU – Full planning application for the demolition of the existing building and erection of a ground floor + 8/9/10 storey residential development; supporting infrastructure, ancillary facilities and landscaping at 4 Canal Wharf Holbeck, LS11 5PS

APPLICANT

Bankfoot APAM on behalf of
NPV Leeds Limited

DATE VALID

17/07/2024

TARGET DATE

ASAP

Electoral Wards Affected:

Little London & Woodhouse

Yes

Ward Members notified
(referred to in report)

Specific Implications For:

Health and Wellbeing

Inclusive Growth

Zero Carbon

RECOMMENDATION: DEFER and DELEGATE to the Chief Planning Officer for approval subject to the specified conditions set out in Appendix 1 (and any amendment to these and addition of others which he might consider appropriate) and the completion of a Section 106 agreement to include the following obligations (all contributions to be index linked):

- 1. Affordable Housing provision (nine of the total units (5.29%) to be provided at 20% discount market rents) subject to a late stage review**
- 2. On site Public Realm areas are publicly accessible in perpetuity**
- 3. Provision of 1 Car Club parking space, with EV Charge Point**
- 4. Travel Plan review fee – £4,533 (increased annually (usually in April) to reflect inflation and to be paid on commencement of the development)**
- 5. Residential Travel Plan fund – £43,477.50 (Calculated using a standardised formula based on the prevailing cost of an annual countywide bus only Residential MCard, reduced by 50% for city centre and fringe locations and to be paid on commencement of the development)**
- 6. Contribution towards pedestrian/cycle improvements within the Holbeck Urban Village - £76,000**
- 7. Employment and training of local people**
- 8. Section 106 monitoring fee**

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

INTRODUCTION:

1. The proposal is brought to City Plans Panel in accordance with the Officer Delegation Scheme (Council (non-executive) functions Part 3 Section 2C (g) where the Chief Planning Officer considers that the application should be referred to the relevant Plans Panel for determination because of the significance, impact or sensitivity of the proposal.
2. The proposal involves the creation of 170 new dwellings in a sustainable location, however the applicant has submitted a financial viability case concluding that the development cannot support the Council's affordable housing requirements and other S106 planning contributions. The District Valuer (DV) has independently reviewed the assessment and concluded that although the scheme cannot support the full level of affordable units as required by policy it can support the provision of seven affordable units on a 20% discount of market rent basis, a balancing amount of £35,800 affordable housing contribution and a total of £131,570 towards other S106 planning obligations. The applicant has noted the conclusion of the District Valuers report and accept the position principle that the scheme cannot provide policy compliant affordable housing, however they do not agree the inputs the DV has used, or the figures quoted. Notwithstanding this they are willing to take a longer-term view on the financial return and in the interests of facilitating good placemaking and delivering affordable housing they have committed to meet the full s106 contributions ask alongside the provision of nine affordable housing units on a 20% discount of market rent basis.

PROPOSAL:

3. The proposals seek to create a residential development, of between nine to 11 stories, set within two integrated blocks extending across the site. The scheme would accommodate 170 apartments in the following mix;

Number of Bedrooms:	Total no.	Mix	Internal ranges
1 Bedroom (including Studios)	102	60%	37.3 – 59.7m ²
2 Bedroom	50	29.4%	61 – 73.9m ²
3 Bedroom	18	10.6%	87.2 - 97.8m ²

4. The development would also provide external communal amenity spaces to the 9th floor roof terrace, ground floor surface landscaping, a resident's gym, cinema room, dining/function room, flexible workspace and communal seating areas within the ground floor of the building.
5. Primary access is via Wharf Approach and the site is configured to retain the existing north-south pedestrian access route, which runs between Verity House and Zurich

House via a set of retained steps which follow the level change between the upper and the lower parts of the site. A fully accessible pedestrian and cycle route connecting Wharf Approach and Canal Wharf is also proposed.

6. The building will be principally a brick structure taking influence from the site's surrounding historical context, which is dominated by red, warm toned brick buildings.
7. The base of the building comprises a double storey height plinth formed by an arcade of square masonry piers arranged on primary structural grid lines supporting a deep band of horizontal masonry. The plinth accommodates active street level frontages and the main entrance to the building. The mid-section of the proposed development is formed by a grid of large deeply recessed window openings. The uppermost level of the canal side block consists of a row of smaller, rectangular window openings.
8. The only parking provision proposed on the site are three blue badge parking bays and a car club space located at the site's western boundary access from Canal Wharf. All of these spaces will have EV charging points.
9. A fully accessible pedestrian and cycle route connecting Wharf Approach and Canal Wharf via an undercroft beneath the southern block and running along the eastern boundary of the site is proposed. A landscaped area runs alongside the footpath and cycleway.
10. Residents of the proposed development will be provided with secure cycle parking facilities within the development at basement level and at ground floor level. The basement cycle storage will accommodate 160 no. bicycles, and the additional ground floor storage area will hold 17 no. bicycles.
11. All servicing and delivery requirements take place within a designated service and delivery zone. A van parking bay is provided on the western gable to accommodate maintenance vehicles. An on-street delivery zone will be located on Canal Wharf to enable direct access to the reception area. Bin storage is located within the basement of the development. Two bin stores will be provided, one for general waste and one for dry recycling, each directly accessible from each of the two circulation cores.
12. The application is supported with the following documents:
 - I. Scaled Drawings
 - II. Financial Viability Statement
 - III. Design And Access Statement
 - IV. Planning Policy Statement
 - V. Townscape And Visual Impact Assessment
 - VI. Heritage Statement
 - VII. Air Quality Assessment
 - VIII. Daylight & Sunlight Assessment
 - IX. Transient Overshadowing Study
 - X. Arboricultural Impact Assessment
 - XI. Landscape & Public Realm Statement
 - XII. Fire Statement
 - XIII. Housing Mix Justification Note
 - XIV. Phase 1 Ground Report
 - XV. Preliminary Ecological Appraisal
 - XVI. Biodiversity Net Gain Design Stage Assessment
 - XVII. Habitat Management And Monitoring Plan
 - XVIII. Biodiversity Net Gain Calculation

- XIX. Transport Statement
- XX. Travel Plan
- XXI. Wind Microclimate Study
- XXII. Energy Compliance Strategy
- XXIII. Energy Heat Network Strategy
- XXIV. Reduced Water Consumption Strategy
- XXV. Bat Emergence Report Issue
- XXVI. Noise Impact Assessment Report
- XXVII. Flood Risk Assessment, Suds And Foul Water Drainage Assessment
- XXVIII. Habitat Management And Monitoring Plan
- XXIX. Policy H9 Document
- XXX. Policy H10 Document
- XXXI. Statement Of Community Involvement

SITE AND SURROUNDINGS

13. The site is located in the southern half of the city centre and to the north of Water Lane. The Central Area Canal Wharf Conservation Area is located to the north of the site. The Holbeck Conservation Area is located to the west and southwest of the site and takes in a part of the culverted Hol Beck along Water Lane to the west of Wharf Approach. There are a number of grade II, grade II* and grade I listed buildings located within these Conservation Areas including structures and buildings associated with the Leeds Liverpool Canal.
14. The site is 0.243ha and currently occupied by Zurich House, a three-storey office building constructed in the mid-1990's which comprises 18,400 ft² of office floor space together with a semi-basement that accommodates 27 parking spaces and further surface parking for 23 cars. Zurich House and the adjacent buildings feature brick façades and pitched roofs. The buildings are surrounded by surface car parking with landscaping consisting of tree and shrub planting in and around the site. The site is bounded by Canal Wharf to the north, Granary Wharf House to the east, the Hol Beck an open culvert with steep sided stone sidewalls falls to the south and Verity House to the west. To the southwest of the site and beyond Wharf Approach, there are new developments within Mustard Wharf, the Tower Works and Globe Point which are either under construction or recently completed. To the south and beyond Water Lane a live application is under consideration for four office buildings, a hotel and public realm (22/08301/FU).
15. The site lies within the designated City Centre and is not allocated in the Site Allocations Plan (SAP). There is a greenspace designation along the south side of the canal 'Canal side – pedestrian route' (G2323 (CVC08) and the open space to the north of the canal is allocated as civic space 'the Granary Wharf Pedestrian Link' (G2322 (CVC15)). The entire site is located within Flood Risk Zone 2 as a result of fluvial flooding from Hol Beck. The landscaped areas within the site are part of the Leeds Habitat Network.

RELEVANT PLANNING HISTORY:

Planning applications:

16. Planning permission for a '*Detached two storey office block with basement car parking*' (the existing building) was approved in October 1994 (Reference 99-20/170/94/FU).

17. There is older planning history associated with the site but it is not considered relevant to the current application.

Pre-application enquiries:

18. Preapplication advice was sought under applications references: PREAPP/23/00095 and PREAPP/24/00087.

Planning Enforcement cases:

19. None

HISTORY OF NEGOTIATIONS:

20. The proposals have been the subject of pre-application discussions between the Developer, their Architects, and Local Authority Officers since April 2023. The discussions focused on the design, massing and layout of the scheme including heritage considerations and the relationship to nearby heritage and non-heritage buildings and conservation areas, and key views to the site. Highway matters including access and servicing strategy and traffic modelling. Landscaping matters including the landscaping strategy, tree planting and amenity spaces.

CONSULTATION RESPONSES:

Statutory Consultees:

21. Health and Safety Executive

Content with the fire safety design as set out in the project description and following the proposed amendments, to the extent it affects land use planning considerations.

22. Canal and River Trust

Measures to protect the canal from pollution during demolition and development, all investigations should be carried out prior to commencement of development. A Construction Environmental Management Plan (CEMP) should be secured to protect the waterway from wind blown debris or interevent run off from exposed soils during development. The submitted details indicate that the new building will increase overshadowing of the area to the north, which would likely include the canal. The Local Planning Authority should satisfy itself that the proposals will not result in excessive shading that could adversely impact the green corridor function of the canal.

Response: The impact on the green corridor function of the canal is assessed within the report. The relevant conditions will be applied.

23. Environment Agency

No comments received.

24. Historic England

Do not wish to offer any comments and suggest that the Local Planning Authority seeks the views of its specialist conservation and archaeological advisers, as relevant.

25. Active Travel England

Active Travel England standing advice applies and the local planning authority should consider this as part of the application.

Response: The Active Travel England standing advice has been reviewed which encourages local planning authorities to assess the application against 10 criteria: Trip generation and assignment, Active travel routes, Pedestrian access to local amenities, Cycling accessibility, Access to public transport, Off-site transport infrastructure, Site permeability, Placemaking, Cycle parking and trip end facilities, Travel planning. These matters have formed part of the assessment of the development and are addressed within the report.

Non-Statutory Consultees:

26. Leeds City Council (LCC) Transport Development Services

No objection, subject to conditions and S106 contributions comprising Contribution towards pedestrian/cycle improvements - £76,000

Response: The required planning conditions will be applied, and the obligations are to be included within the s106 agreement.

27. LCC Influencing Travel Behaviour Team

The submitted Travel Plan meets the requirements of the Transport SPD, conditions recommended securing details of the cycle parking, electric vehicle charging points and location of car club space. Obligations required securing a Travel Plan Review fee of £4,533, a Residential Travel Plan Fund of £43,477.50, provision of 1 Leeds City Council Car Club provider parking space with an Electric Vehicle Charge Point (EVCP).

Response: The required planning conditions will be applied, and the obligations are to be included within the s106 agreement.

28. LCC Conservation

The Heritage Statement provides a comprehensive and accurate assessment of the impact of the development on nearby listed buildings and conservation area. It is agreed that the proposed building "has been carefully designed to mitigate any potential harmful impact on the former Leeds and Liverpool Canal Company Warehouses, such as the listed building being overwhelmed by the proposed development" and would provide a suitable transition in building heights from the existing developments north of the Leeds and Liverpool Canal, such as Candle House and the Hilton Hotel, with existing and planned developments to the south of Water Lane, such as Bridgewater Place". In summary, there would be no harmful impacts on the wider settings of listed buildings and there would be no harmful impact on adjacent conservations areas. The parabolic arches to the north-east corner will be spectacular features of the building and the brickwork will require careful detailing (to be conditioned).

Response: The required planning conditions will be applied.

29. LCC Design Team

This proposal has benefitted from extensive pre-application discussion. In addition a number of amendments have been made in response to previous comments. The application is now supported by the design team

30. LCC Contaminated Land Team

It is recommended in the approved Phase 1 Desk Study report that a Phase 2 (intrusive) site investigation be carried out, conditions and directions are recommended to secure this detail.

Response: The required planning conditions and directions will be applied.

31. West Yorkshire Archaeology Advisory Service

There are currently no significant archaeological impacts associated with the proposed development. The current 1990s building on the site is likely to have damaged any buried remains on the site.

32. Yorkshire Water

There is an existing 4 inch Cast iron main which will require abandonment or diverting prior to construction as its location is under a proposed building. Therefore a condition is recommended to ensure that the diversion or closure has been agreed prior to construction in the affected area. A condition is also recommended to ensure the development is carried out in accordance with the submitted Flood Risk Assessment, SUDs and Foul Water Drainage Assessment.

Response: the recommended planning conditions will be applied.

33. LCC Environmental Studies - Transport Strategy

The Noise Impact Assessment (NIA) prepared by NoiseAir and submitted in support of this application details daytime and night-time noise measurements conducted at the site of the proposed development the results of which have then been modelled and used to formulate a glazing and ventilation strategy such that acceptable internal noise levels may be met. We agree with the methodology and findings of the NIA and concur that by installing the recommended glazing specification in conjunction with an alternative means of ventilation, then internal noise levels should meet those recommended within BS 8233. We also agree with the suggestion that replacing the proposed balcony railings with something more solid (e.g. glass) should help reduce noise levels here to ones more in line with those suggested within WHO guidelines. The exact details of glazing/ventilation/balcony screening should be submitted at a later date.

34. LCC Landscape Team

It is in principle not supported for all 12 site trees and in particular the 3 category B trees to be removed to facilitate the development. The replacement tree planting arguably does not fully replace the amenity value lost through the removal of the existing trees on site.

Response: Addressed within the report.

35. LCC Climate and Energy

The application can be supported subject to an appropriately worded pre-construction condition for Policies EN1(i),(ii) and EN2; and a post construction condition based on these comments.

Response: The required planning condition will be applied.

36. LCC District Heating

There is due to be a heat network available in the South Bank in the next 2- 5 years, though this scheme is at the far end of the build-out and so heat would not be available until the network is complete.

The Leeds PIPES team is happy to discuss connection proposals etc at any time with the applicant should their timescales for heat be delayed.

37. LCC Children's Services

The proposed development is situated in the Holbeck primary planning area. The nearest primary schools to the proposed development are Lane End Primary School, Beeston Hill St Luke's Primary School, Ingram Road Primary School and New Bewerley Community School, all of which are less than 1 mile (straight line distance) from the site. The nearest secondary school to the site is the Ruth Gorse Academy.

Current projected demand and available capacity in nearby schools indicates that there will be sufficient capacity available across the local area to meet any increase in demand for primary and secondary school places from this development.

38. LCC Flood Risk Management

Subject to the works being completed in accordance with the submitted information, Flood Risk Management as Lead Local Flood Authority have no objections to the proposed development.

39. LCC Access Officer

The submitted H10 form is acceptable. It is agreed that the 3 dwellings which have private access and are in flood zone 2 can have stepped approaches as we cannot find a way to deliver step free access due to site constraints. However, the stepped approaches will require handrails to Part K standard and contrasted nosings to Part M. Accessibility across the site and final details of accessible housing will be secured via condition.

Response: The required condition will be applied.

40. West Yorkshire Police

The Architectural Liaison Officer has made recommendations to be incorporated into the development based on Secured by Design principles. Advice on the following detailed crime and design matters has been offered: external lighting, electronic security (access controls, compartmentalisation, CCTV, intruder alarm facility, car parking, natural surveillance of public spaces, door specification, fire safety, windows, cycle storage, lift security, post and parcels, management plan, tall buildings.

Response: The details have been shared with the applicant and the comments will be addressed where necessary through conditions.

41. LCC Environmental Health Services

Accept the findings of the supporting noise assessment that sets out good acoustic design principals for the development to achieve satisfactory internal sound levels via acoustic glazing and mechanical ventilation and cooling. We would accept a pre-occupation condition requiring the submission of details to verify the specifications chosen meet this criteria. As the external fixed plant has not been determined at this stage, we recommend a fixed plant condition to ensure that the cumulative sound level is in line with our criteria and the target noise levels set out in the report.

Response: The required conditions will be applied.

42. LCC Local Plans

No objections, since further information has been provided regarding the proposed Housing Mix and Safeguarding Existing Employment Land and Industrial Areas. Affordable Housing should be provided in line with Policy H5 and BTR developments.

Response: The required delivery of Affordable Housing is subject to the Viability Appraisal and is addressed within the report.

43. Tobermory (Wind Consultant)

The wind assessment concludes that onsite wind comfort and safety are expected to be suitable following the proposed redevelopment of the site with a larger, 9 to 11 storey building, and that offsite wind comfort and safety conditions should be unchanged. There is therefore no need for any wind mitigation measures for this proposed Development.

PUBLIC/LOCAL RESPONSE:

44. Planning application publicity consisted of:

- a. Leeds City Council Public Access website posted 17.07.2024
- b. Site Notices posted along Water Lane, Canal Wharf and Wharf Approach on 23.07.2024
- c. Press Notice published in Yorkshire Evening Post (YEP) on 09.08.2024
- d. Ward Members consulted on 17.07.2024

Comments in Objection:

45. To date 8 letters of objection have been received of which are summarised as follows:

- Disturbance to neighbouring businesses during demolition and construction works.
- Block views and reduce light to neighbouring offices due to height of building.
- Impact upon solar panels to the rear part of the roof of 2 Canal Wharf, due to height of the building and the shadows cast.
- Building height would be out of character and would set a precedent for others. Another huge building will lead the way to more huge buildings until the area is unrecognisable and poorer for it.

- Existing developments have enclosed and hidden the two Grade II listed towers along the canal, but when using the tow path walkers feel surrounded and hemmed in by the huge structures which have been recently built, changing the character of this part of the canal, and not for the better.
- Don't agree with the Townscape and Visual Impact Assessment in relation to comments regarding 2 Granary Wharf
- Impact of the height and mass proposed on the character and appearance of the Canal Wharf Conservation Area and the setting of several listed buildings would be unacceptable.
- Overshadowing created by the development towards the canal, Granary Wharf and the Water Lane Boat House public house beer garden would affect businesses and people's enjoyment of these spaces.
- Daylight/sunlight assessment submitted with the application concentrates only on windows of residential properties, and not public realm or amenity areas which would be most affected.
- Impact upon wind conditions surrounding the site and within Granary Wharf
- Non-compliance with policies within the Core Strategy, Saved UDP and guidance within The South Bank regeneration framework and principles of The NPPF.
- Development would create a bland and uninteresting skyline as well as blocking much of the existing view of open sky from Granary Wharf.
- No affordable housing is proposed, contrary to Policy H5.
- Loss of employment land which is currently being used.
- Building should step down to the listed buildings

46. An objection has also been received from Leeds Civic Trust:

- Generally satisfied with the massing, the choice of materiality aspiring to match local buildings, the travel strategy and the fact that some flats will have balconies.
- Whilst in terms of general design, the proposed development is possibly better resolved than other schemes in the area, there is a danger it could appear monolithic replicating the 'Leeds look' style buildings it replaces. We would encourage the introduction of a (subtle) variety of materials and identifying ways to ensure that the building reads less as a single block.
- More thought needs to be given to maximising active frontages. The entrances to the building are understated and could be better articulated, at street level and above. Circulation follows unclear access routes and the lengthy, narrow and unlit internal corridors that serve the flats will not be pleasant for occupants.

PLANNING POLICIES:

LOCAL PLANNING POLICY AND GUIDANCE

The Development Plan

47. As required by Section 38(6) of the Planning and Compulsory Purchase Act 2004 this application has to be determined in accordance with the Development Plan unless material considerations indicate otherwise. The Development Plan currently comprises the adopted Local Development Framework Core Strategy (2019), those policies saved from the Leeds Unitary Development Plan (Review 2006), the Site Allocations Plan (2019, as amended 2024), the Natural Resources and Waste Development Plan Document (2013, as amended 2015), the Aire Valley Leeds Area Action Plan (2017) and any made Neighbourhood Plan.

48. The following policies from the Core Strategy are considered to be of most relevance to this development proposal:

General Policy	Sustainable Development and the NPPF
Spatial Policy 1	Location of development
Spatial Policy 2	Hierarchy of centres and spatial approach to retailing, offices, intensive leisure and culture
Spatial Policy 3	Role of Leeds City Centre
Spatial Policy 6	The housing requirement and allocation of housing land
Spatial Policy 8	Provision and safeguarding of land to match employment needs and opportunities for B class uses;
Spatial Policy 11	Transport infrastructure investment priorities such as pedestrian improvements
Policy CC1	City Centre Development
Policy CC2	City Centre South
Policy CC3	Improving connectivity between the City Centre and Neighbouring Communities
Policy EC3	Safeguarding existing employment land and industrial areas.
Policy H2	New housing development on non-allocated sites
Policy H3	Density of residential development
Policy H4	Housing Mix
Policy H5	Affordable Housing
Policy H9	Minimum Space Standards
Policy H10	Accessible Housing Standards
Policy P10	Design
Policy P11	Conservation
Policy P12	Landscape
Policy T1	Transport Management
Policy T2	Accessibility requirements and new development
Policy G1	Enhancing and Extending Green Infrastructure
Policy G3	Standards for open space, sport and recreation
Policy G5	Open Space Provision in The City Centre
Policy G9	Biodiversity Improvements
Policy EN1	Climate change - Carbon Dioxide reduction
Policy EN2	Sustainable design and construction.
Policy EN4	District Heating
Policy EN5	Managing flood risk
Policy EN6	Strategic Waste Management
Policy EN8	Electric vehicle charging infrastructure
Policy ID2	Planning obligations and developer contributions

49. The following saved policies from the Unitary Development Plan are considered to be of most relevance to this development proposal:

Policy GP5	All planning considerations
Policy BD2	Design and siting of new buildings
Policy BD4	Mechanical plant and servicing for new developments
Policy BD5	Residential amenity
Policy N19	New buildings and character and appearance of conservation areas
Policy LD1	Landscaping

50. The following policies from the Natural Resources and Waste Local DPD are considered to be of most relevance to this development proposal:

GENERAL POLICY1	Presumption in favour of sustainable development.
WATER1:	New developments should improve overall water efficiency
WATER 2:	Protection of water quality
WATER 4:	Development in flood risk areas
WATER 6:	Flood risk assessments
WATER7:	No increase in surface water run-off, incorporate SUDs.
LAND1:	Land contamination to be dealt with.
LAND 2	Development and trees
AIR 1:	Air quality considerations

Relevant Local Supplementary Planning Guidance/Documents

51. The most relevant local supplementary planning guidance (SPG), supplementary planning documents (SPD) are outlined below:

SPD Building for Tomorrow Today: Sustainable Design and Construction
 SPD Transport
 SPD South Bank Regeneration Framework
 SPD Accessible Leeds
 SPD Tall Buildings Design Guide
 SPG City Centre Urban Design Strategy
 SPG Sustainable Drainage in Leeds
 SPD Draft Wind & Micro-climate Toolkit for Leeds
 SPG Neighbourhoods for Living
 SPG Neighbourhoods For Living (including Memorandum August 2015)
 Minimum Development Control Standards for Flood Risk (MDCSFR)
 Cycle Infrastructure Design Local Transport Note 1/20 July 2020

NATIONAL PLANNING POLICY AND GUIDANCE

National Planning Policy Framework

52. The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. It sets out the Government's requirements for the planning system. The NPPF must be taken into account in the preparation of local and neighbourhood plans and is a material consideration in planning decisions.
53. The following sections of the NPPF are most relevant for the purposes of determining this application:

Achieving sustainable development
 Decision making
 Delivering a sufficient supply of homes
 Building a strong competitive economy
 Ensuring the vitality of town centres
 Promoting healthy and safe communities
 Promoting sustainable transport
 Making effective use of land
 Achieving well designed places
 Meeting the challenge of climate change and flooding
 Conserving and enhancing the natural environment
 Conserving and enhancing the historic environment

National Planning Practice Guidance

54. The Planning Practice Guidance (PPG) provides commentary on the application of policies within the NPPF. The PPG also provides guidance in relation to the imposition of planning conditions. It sets out that conditions should only be imposed where they are necessary; relevant to planning and to the development to be permitted; enforceable; precise and reasonable in all other respects.

CLIMATE EMERGENCY:

55. The Council declared a climate emergency on the 27th March 2019 in response to the UN's report on Climate Change.
56. The Planning Act 2008, alongside the Climate Change Act 2008, sets out that climate mitigation and adaptation are central principles of plan-making. The NPPF makes clear that the planning system should help to shape places in ways that contribute to radical reductions in greenhouse gas emissions in line with the objectives of the Climate Change Act 2008.
57. As part of the Council's Best City Ambition, the Council seeks to deliver a low-carbon and affordable transport network, as well as protecting nature and enhancing habitats for wildlife. The Council's Development Plan includes a number of planning policies which seek to meet this aim, as does the NPPF. These are material planning considerations in determining planning applications.

PUBLIC SECTOR EQUALITY DUTY:

58. The Equality Act 2010 requires local authorities to comply with the Public Sector Equality Duty. Taking into account all known factors and considerations, the requirement to consider, and have due regard to, the needs of diverse groups to eliminate discrimination, advance equality of opportunity and access, and foster good relations between different groups in the community has been fully taken into account in the consideration of the planning application to date and at the time of making the recommendation in this report.

MAIN ISSUES:

Principle of the proposed use
Affordable housing and viability
Accessibility
Amenity of occupiers
Impact on neighbouring amenities
Heritage and townscape impacts including scale and layout
Design of the building
Air quality / Noise
Greenspace and Landscaping
Biodiversity
Flood risk
Sustainability and climate change
Wind impacts
Highways and transportation considerations
Safety and security
Representations

APPRAISAL:

Principle of the proposed use

59. The site is currently occupied by an office building (general employment use) therefore Policy EC3 is relevant. Policy EC3 seeks to ensure that Leeds has sufficient employment land and is split into two parts. The first part (Part A) is for sites that do not fall within a shortfall area and the second part (Part B) is for sites that do. The areas of Shortfall are defined in para 5.2.60 of the Core Strategy. The site is located outside an area of shortfall so Part A applies:

“Part A: For all sites across the District outside of areas of shortfall

A) Proposals for a change of use on sites which were last used or allocated for employment to other economic development uses including town centre uses or to non-employment uses will only be permitted where:

- (i) The proposal would not result in the loss of a deliverable employment site necessary to meet the employment needs during the plan period (‘employment needs’ are identified in Spatial Policy 9), or*
- (ii) Existing buildings and land are considered to be non-viable in terms of market attractiveness, business operations, age, condition and/ or compatibility with adjacent uses, or*
- (iii) The proposal will deliver a mixed use development which continues to provide for a range of local employment opportunities and would not undermine the viability of the remaining employment site”.*

60. As such, any development of this site needs to satisfy either criterion (ii) or (iii) listed above. In this respect the applicant has prepared a letter which provides an update regarding the Leeds City Centre office market, as well as detailing the marketing exercise that was undertaken for Zurich House. This indicates that although a small part of the building is occupied that the type of accommodation Zurich House provides is no longer in demand, proven by the inability to find a new occupier for the majority of the building over the marketing period of over 36 months. The letter demonstrates the site has been marketed for over 12 months and it is therefore considered to satisfy the provisions in EC3A(ii).
61. Policy H2 of the Core Strategy sets out that new housing development will be acceptable in principle on non-allocated land, providing that: (i) The number of dwellings does not exceed the capacity of transport, educational and health infrastructure, as existing or provided as a condition of development, (ii) For developments of 5 or more dwellings the location should accord with the Accessibility Standards in Table 2 of Appendix 3, (iii) Green Belt Policy is satisfied for sites in the Green Belt. In this case, the development site is located within the City Centre boundary and is within the catchment area for a number of GP Practices including: One Medicare LLP The Light, City View Medical Practice and Shafton Lane Surgery (within Beeston Hill Community Health Centre), Hunslet Health Centre, Thornton Medical Centre and Priory View Medical Centre all of which are accepting new patients. The nearest primary schools to the proposed development are Lane End Primary School, Beeston Hill St Luke’s Primary School, Ingram Road Primary School and New Bewerley Community School all of which are less than 1 mile (straight line distance) from the site. The nearest secondary school to the site is the Ruth Gorse Academy. Current projected demand and available capacity in nearby schools indicates that there will be sufficient capacity available across the local area to meet any increase in demand for primary and secondary school places from this development. The site is also in a highly sustainable location accessible by foot,

bicycle, and public transport. On that basis, the size of development would not exceed the capacity of existing infrastructure and Policy H2 is considered to be satisfied.

62. Policy H3 of the Core Strategy seeks to make efficient use of land and ensure sustainable housing development by establishing minimum densities for housing development. A total of 170 dwellings are proposed on the site which equates to a density of 630 dwellings per hectare exceeding the minimum density levels of 65 dwellings per hectare outlined by Policy H3.
63. Policy H4 of the Core Strategy aims to ensure that new housing delivered in Leeds is of a range of types and sizes to meet the mix of households expected over the Plan Period.
64. The proposal provides a range of 1 to 3 bed properties in the following mix:

Type	Policy H4 Max %	Policy H4 Min %	Policy H4 Target %	Proposed
Houses	90	50	75	0 units
Flats	50	10	25	100% (170 units)
Size				
1 bed	50	0	10	60% (102 units)
2 bed	80	30	50	29% (50 units)
3 bed	70	20	30	11% (18 units)
Total				100% (170 units)

65. The supporting text to policy H4 in Paragraph 5.2.11 states: *‘The form of development and character of area should be taken into account too. For example, a scheme of 100% flats may be appropriate in a particular urban context’*. With this in mind, the provision of 100% flats is considered acceptable in this city centre context.
66. The proposed mix of unit sizes would not fall within the parameters set out within the maximum and minimum ranges, identified in the explanatory text of Policy H4 for 1 and 3 bedroom units. However, the policy recognises that the mix of sizes may differ depending on the nature of the local area and demand and can be justified by evidence. As noted within the wording of Policy H4, developments over 250 units are expected to be accompanied by a Housing Needs Assessment. This scheme falls below this threshold, therefore a Housing Needs Assessment was not required. However, the applicant prepared a note to justify the housing mix within the proposed scheme. This note cited evidence in the Council’s Authority Monitoring Report (2022), ONS (Census 2021), Build to Rent market, recently approved schemes and the 2024 Strategic Housing Market Assessment (SHMA).
67. Leeds City Council’s most recent Strategy Housing Market Assessment (‘SHMA’) was published in 2024 and advises on the amount, type and sizes of housing required across the city. The 2023/24 SHMA details a projected population change between 2022-2040, forecasting an increase to the population size by 4.7% if using the 2018-based ONS population projections, including an increase of 5.6% in the 20-30 years age cohort. Map 2.3 identifies Pre-Family Couples and Singles as the most prevalent type in the City Centre sub-area. Table 2.14 of the SHMA identifies household types and change from 2022 to 2040. The number of one person households is projected to increase from 35.9% to 36.8%, the biggest increase across the types of household by some margin.

68. The development is proposed to be a Build to Rent (BtR) scheme which is a type of purpose built housing designed and built specifically for the rental market which is more attractive to younger people without families. BtR schemes are professionally managed in single ownership focused on delivering a high quality tenant experience. The BtR market has seen growth within Leeds in recent years. In September 2023 there were estimated to be 3,200 homes across ten communities an increase from 1,900 homes in Summer 2022. The sector has almost doubled in less than a year and continues to grow. The UKAA Built-to-Rent Market snapshot report (2023) notes that Leeds had a pipeline of 10,132 BtR homes across 22 new communities. The applicant has reported that within BtR schemes in Leeds occupancy levels are high at or above 95%.
69. The application site is located within the boundary of the City Centre, which is experiencing ongoing regeneration, with housing and new communities being formed. Recently approved nearby developments have consisted of the following mix of accommodation:

Scheme	1 Bed	2 Bed	3 Bed
Granary Wharf Carpark 2 Canal Wharf (Mustard Wharf) (16/01115/FU)	49%	44%	7%
Land To South Of Whitehall Road (22/02521/FU)	51%	39%	10%
Water Lane Holbeck (22/00361/FU)	53%	37%	10%

70. The proposals would provide 18 no. 3 bed apartments (10.6%). This provision is a slight increase on the 3 bedroom units which have been secured on sites within the vicinity of this site. This level of larger units and the overprovision of 1 bedroom units 102no (60%) is considered acceptable given the analysis of the SHMA which forecasts growth in the number of one person households and given the nature of the proposed BtR use which is usually more attractive to younger cohabitating couples and single people who are attracted by the communal lifestyle and quick access into the City Centre.
71. On balance it is therefore considered that the proposed housing mix is appropriate in this case in line with the requirements of Policy H4.

Affordable housing and viability

72. For BtR residential development, Core Strategy Policy H5 allows for flexibility in meeting the affordable housing requirements either on-site through provision of discounted/reduced rent levels or as a financial contribution towards affordable housing provision off site as follows:
- i) *on-site, according to national policy advice, currently 20% Affordable Private Rent dwellings at 80% of local market rents administered by a management company with appropriate arrangements for identifying households in need, including city council nomination rights, which apply in perpetuity, or*
 - ii) *on-site, the percentage of affordable housing specified for zones 1-4 and mix of Intermediate and Social Rented types of affordable housing set out in the first paragraphs of this Policy at affordable housing benchmark rents administered by either a registered provider or a management company with appropriate arrangements for identifying households in need, including City Council nomination rights, which apply in perpetuity, or*
 - iii) *a commuted sum in lieu of on-site provision of affordable housing of option ii).*

Departures from this policy should be justified by evidence of viability considerations.

73. The applicant has submitted a viability appraisal which indicates that the development cannot currently support any s106 obligations or affordable housing. The applicant is however willing to take a longer-term view on their financial return and in the interests of facilitating good placemaking and delivery of affordable homes, they are willing to commit to nine (5.29%) affordable housing units on site (based on 20% discount against market rents for each unit). The mix of affordable units will reflect the mix within the development (five no. 1bed, three no. 2bed and one no. 3bed). The applicant has also indicated that the other s106 requirements of £131,570 will be met in full and the Community Infrastructure Levy (CIL) requirements of £88,005.21 will also be met.
74. The DV has independently reviewed the viability case and provided a report which is attached as an appendix. The DV has concluded that the proposed development is unviable to provide full policy requirements however it is able to viably support seven units of Affordable Housing (4.1%) (based on a 20% discount against market rents), other s106 costs of £131,570 and CIL contributions of £88,005.21 and a balancing amount of £35,800 affordable housing contribution. This is below the applicants offer of 5.29% or nine affordable units.
75. The applicant has addressed the potential to incorporate a 'clawback' mechanism into the s106 which would require the scheme viability to be re-appraised at a later date highlighting that:

'A period of macro-economic instability, characterised by rising interest rates and high inflation, has significantly impacted the economy and has led to decline in Gilt and Bond Markets. Consequently, this has weakened institutional funding markets, affecting most asset classes, in particular Build-to-Rent. Over the course of 2023 institutional residential investment yields softened but have stabilised during 2024, however, conditions remain challenging and investment activity subdued.

Construction costs remain stubbornly high and the introduction of the Building Safety Act has increased the level of risk to the development process. Project timelines have extended, and developers face higher professional and sub-contractor fees. Additionally, there is increased uncertainty around the 'Gateway 2' approval process which must be satisfied prior to commencement of site construction works.

Viability review mechanisms (within Section 106 Agreements) introduce a further risk to developers and funders, adding additional uncertainty to financial outcomes (predicted returns). In CBRE's experience, in challenging markets institutional funds actively seek measures to reduce risk exposure and have become unwilling to accept the additional uncertainty created by review mechanisms.

CBRE is aware that the applicant seeking to redevelop the northern part of 'Land to the West of Lisbon Street, East of Croppergate, South of A58 (Ring Road) and North of Wellington Street, Leeds', for Class C3 (BTR) apartments, is presently pursuing renegotiation of scheme viability and the proposed inclusion of an overage clause within the Section 106 Agreement due to their current funding partner being averse to the uncertainty attached to a Late-Stage Review. The overage clause places the development at risk of being unfundable and not being delivered.'

Wishing to avoid the risk of the scheme being undeliverable, the applicant has requested that a clawback mechanism is not included on the basis of the applicants offer of the full s106 requirements and 5.29% affordable housing.

76. Paragraph 5.2.17.1 of the Core Strategy indicates that *“where evidence in accordance with the National Planning guidance principles for carrying out a viability assessment is submitted, a departure from the affordable housing policy may be justified. Where developments are expected to take more than five years to complete, the Council will normally expect permitted schemes to make provisions for a review of the scheme’s viability, to determine whether the level of affordable housing being provided across the scheme as a whole is appropriate.”* Paragraph 6.31 of the Core Strategy in addition states that in relation to planning obligations the NPPF states that *“Local planning authorities should take account of changes in market conditions over time, and where appropriate should be sufficiently flexible to prevent planned development from being stalled.”*
77. There is a presumption in favour of sustainable development within the NPPF and the recently revised NPPF highlights the objective of significantly boosting the supply of homes. Local and national policy allows for the consideration of viability matters and guidance within the NPPF require LPA’s to be mindful of viability issues and to also consider the changing market conditions and they should seek to prevent development from being stalled. There is noted to be risk regarding deliverability, however viability reflects the situation at a point in time only and assessments are very sensitive to small changes in market conditions for example in interest rates. As such, there is considered to be scope for viability to change over the time of the development and therefore to ensure the benefits in the public interest are safeguarded and in accordance with the guidance within paragraphs 009, 010 and 019 of the National Planning Practice Guidance relating to Viability it is considered appropriate to include a review mechanism to allow for the potential for policy compliance over time.
78. Notwithstanding the viability position regarding affordable housing, the proposal would meet the full s106 obligations and CIL requirements whilst regenerating a key brownfield site within a highly sustainable location which will help meet the housing needs, provide improved permeability and connectivity through the site and contribute to economic growth. There are therefore considered to be significant public benefits which on balance outweigh the shortfall in affordable housing provision and the inclusion of a late-stage review mechanism seeks to ensure public benefits are maximised if economic conditions change over time

Accessibility

79. The applicant has confirmed and have indicated on the required H10 form that the development would meet the requirements of Core Strategy Policy H10 by being designed to ensure that 30% of properties meet the accessible and adaptable dwellings standards of Part M4(2) of the Building Regulations and 2% of properties meet the requirement of M4(3) ‘wheelchair user dwellings. The development would provide 106 units/62.5% as M4(1), 60 units/35% as M4(2) and 4 units/2.5% as M4(3). The mix of accessible housing would range from 1 bedroom to 3 bedrooms. The proposal is considered to comply with relevant Core Strategy Policies regarding residential accessibility.
80. It is acknowledged that out of the 170 dwellings proposed, three of these would be accessed externally and via steps. The submitted Flood Risk Assessment which accompanies the application has specified that internal Finished Floor Levels (FFL)

are set at 28.11AOD which has resulted in a ground floor slab level of 28.2m AOD. In this location it is 1.3m above the external ground level. Such a level change would require ramps of between 15 – 20m length, plus landings to access all three of these ground floor dwellings which would be considered to restrict the open nature of the new pedestrian cycleway route. A potential solution could have been to remove these 3 dwellings and provide plant or cycle parking here. However, this was considered to remove key active frontages of the ground floor which faces towards Water Lane and also the pedestrian and cycleway route and is likely to further impact viability. In addition, Part M4(1) for visitable dwellings recognises that there are circumstances where it may not be possible to easily provide step free access and sets out requirements for an ‘external stepped approach’ at paragraph 1.8. The proposed stepped access for these three dwellings will meet those requirements.

81. LCC Access officer has been consulted on this proposal and has agreed that these three dwellings can have stepped approaches as we cannot find a way to deliver step free access due to site constraints. To control and finalise compliance with all aspects of the policy, a planning condition is proposed which requires details to be submitted demonstrating full compliance with policy H10 including room layouts.

Amenity of occupiers

82. Core Strategy Policy CC1 1(b) encourages residential development in City Centre locations providing that the development does not prejudice the functions of the City Centre and that it provides a reasonable level of amenity for occupiers.
83. The proposal is considered to provide for acceptable levels of internal space and a good standard of residential amenity. The dwellings fully comply with Policy H9 of the Core Strategy regarding space standards. The dwellings range internally as follows

Number of bedrooms	No of bed spaces (persons)	Proposed apartment size (sqm)	H9 Minimum gross floor area (sqm)
1 Bed	1	37.3 - 41	37/39
1 Bed	2	50 - 59.7	50
2 Bed	3	61.5 - 71.7	61
2 Bed	4	70 - 73.9	70
3 Bed	5	87.2 - 97.8	86

84. This demonstrates that each of the proposed property types adheres to and exceeds the policy requirements for overall floor area. To control and finalise compliance with all aspects of the policy, a planning condition is proposed which requires details to be submitted demonstrating full compliance with policy H9 in terms of the location of storage within room layouts
85. Residents have access to ground floor amenity space and facilities adjacent to the main entrance and comprising: flexible co-working space, meeting rooms, residents lounge, gym, dining and function rooms and private cinema.
86. The apartments are served by generous windows. Of the 170 apartments proposed, 66 (39%) have private outdoor amenity space in the form of either balconies or terraces. Of the remainder a majority (84%) have Juliet balconies served by full height double sliding doors serving living rooms.
87. Communal outdoor amenity space is provided in the form of a 550sqm roof terrace (equating to 3.2m2 per apartment) which is enclosed by a 2m high frameless glazed

screen. The roof terrace provides a range of spaces including gathering spaces and garden areas with viewpoints taking advantage of the views out over the city and beyond.

Impact on neighbouring amenities

88. Neighbourhoods for Living (NFL) provides general guidance on traditional minimum distances when based in a suburban area, which range from 21m for main living uses to other main living uses and 15m from secondary uses to secondary uses. The explanatory text within NFL also states that these distances are a guide and do not take into account the local context. Given the site is located within a dense area of Leeds City Centre boundary with an existing predominant historical character of buildings in close proximity to each other which comprises of a tight urban grain of streets and gaps between buildings, the suburban 21m and 15m separation distances which are referenced in the NFL are not appropriate on this site given the context and density of the neighbouring area. There is no specific guidance on minimum distances between buildings within the context highlighted above and officer judgement is based on a contextual approach and assessment.
89. The development would be surrounded by a mixture of uses with the immediate vicinity consisting of offices and residential flats. The nearest sensitive uses are located within Brickworks (Mustard Wharf) to the southwest and Bridgewater Place to the southeast of the site. In addition and across the Leeds Liverpool canal residential uses are located within Granary Wharf and specific buildings Watermans Place and Candle House. The development would retain (approximately) 71m to the southern elevation of Watermans Place, 67m to Candle House, 71m to the eastern elevation of Spicemill and 18m to the eastern elevation of Brickworks. In addition, 89m would be retained to the western elevation of Bridgewater Place. Given these distances the proposed development is not considered to have any undue dominance or overlooking impact.
90. The potentially most sensitive consideration of the proposal is the relationship of Building B with rooms within Brickworks. A distance of 18m would be retained from the western elevation of the development to the eastern elevation of Brickworks. A Daylight and Sunlight Assessment has been submitted and is based upon the methodologies set out in Building Research Establishment (BRE) report 'Site layout planning for daylight' and which are guidelines only for assessing a property's sunlight/daylight conditions. The BRE Guidance seeks to assess the potential impact of development on the daylight and sunlight received by neighbouring buildings of residential use; it highlights the consideration of daylight and sunlight to living rooms and daylight to bedrooms and family kitchens. The submitted daylight sunlight assessment has concluded that the proposed development would not cause any materially unacceptable effects in terms of neighbouring properties existing or proposed' ambient daylight conditions when compared to the available industry guidance.
91. Representations have also been received from local landowners and residents regarding an impact of dominance created by the proposal, loss of view, reduction of light to neighbouring offices and overshadowing due to the height of the building. The application has been accompanied by a Transient Overshadowing Study, which demonstrates the various shadows which would be cast by the building during certain times of the year, in March, June and December.
92. The majority of shadows cast in March would fall on the highway or existing buildings. The buildings facing the canal already cast shadows over this water space and is not

uncommon given the tight urban grain. It is acknowledged that given the height in the building and close relationship with neighbouring uses, shadows would be cast towards the existing external seating area of Water Lane Boathouse however within the context of the existing urban grain this is not considered unduly adverse in its impact on general amenities.

93. The shadows cast in June would be a similar impact as March with the majority of shadows cast over the existing buildings along Canal Wharf and the highway, not uncommon in a city centre context. The impact upon the existing external seating area of Water Lane Boathouse would also be reduced with the majority of impact now falling along Canal Wharf and the seating closest to this. The existing seating closest to the canal would remain unchanged in terms of sunlight penetration.
94. In regard to December, the shadows cast would be similar to March and not significantly different to the shadows already cast by the existing buildings, given the height in the building and close relationship with neighbouring uses, shadows would again be cast towards the existing external seating area of Water Lane Boathouse which again is considered acceptable within this dense city centre context.
95. Commercial premises such as offices are not considered as sensitive to amenity considerations as residential properties and therefore whilst it is acknowledged that whilst there would be a degree of overlooking from lines of sight over neighbouring premises this is part of the established character of this dense historic urban context and can't be avoided in their entirety, and the relationship proposed is similar to those which exist within the surrounding context and therefore considered acceptable.
96. It is considered that the proposed building layout offers satisfactory privacy relationships with nearby buildings, outlook, and daylight, within and around the building in the context of the existing dense city centre character. It is considered that the scheme would on balance meet the residential amenity objectives of Core Strategy Policy P10 and Saved UDPR Policies GP5 and BD5.

Heritage and townscape impact including scale and layout

97. Section 66(1) of the Planning (Listed Buildings and Conservation Areas) Act 1990 states that in considering whether to grant planning permission for development which affects a listed building or its setting Local Planning Authorities (LPAs) must have special regard to the desirability of preserving the building or its setting. The border of the Central Area Canal Wharf Conservation Area is located to the north of the site, along Canal Wharf and the boundary for Holbeck Conservation Area is located to the southwest of the site, beyond the junction of Water Lane and David Street. There are a number of grade II, grade II* and grade I listed buildings located within the adjacent Conservation Areas. The Heritage Statement which accompanies the application identifies the heritage assets that have the potential to be impacted by the proposals due to their likely intervisibility with the proposed development. The surrounding area is an important and sensitive townscape associated with the river, canal and the city's industrial past reflected by the presence of these designated heritage assets.
98. Given the sensitivity of the context, the scale and massing of the proposed development were a particular focus of pre-application discussions. The response was for a development of two interlocking volumes which step down from the south to the north thus reducing the scale adjacent to the relatively modest structures associated with the canal. This is considered an appropriate response which provides an effective transition from the scale of development adjacent to the canal with the

existing and proposed higher scale development to the southeast and southwest of the application site.

99. The application is supported by a Heritage Statement which provides a comprehensive and accurate assessment of the impact of the development on nearby listed buildings and the conservation area. It is agreed that the proposed building *"has been carefully designed to mitigate any potential harmful impact on the former Leeds and Liverpool Canal Company Warehouses, such as the listed building being overwhelmed by the proposed development"* and *"would provide a suitable transition in building heights from the existing developments north of the Leeds and Liverpool Canal, such as Candle House and the Hilton Hotel, with existing and planned developments to the south of Water Lane, such as Bridgewater Place"*.
100. The accompanying Townscape and Visual Impact Assessment includes 15 key views of the proposed development from within the locality. These demonstrate that the form of the buildings would not unduly dominate the skyline and would be contextual to similar developments within this part of the City Centre. The proposal would be viewed predominantly in this context, in longer views across the area. It is not considered that any of the key views as noted within the Tall Building SPD would be impacted by the proposed development.
101. In terms of the layout of the building, on Canal Wharf the building will adopt the building line of the Mustard Wharf Building B, which will set the northern facade 2m back from the edge of the footway, and establishes a 12m offset to the facade of the office building on the northern side of Canal Wharf.
102. New buildings within Globe Point and Mustard Wharf (Brickworks) to the west of the site have established a strong building line to Water Lane, along the northern side of the Hol Beck culvert. This building line will be further reinforced by Phase 2 of the Tower Works where the southern facade of the proposed Building K is planned to incorporate a retained section of the façade of the original building on the site, that also forms the red brick sidewall of the culvert. Building to this line unfortunately requires the removal of the 3 category B trees at the southern end of the site. However, the existing boundary wall that forms part of the culvert sidewall will be retained, with the new street frontage facade and south facing balconies serving 33 new homes, providing natural surveillance over Water Lane.
103. The development achieves a minimum offset of 7m from the majority of the eastern boundary of the site, this narrows at the southeastern corner of the site. To the western boundary the offset ranges from 9m to 22m to approximately 6.5m. Thus ensuring that should the sites to either side be redeveloped in the future, and adopt similar offsets it would be possible to achieve suitable separation distances overall between facing windows.
104. Zurich House is currently approximately 5m from the eastern gable of Verity House. The proposed development increases this to an offset of approximately 10m. The Verity House gable has only limited fenestration and with the ancillary accommodation occupying the ground floor of the new building in this location, the 1st and 2nd floor accommodation is arranged so that living rooms to the two flats opposite the gable have views that are not restricted by the adjacent building. The existing steps between these two buildings in this location straddle the boundary between the two plots and have been retained to both maintain the existing pedestrian route and limit disruption to the adjoining site.

105. The site currently features an office building with limited pedestrian access by means of steps. The redevelopment of this site would maintain the existing link and provide a further landscaped pedestrian and cycle routes enhancing the existing street pattern and supporting permeability.
106. A letter of representation from Leeds Civic Trust raised concerns and requested that active frontages be maximised. Except for a new substation, standby generator room and a small frequent use, street level cycle store, all the main plant, services and ancillary facilities are located within the basement. This re-uses part of the existing building, which is beneficial from a lifetime carbon position, but also ensures active frontages are maximised to all ground floor elevations. Consequently 80% of the ground floor perimeter comprises glazed frontages serving either entrance lobbies, amenity facilities or apartments with terraces and balconies.
107. In regard to comments on the internal layout, there would be two entrances, both of which give access to separate stair and lift cores. Having one vertical circulation core to the north and one to the south therefore reduces corridor lengths and travel distances on each floor, with the result that the maximum distance from a lift to a front door of an apartment is approximately 17m which is considered adequate.

Design of the building

108. The canalside block will feature a base, middle and top. The base would consist of a double storey height plinth formed by an arcade of square masonry piers arranged on primary structural grid lines supporting a deep band of horizontal masonry. The resulting arcade of square openings echoes the backdrop of railway arches to the north of the canal. The plinth also contains the active street level frontage, and parabolic arches which articulate the corners of the development and highlight the main entrance to the building and the covered pedestrian arcade along the western gable.
109. The middle, main section of the facade, is formed by a grid of large deeply recessed window openings reminiscent of a traditional warehouse typology with a higher proportion of solid masonry to window void. The plinth's primary piers are extended over 7 floor levels to support a deep corbelled masonry cornice that defines the vertical extent of the mid-section at the transition to the clear storey level, marked by a stone coping. A red, multi-stock brick is proposed for all masonry areas that will complement the prevailing red brick palette within the setting of the site. Panels of textured brickwork will further articulate the rhythm of fenestration within the larger, main grid recessed openings.
110. The uppermost level comprises a row of smaller, rectangular window openings set within a vertically fluted, copper-bronze clad metal clerestory level. The fluted, scalloped, façade is a smaller version of the rhythm established by the balconies on the southern elevation and will form an element of visual interest, particularly at parapet level where the flutes will create a wave-like profile, reflecting top floor treatments existing within Holbeck South Bank.
111. The block facing towards Water Lane will again feature a base, middle and top. The southern elevation of this block forms the main public frontage that adopts a more expressive, contemporary language using the same materials palette as the rest of the building. Masonry piers have been increased in both depth and width and extend the full height of the building, with a sub grid formed by a setback, more slender stone pier creating a strong vertical emphasis. The three primary bays formed by the masonry pairs frame individual apartments, each with a wide triangular cantilevered

balcony that serves the fully glazed facades to both bedrooms and living rooms. The triangular form of the balcony is derived from the geometry of the northern block 'breaking through' the southern facade.

112. The bands of balconies and the shadows they cast provide a horizontal ripple across the vertical frame of the main facade and also provide some shade on this south facing elevation to help mitigate overheating. Masonry now extends to the full height of the block, and the top 'crown' section of the facade is demarcated by a horizontal stone band and is crowned by a horizontal masonry parapet that follows the profile of the balconies below, a larger scale version of the fluted profile to the 10th level facade of the canalside building.
113. Samples of the proposed materials will be secured via conditions, to ensure they are appropriate and of a high quality.
114. It is considered on balance that the proposal would preserve the setting and significance of nearby heritage assets, in accordance with Section 66 of the Planning (Listed Building and Conservation Areas) Act 1990, paragraphs 207, 208, 210, 212, 213, 216 of the NPPF, Core Strategy Policies P10 and P11, Saved UDPR Policy BD2. Section 72 of the Planning (Listed Building and Conservation Areas) Act does not apply as the site is not within a conservation area, nonetheless careful consideration has been given to the impact on the conservation area. The parabolic arches to the north-east corner will be spectacular features of the building and the brickwork will require careful detailing (to be conditioned).

Air Quality / Noise

115. An Air Quality Assessment has been carried out by the applicant which confirms impact on air quality standards would be negligible at the site or elsewhere as a result of the proposed development.
116. Environmental Health have confirmed the submitted noise assessment sets out good acoustic design principles for the development to achieve satisfactory internal sound levels via acoustic glazing and mechanical ventilation and cooling. Pre-occupation conditions will require the submission of details to verify the specifications chosen meet the required criteria. External fixed plant has not been determined at this stage, therefore a fixed plant condition is proposed to ensure that the cumulative sound level is in line with criteria and the target noise levels set out in the report.
117. As part of the application process representations received from local residents have raised concerns regarding additional noise associated and possible disturbance through the construction phase of the development. In response whilst some temporary disturbance is not wholly unavoidable the potential for undue disturbance will be mitigated by a condition to limit construction hours to 0730-1800 Monday to Friday, 0800-1300 Saturdays and with no working on Sundays or Bank Holidays.

Greenspace and landscaping

118. The scheme has been designed with a hierarchy of hard and soft amenity space, private shared communal space and publicly accessible space. At 0.243 hectares the site is below the 0.5 hectare threshold that would require green space provision in line with Core Strategy Policy G5. That said, the development does still take the opportunity to provide landscaped improvements and improved public connections.

119. Core Strategy Policy P12 seeks to protect and enhance the character, quality and biodiversity of landscapes. Saved Policy LD1 of the UDPR requires all landscape schemes to complement and where possible enhance the quality of the existing physical environment. Saved Policy N25 of the UDPR also states that the boundaries of sites should be designed in a positive manner, using walls, hedges, or railings where appropriate to the character of the area. As previously mentioned, the existing areas of landscaping within the site are part of the Leeds Habitat Network. Policy G9 (iii) of the Core Strategy requires that there is no significant adverse impact on the integrity and connectivity of the Leeds Habitat Network.
120. The development provides new publicly accessible routes connecting neighbouring streets and opening the development up to local users. The public routes are complemented by a diverse selection of lush green, shade-tolerant native plants and tree species. These plants have been chosen to provide seasonal variations and contribute to the ecological balance of the area by supporting local wildlife and biodiversity. Trees are strategically placed to provide shade, visual interest, and structural definition to the spaces. The design also incorporates rain gardens which help manage storm-water runoff effectively and also enhance water infiltration, improve water quality, and provide habitat for beneficial insects and birds. The proposed landscaping arrangement helps ensure there is no significant adverse impact on the integrity and connectivity of the Leeds Habitat Network in accordance with Policy G9(iii).
121. In order to facilitate the development 12 category B and C trees would need to be removed, due to their location within the site. Where removal of existing trees is agreed in order to facilitate development, Policy LAND2 from the Natural Resources and Waste Local Plan sets out that suitable tree replacement should be provided on a minimum three for one replacement. In this case, the loss of 12 trees generates a requirement for 36 replacement trees. The proposal is for 28 trees to be provided at ground level (13 to the east site boundary, four within the car park, 11 at the west of the façade) and a further eight trees at roof terrace level. It is recognised that those replacement trees which are located on the roof will offer more limited public amenity value although they will be beneficial for residents. The Landscape Officer has highlighted that the location of the replacement planting is not necessarily as prominent in the streetscene for example along Water Lane and Canal Wharf and has therefore questioned whether the replacement planting fully replaces the amenity value associated with the existing trees. However the trees along the eastern route complement a publicly accessible pedestrian and cycle route and similarly the trees on the western part of the site are adjacent to a public thoroughfare. A further consideration is the form of the development which reflects the historic character of development in the area being located to the back of pavement and therefore limiting the scope for tree planting along the street. The proposal achieves a policy compliant level of replacement planting on site and considering the predominant urban character and the wider public benefits associated with the development it is considered that the proposed replacement tree planting is suitable.
122. The development will also feature areas of play within the soft landscaping along the link street. This approach ensures that these play areas are conveniently accessible, benefiting both the public and local residents alike. Multiple elements have been carefully selected for their natural feel and simplistic design, creating spaces that encourage imaginative play despite the constraints of a smaller area. Additional educational interpretation for planting and habitats will be provided to introduce children to the value of nature.

123. The roof terrace provides communal outdoor amenity space for residents and provides a range of different types of areas to allow people to gather, reflect and be active as follows:
- Gathering: a large communal table where people can eat, work and meet up with a raised seating element for socialising and a viewpoint offering stunning views across Brewery Wharf and towards Leeds City Centre.
 - Reflection: an immersive, green and sheltered space with a framed view to the canal side over Mustard Wharf
 - Active: an open space sheltered with vegetation where events, exercise classes and larger groups can go to enjoy being outside. It also provides the link space between the two building cores.
124. The rooftop incorporates incidental play opportunities with a natural feel, creating spaces that encourage imaginative and creative play focussed on sensory play, with tactile and audio play items. These selected components offer meaningful and engaging recreational opportunities for residents and their families.
125. The biodiverse roof will be planted and seeded with a diverse array of dry grassland wildflowers and various sedum species and trees. The roof will also feature habitat elements such as bricks and logs specifically designed to support invertebrate species. A variety of native vegetation, including a wide range of plant species, will also be incorporated to enhance the ecological diversity.
126. Overall the siting of the buildings, balance of hard and soft landscaping, enhancement to existing pedestrian routes and creation of a new route, would be appropriate to create a sense of place. It is therefore considered that the proposal would be on balance in accordance with Saved UPDR Policies LD1 and N39B, and Core Strategy Policies CC3, P10, P12, G4 and G9 as well as Policy LAND2 from the Natural Resources and Waste Local Plan

Biodiversity

127. Core Strategy policy G9 states that, developments will need 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.
128. Biodiversity Net Gain (BNG) seeks to ensure that development has a measurably positive impact ('net gain') on biodiversity compared to what was there before development. BNG has been mandatory since 12 February 2024 and developers must deliver a BNG of 10%.
129. The submitted Statutory Biodiversity Metric includes the following table which compares the net change in biodiversity.

Table 1

	Habitat unit change					On-site post development	Net change in Biodiversity	
	On-site baseline	Retained	Lost	Enhanced	Created		Habitat units	%
Area habitat units	0.77		0.77	-	0.72		-0.05	-6.29
Linear hedgerow units	-		-	-	0.11		+0.11	N/A
Watercourse units	0.06	0.06	-	-	-	0.06	0	0

130. Overall the landscape proposals for the development of the site produce a net loss of 0.05 area habitat units (6.29%), and a gain for 0.11 linear hedgerow units (as there were no hedgerows present at the baseline value no net gain can be calculated). The watercourse is being retained and no further enhancements can be carried out therefore there is no change of watercourse units. Consequently the development does not achieve a net gain and therefore due to the small loss in biodiversity off-site mitigation is therefore necessary:

Table 2

Habitat type	Distinctiveness	Total units required	Habitat required
Individual trees – Urban trees	Medium	0.15	Individual trees, or any habitat of high or very high distinctiveness
Other rivers and streams	High	0.1	Any watercourse habitat type

131. NPV Leeds Limited do not have any other sites within the local area which can be used for mitigation, therefore, off site units will be secured via a local habitat bank. The habitat bank that is to lease land from Leeds City Council, the Leeds Nature Company is not yet in a position to sell Units. The Nature Team have confirmed that they are not aware of any Biodiversity Units registered on the Biodiversity Gain Site register being available in Leeds.
132. The applicant has confirmed that the following local Habitat banks have availability of the required habitat units: Horwich Habitat Bank, LPA Bolton (Ponds – Priority habitat (High Distinctiveness), Ditches (Medium Distinctiveness) and Nunthorpe, (Traditional Orchard (High Distinctiveness) and Ditches (Medium Distinctiveness)).
133. The necessary habitat units will be purchased and secured through a Section 106 or a conservation covenant agreement and allocated to the development on the Natural England Biodiversity Gain Register. The details are secured through a pre-commencement Biodiversity Gain Plan condition.

134. The Canal and River Trust have requested that the Local Planning Authority should satisfy itself that the proposals will not result in excessive shading that could adversely impact the green corridor function of the canal. The application was accompanied by a Transient Overshadowing Study, which demonstrates the various shadows which would be cast by the building during certain times of the year, in March, June and December. The findings of the study have been reported at paragraphs 89-92 of the report, but demonstrates that existing buildings already overshadow the canal and the additional shading resulting from the proposed development is marginal with impacts being limited to short periods during the day in the Spring and Winter months. It is not therefore considered that the development would result in excessive shading that would compromise the green corridor function of the canal.
135. The bat roost survey provided is sufficient to confirm no roosting bats will be affected. Introducing lighting over the Hol Beck and its riparian zone should be avoided and will be conditioned. The nature team have no objections to the application subject to securing the off-site mitigation and conditions relating to integral bat and bird roosting features and a lighting scheme for bats.

Flood Risk

136. The development is in Flood Zone 2 which is defined as areas which have an annual probability of river flooding between 0.1% and 1% (1 in 1000 to 1 in 100 year chance). The site benefits from existing flood defences around the Hol Beck and River Aire.
137. Finished floor levels are set at least 300mm above the 1% AEP flood level, including allowances for climate change. Therefore internal FFLs are set at 28.11AOD or higher, with provisions for safe refuge and resilience above extreme climate change events in accordance with the SFRA and EA recommendations.
138. The site is at low risk from other sources of flooding including surface water, groundwater and sewer flooding.
139. The surface water drainage has been designed to accommodate a 1 in 100 year storm event with an additional 45% allowance for climate change. Surface water attenuation will be achieved through the implementation of blue roof, below ground attenuation and permeable paving at ground level.
140. This is considered to comply with Policy EN5 Managing Flood Risk and Flood risk management have confirmed they have no objection to the proposed development.

Sustainability and Climate Change

141. The proposal will introduce a number of measures to ensure that Core Strategy policy EN1 (Climate Change – Carbon Dioxide Reduction) is complied with. The buildings main plant, services and ancillary facilities are located within the basement which re-uses part of the existing building and is beneficial from a lifetime carbon position. The developer's accompanying sustainability statement confirms that reduction in energy use is achieved through assessments of mechanical and electrical design. The following energy and carbon reduction measures are to be implemented into the design of this development:
- Mechanical ventilation with heat recovery (MVHR)
 - Electrical panel heating with App (mobile Phone) control functionality
 - LED lighting
 - Low Flow Appliances

- Air to Water Heat Pump Technology
- Photovoltaics (PV)

142. The above measures will ensure a minimum of 20% reduction in carbon dioxide emissions is achieved (82.6%) against the Building Regulations Target Emission Rate Part L 2021 and energy production through the use of renewable energy generation would exceed the 10% (54.07%) figure as set out in policy EN1.

Total target (carbon) emission (kg/yr)	Total dwelling (carbon) emission (kg/yr)	% emission reduction against Building Regulations	Total predicted energy needs (kWh)	Type of Low Zero Carbon technology	Capacity of Low Zero Carbon energy source used (kWh)	Percentage energy being supplied by Low Zero Carbon energy (%)
121,598.38	21,159.13	82.59	250,029	Air source heat pumps and photovoltaic tiles	135,211	54.07

143. The use of efficient water fixtures will ensure the Council's water consumption standard of 110 litres per person per day as set out in Core Strategy policy EN2 is met.
144. In regard Policy EN4, the proposal is currently not located close to the District Heating Network but there are plans to extend the district heat network to the South Bank in the next 2-5 years. However, this scheme is at the far end of the build-out and so heat would not be available until the network is fully complete. The Council's Sustainability Officer and District Heating Team have accepted this position.
145. It is further noted that the sustainable location, the reuse of part of the existing basement, enhanced accessibility and the introduction of electric vehicle charging points within the car parking areas of the site, will also assist in tackling climate change and air pollution in line with wider Council objectives and assist in encouraging more sustainable travel choices.

Wind impact

146. Representations have referred to existing windy conditions within the Granary Wharf development and concern that the development could worsen this. A wind microclimate study has been submitted as part of the application which used a combination of wind tunnel and Computational Fluid Dynamics (CFD) modelling to examine wind conditions across the site and its surroundings to assess the impact of the proposed development on the surroundings.
147. Analysis of the existing site finds that there are no areas of wind safety exceedance onsite, and just one small exceedance in the surrounding area (to the NW, north of the Candle House). This exceedance is far enough from the site to be ignored for the purposes of this wind study.
148. On construction of the proposed Development in the current surrounds there are only minor changes to the wind environment across the site and surrounding area, despite the increase in height. This is likely to be due to the shelter that is provided by the

group of 10+ storey buildings that are present to the west and southwest of the site (i.e. in the prevailing upwind direction).

149. There are no new onsite or offsite wind safety exceedances, and that comfort conditions remain unchanged across the site and surrounding area (the wind tunnel report discusses a worsening in conditions at probe 40, but since this is an area of grass that is barriered off from pedestrians then it is not considered further). Furthermore, summer comfort conditions are predicted to be suitable for sitting on the balconies and rooftop terrace.
150. The wind study has demonstrated that onsite wind comfort and safety are expected to be suitable following the proposed redevelopment of the site, and that offsite wind comfort and safety conditions should be unchanged. There is therefore no need for any wind mitigation measures for this proposed Development. There are no recommendations from this Review.
151. The wind study has been peer reviewed and is considered to be robust and of a suitable quality and to provide realistic result, consistent with the reviewer's expectations and no recommendations are requested.

Highways and Transportation Considerations

152. The site is located in a highly sustainable City Centre location. The development is proposed to be predominantly car free and given the sustainable location, this raises no concerns and is in line with the Transport SPD and Table 2 of the SPD which relates to Accessibility Standards for Housing Developments in Leeds (5 dwellings or more). Three blue badge parking bays will be provided and a car club space located at the site's western boundary access from Canal Wharf. All of these spaces will have EV charging points.
153. The development proposes 160 long stay cycling spaces for residents within the basement with an additional 17 spaces provided on ground floor level. In addition, 12 short stay cycle spaces will be provided at ground floor with eight spaces located within the hard landscaped area to the undercroft and four spaces to northwest of the development.
154. Servicing and deliveries are proposed to operate from Canal Wharf, which follows the existing servicing arrangements for the businesses along Canal Wharf. Final details of this will be secured via conditions for a car park, servicing, and delivery management plan. Internal bin stores are proposed within the basement which would be brought to street level via a lift on collection days.
155. As a result of this development and as per other developments in/in the vicinity of the Holbeck Urban Village (HUV) and in line with the Transport SPD and Core Strategy Policy T2 a contribution towards pedestrian/cycle/public realm improvements is required. Leeds City Council has estimated costs of improvements on surrounding streets within the HUV and these amount to £14.3 million. To ensure the contribution is consistent and proportionate to contributions towards HUV from nearby developments, the same methodology has been used to allow this comparison. Essentially vehicle trip generation was calculated from vehicle trip rates for the type and size of development, using the same residential trip rates as those used for other nearby sites, applied regardless of the level of car parking. From this calculation and comparison, a contribution of £76,000 towards the improvements within Holbeck Urban Village is required for the development. This is reasonable, justified, proportionate to the scale of the development, directly related to the development and

required for the development to be acceptable. It is in line with what has been secured for other nearby developments.

156. The proposal would have an appropriate level of parking, make appropriate transportation provision, promote sustainable travel and improved connectivity, and would not be likely to give rise to adverse parking, road safety or amenity concerns.

Safety and security

157. The development will provide a great emphasis on providing a safe and secure environment for all residents, visitors and the general public who are using the new public realm and shared footpath cycleway. Which will be ensured via good visibility and effective lighting levels, optimum active frontages and natural surveillance of all external areas.
158. The scheme has been designed with accessibility, safety and security as primary considerations in order to ensure the optimum quality of living environment for residents and for the general public.
159. CCTV will be incorporated on all sides of the building and to monitor the main entrances and the undercroft/arcaded areas, together with good lighting to compliment the high levels of natural surveillance the new residential frontages establish.
160. The new footpath connects the original vehicular access on Wharf Approach to Canal Wharf. The route runs for a length of 20m within the undercroft beneath the southern street frontage block which is wide and bright with a minimum 4m clear headroom.
161. The northern side of the undercroft is formed by the full height glazed elevation to the southern entrance lobby on the southern side by the entrance elevation of the three apartments on the raised ground floor of the southern block, whose main elevations overlook Hol Beck. In addition to high quality surface finishes the route through the undercroft affords good forward visibility and will be well lit using a combination of soffit mounted inset strip lights, pavement lights and lower-level recessed bulkheads.
162. The two main building entrances will be fob operated with 'airlock' lobbies. Lifts in the communal cores will be fob operated. Glazing specifications and window/balcony door security rating specifications will be increased to ground floor and first floor level accommodation.
163. West Yorkshire Police have been consulted on the application and the Architectural Liaison Officer has made recommendations in relation to the development based on Secured by Design principles. Much of the advice is addressed with the approach with some small revisions suggested for example relating to external lighting which will be addressed where necessary through conditions.

Matters raised in representations

164. The matters raised in representations have been addressed throughout the report as follows.

Issue raised	Section of the report where the matter is addressed
Disturbance to neighbouring businesses during demolition and construction works.	Air quality and noise (paragraph 117)
Block views and reduce light to neighbouring offices due to height of building.	Impact on neighbouring amenities (paragraphs 88 – 96)
Impact upon solar panels to the rear part of the roof of 2 Canal Wharf, due to height of the building and the shadows cast.	Not considered to be a material planning consideration. A civil matter.
Building height would be out of character and would set a precedent for others.	Heritage and townscape impact including scale and layout (paragraphs 97-107).
Another huge building will lead the way to more huge buildings until the area is unrecognisable and poorer for it.	
Existing developments have enclosed and hidden the two Grade II listed towers along the canal, but when using the tow path walkers feel surrounded and hemmed in by the huge structures which have been recently built, changing the character of this part of the canal, and not for the better.	
Don't agree with the Townscape and Visual Impact Assessment in relation to comments regarding 2 Granary Wharf	
Impact of the height and mass proposed on the character and appearance of the Canal Wharf Conservation Area and the setting of several listed buildings would be unacceptable.	
Overshadowing created by the development towards the canal, Granary Wharf and the Water Lane Boat House public house beer garden would affect businesses and peoples enjoyment of these spaces	Impact on neighbouring amenities (paragraphs 91-96)
Daylight/sunlight assessment submitted with the application concentrates only on windows of residential properties, and not public realm or amenity areas which would be most affected.	
Impact upon wind conditions surrounding the site and within Granary Wharf	Wind impact (paragraphs 146 – 151)

Non compliance with policies within the Core Strategy, Saved UDP and guidance within The Southbank regeneration framework and principles of The NPPF	An assessment of the proposal against relevant policy considerations has been carried out throughout the report
Development would create a bland and uninteresting skyline as well as blocking much of the existing view of open sky from Granary Wharf	Heritage and townscape impact including scale and layout (paragraphs 89-97).
No affordable housing is proposed, contrary to Policy H5.	Affordable housing and viability (paragraphs 72 – 78)
Loss of employment land which is currently being used	Principle of the use (paragraphs 59 – 60)
Building should step down to the listed buildings	Heritage and townscape impact including scale and layout (paragraphs 97-100).
More thought needs to be given to maximising active frontages. The entrances to the building are understated and could be better articulated, at street level and above.	Heritage and townscape impact including scale and layout (paragraph 107)
A danger it could appear monolithic replicating the 'Leeds look' style buildings it replaces. We would encourage the introduction of a (subtle) variety of materials and identifying ways to ensure that the building reads less as a single block.	Design of the building (paragraphs 108 – 114)
Circulation follows unclear access routes and the lengthy, narrow and unlit internal corridors that serve the flats will not be pleasant for occupants.	Heritage and townscape impact including scale and layout (paragraph 107)

CONCLUSION:

1. The proposal will result in the redevelopment of an under used office building on a brownfield site in a highly sustainable location within the city centre. Helping to deliver new homes the redevelopment of the site will further add to the regeneration being experienced in this part of Holbeck, South Bank. The proposals would involve a predominantly car free residential development and a scheme which allows for prioritisation of sustainable transport modes and improves permeability and walkability whilst reflecting the character and urban form of the area. Tree loss whilst regrettable would enable strong building lines and activate frontages with associated townscape benefits and is adequately mitigated through both onsite and off site means.
2. The proposal involves the creation of 170 new dwellings and although the Applicant has submitted a viability case which has been independently reviewed and verified there is still a commitment to provide for some affordable housing provision alongside the full s106 obligations and CIL requirements.

Conclusion

3. The proposal has been assessed against relevant planning policy and is considered to comply with national policy and the provisions of the development plan as a whole

and relevant material considerations have also been taken into account. Accordingly, it is recommended that the scheme be deferred and delegated to the Chief Planning Officer for approval subject to the draft conditions specified in the report Appendices and the completion of a Section 106 agreement.

BACKGROUND PAPERS:

Application file reference: 24/03842/FU

APPENDIX 1 Draft conditions

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 and Specifications above.

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

3) The disabled parking shown on the approved plans shall be laid out prior to first occupation of the development and retained for the life of the development.

In accordance with the adopted Core Strategy and parking policies.

4) Development shall not be occupied until the approved cycle/motorcycle parking and facilities have been provided. The approved facilities shall thereafter be retained for the lifetime of the development.

In the interests of highway safety and promoting sustainable travel opportunities.

5) 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 include the following information: (INSERT SPECIFIC REQUIREMENTS). 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.

6) The development shall not commence until a condition survey of IN has been submitted to and approved in writing by the Local Planning Authority. A plan showing the surveyed areas shall also accompany the survey report. Upon completion of the development (completion of the final approved building on the site) a further condition survey shall be carried out and submitted to the Local Planning Authority together with a schedule of remedial works to rectify damage to the highway identified between the two surveys as a result of the development. The approved mitigation works shall be fully implemented within ****IN months of the remedial works being agreed with the Local Planning Authority. If a defect is identified during other routine inspections of the highway that is considered to be a danger to the public, then it must immediately be made safe and repaired within 24 hours from the applicant being notified by the Local planning Authority.

Traffic associated with the carrying out of the development may have a deleterious effect on the condition of the highway that could compromise the free and safe use of the highway.

7) Development shall not commence until a statement of construction practice has been submitted to and approved in writing by the Local Planning Authority, the statement of construction practice shall include full details of:

a) the construction vehicle routing, means of access, location of site compound, storage and parking (including workforce parking), means of loading and unloading of all contractors' plant, equipment, materials and vehicles and associated traffic management measures.

b) methods to prevent mud, grit and dirt being carried on to the public highway from the development hereby approved.

c) measures to control the emissions of dust and dirt during construction.

d) how the statement of construction practice will be made publicly available by the developer.

The approved details shall be implemented at the commencement of works on site and shall thereafter be retained and employed until completion of the works on site. The Statement on 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.

The carrying out of the development could result in significant harm to the amenities of local residents and highway safety, and accordingly details of construction practice is required to be agreed prior to commencement of works in order to protect such interests.

8) Prior to occupation of the development, the off-site highway works as shown in principle on plan comprising **** at **** shall be fully delivered.

To ensure the free and safe use of the highway

9) The development hereby approved shall not be occupied until full details and a scheme for provision of Electric Vehicle Charging Points, cable enabled spaces and associated infrastructure have been submitted to and approved in writing by the Local Planning Authority. The facilities shall be provided prior to first occupation of the development, retained and maintained thereafter as approved for the lifetime of the development.

In the interest of promoting low carbon transport.

10) Construction of hardsurfaced areas shall not take place until details and samples of all surfacing materials 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.

11) Prior to the construction of the following elements of the proposed building, full 1 to 20 scale working drawing details of the following for that phase shall be submitted to and approved in writing by the Local Planning Authority:

- a. junctions between materials.
- b. each type of window bay proposed.
- c. ground floor frontages
- d. arched entrance features
- e. the undercroft

Development shall then be undertaken in accordance with the approved details.

In the interests of visual amenity.

12) Prior to the installation of any external facing material to the proposed building, full details including a sample panel of the relevant external facing materials and full details of glazing types to be used shall be constructed on-site and approved in writing by the Local Planning Authority. The external materials and glazing materials shall be constructed in strict accordance with the sample panel(s). The sample panel(s) shall not be demolished prior to the completion of the development, unless otherwise agreed in writing by the Local Planning Authority.

In the interests of visual amenity.

13) No works to or removal of hedgerows, trees or shrubs, or built structures with bird-nesting potential shall take place between 1st March and 31st August inclusive, unless a competent ecologist has undertaken a careful, detailed check of vegetation or built structures for active birds' nests immediately before (within 24 hours) the works commence and provided written confirmation that no birds will be harmed and/or that there are appropriate measures in place to protect nesting bird interest on site. Any such written confirmation should be submitted to the local planning authority within 3 days of such works commencing.

To protect nesting birds in vegetation and built structures in accordance with the Wildlife & Countryside Act 1981 (as amended) and BS 42020:2013.

14) 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 integral bird nesting features (for species such as House Sparrow and Swift) within buildings. Features that are not integral will only be considered for approval if an appropriately qualified ecologist provides assurance that, following discussions with

the building architect, integral features are not possible. 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 in the manner as approved thereafter.

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

15) Prior to occupation of first dwelling [or prior to first use of other building type] written confirmation of integral bat roosting and/or integral bird nesting features will be submitted to the local planning authority. This should include photographs of features in-situ and a written statement that all features have been installed as per the agreed specifications and locations.

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

16) Prior to commencement of development a Lighting Design Strategy For Bats shall be produced by an appropriately qualified ecological consultant and submitted to and approved in writing by the local planning authority. The Strategy shall:

a) Identify those areas/features on site that are particularly sensitive for roosting, commuting or foraging bats - using an appropriately scaled map to show where these areas are

b) Show how and where external lighting will be installed (through the provision of appropriate lighting contour plans and technical specifications) so that it can be clearly demonstrated that areas to be lit will not disturb commuting and foraging bats

All external lighting shall be installed in accordance with the specifications and locations set out in the Strategy, and shall be maintained thereafter in accordance with the Strategy. Under no circumstances should any additional external lighting be installed without prior consent from the local planning authority in the areas identified in the Strategy as "particularly sensitive for roosting, commuting or foraging bats".

To safeguard a protected species (Bats) in accordance with Core Strategy Policy G8 and G9, NPPF and BS 42020:2013

17) No building works above ground floor slab shall take place until a plan, schedule and specification for landscape maintenance and 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 street trees/trees in planters, shrubs, bulbs, grass, paving, fencing, paving 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 commence when the development is occupied and shall be carried out thereafter in accordance with the approved management plan and schedule.

To ensure successful establishment and aftercare of the completed landscape scheme.

18) The development shall be implemented following the principles set out within the Sustainable Design and Construction Statement.

(i) Within 6 months of the first occupation of the residential accommodation a postconstruction review statement shall be submitted to and approved in writing by the Local Planning Authority demonstrating compliance with Core Strategy policies EN1 and EN2.

The development shall thereafter be maintained 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 inclusion of appropriate sustainable design measures.

19) If within a period of five years from the date of the planting of any tree that tree, 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 of the same species and size as shall be planted at the same place to a programme to be agreed in writing with the Local Planning Authority, unless otherwise agreed in writing.

To ensure that the approved landscape scheme is implemented.

20) The residential accommodation shall not exceed a water use standard of 110 litres per person per day.

In the interests of sustainability.

21) No building or other obstruction including landscape features shall be located over or within 3 metres either side of the centre line of the public water main i.e. a protected strip width of 6 metres, that crosses the site. Furthermore, no construction works in the relevant area(s) of the site shall commence until measures to protect the public water supply infrastructure that is laid within the site boundary have been implemented in full accordance with details that have been submitted to and approved by the Local Planning Authority. The details shall include but not be exclusive to the means of ensuring that access to the pipe for the purposes of repair and maintenance by the statutory undertaker shall be retained at all times. If the required stand-off or protection measures are to be achieved via diversion or closure

of the water main, 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 the interest of public health and maintaining the public water supply

22) 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.

23) 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.

24) 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.



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Stage 2
Viability Review Report
4 Canal Wharf, Holbeck,
Leeds, LS11 5PS.



Report for:

[Redacted]
Principal Planner
Central Team
Planning Services
Leeds City Council

Prepared by:

[Redacted]
Principal Surveyor
RICS Registered Valuer
DVS

@voa.gov.uk

Case Number: 1854249

Client Reference: 24/03842/FU

Date: 28th January 2025

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1.0 Executive Summary

Leeds City Council (the client) have instructed DVS to provide an independent review of the viability assessment supplied by the applicant in connection with:

Proposed Development	Full planning application for the demolition of the existing building and erection of a ground floor + 8/9/10 storey residential development; supporting infrastructure, ancillary facilities and landscaping
Address	4 Canal Wharf Holbeck Leeds LS11 5PS
Planning Application Reference	24/03842/FU
Applicant / Developer	NPV Leeds Ltd
Applicant's Viability Advisor	██████████ for CBRE

Instructions were received on 14th August 2024 and DVS Terms of Engagement were issued on 28th October 2024; a redacted copy is attached at **Appendix (iii)**. A Stage 1 report was issued on the 18th November 2024 and after the receipt of additional information from the applicant a Stage 2 report is to be issued. For clarity the applicants agents inputs in this report are based on their original report nut their Rebuttal Report.

This site specific review has been undertaken by ██████████ MRICS Registered Valuer. It is confirmed that this review report has been produced in accordance with the relevant authoritative requirements of the NPPF and RICS Professional Standards. In accordance with RICS Professional Standards, DVS has checked that no conflict of interest arises as a result of this instruction. It is also confirmed that DVS are unaware of any previous conflicting material involvement.

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.

Viability Conclusion

At the assessment date the DVS surveyor concludes it is my independent conclusion that the proposed development is able to unviable to provide full policy. However, it is able to support 7 units of Affordable Housing, s106 costs of £131,570, a Affordable Housing contribution of £35,800 and CIL contributions of £88,005.21.

Non-Technical Summary of Viability Assessment Inputs

Policy Compliant Inputs	Agent Policy Compliant	DVS Viability Conclusion Review	Agreed (Y/N)
Assessment Date	June 2024	November 2024	N
Scheme, Gross Internal Area, Site Area	170 apartments 0.243 hectares (0.60 acres)	170 apartments 0.243 hectares (0.60 acres)	Y
Development Period	6 month pre-construction, 30 months build period, practical completion.	6 month pre-construction, 20 months build period, practical completion.	N
Net Realisation Value	£48,053,432	£47,370,535	N
Comprising:			
Market Housing GDV	£39,986,811	£39,318,064	N
Affordable Housing GDV	£8,066,621	£8,052,471	N
Car parking	Nil	Nil	Y
Affordable Housing	20% (34 Units)	20% (34 Units)	Y
CIL/Planning Policy / S.106 Total and £/sq. ft.	CIL £69,992 S106 £88,000	CIL- £88,005.21 S106 - £131,570.50	N
Total Costs			N
Base Construction Cost Total and £/sq. ft.	£37,210,000	£37,210,000	N
Externals Total.	Inc above	Inc above	Y
Abnormal Cost Total	Inc above	Inc above	Y
Professional Fees %	7.5%	7%	Y
Contingency %	3%	3%	Y

Statutory Planning Fee(s)	£58,037	Included in Professional Fees	N
Other costs	£660,000	Nil	Y
Finance Interest and Sum	Debit Rate 5%	Debit Rate 5.2%	Y
Other Fees			
Marketing + Letting Fees			
Investment Funding Agent Fees	0.75%	0.50%	N
Investment Funding Legal Fees	0.25%	0.25%	N
Land Acquiring Costs	SDLT +1.8%	SDLT +1.5%	N
Profit Target %	10% on cost	8% on cost	N
Benchmark Land Value	£3,000,000	£1,380,000.	N
EUV	£2,480,589	N/A	N
Premium	20%	-	N
Purchase Price	Not Stated	Not disclosed	N
Alternative Use Value	Not Applicable	£1,380,000	N/A
Residual Figure Land Value	£3,000,000	£305,270	N
Viability Conclusion Full Policy Scheme	Not viable as the above land value generates a profit of 0.25% on cost	Full Policy is not viable – however the scheme is capable of supporting - 7 units of Affordable Housing, s106 costs of £131,570, a Affordable Housing contribution of £35,800 and CIL contributions of £88,005.21.	N

2.0 The Site and the Proposed Scheme

2.1 Inspection

The site was inspected on 3rd September 2024 date by [REDACTED]. This was an external and Internal inspection for viability assessment review purposes, this did not constitute a building survey.

2.2 Location

The subject property is located to the south of Leeds City Station close to Granary Wharf and the Leeds Liverpool Canal and River Aire. The site has access from both Canal Wharf and Water Lane. The surrounding properties include residential, offices and Leisure uses.

Canal Wharf is situated close the M621 Motorway which gives good access to the wider motorway network.

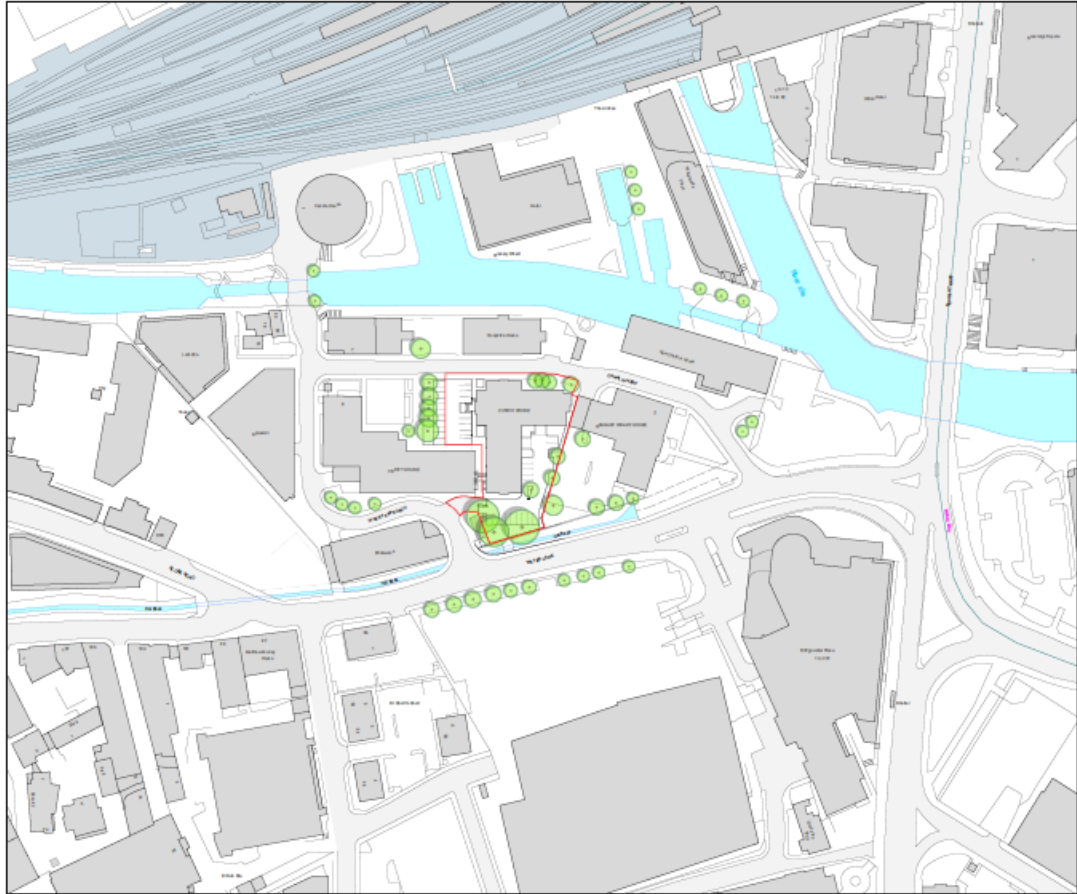
2.3 Description

The property is currently used as an office building and is occupied in part. The building is detached and 2 storeys in height. The walls are of brick construction beneath a tiled roof. Internally the building has a reception area with passenger lift. The building has toilet provision. I understand that it was built in 1996 and was refurbished in part in I understand 2020. Therefore, part of the office space is good quality and part are offices in older condition.

Externally the building has limited grounds and both surface and undercroft car parking for 50 cars.

2.4 Site Plan and Area

The site area is 0.243 Hectares (0.60 acres).



Source: CBRE

2.5 Proposed Scheme Schedule of Accommodation

The proposed development constitutes 170 residential units with ancillary landscaping.

The applicant agent CBRE have provided the following accommodation schedules:

Use	Unit Type	Qty	Avg. NIA (ft ²)	Total NIA (ft ²)	Total GIA (ft ²)
Residential	1-Bed	102	541	55,223	-
	2-Bed	50	736	36,786	-
	3-Bed	18	970	17,455	-
Scheme Total:	-	170	644	109,464	147,186

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

2.6 Planning - Local Plan allocation

In the Local Plan the site is unallocated.

- a) Local Plan: Leeds City Council's Strategy Development Plan includes the Core Strategy (2014) where the remaining policies onto the Unitary Development (2006), including the proposals map. Leeds City Council's Site Allocation Plan (SAP) was adopted on 10 July 2019. The subject site is not allocated for development.
- b) The site is identified within Zone 4 for the CIL charging Schedule which was implemented in 2015. Zone 3 currently requires a payment of £7.36 psm for residential development. I am advised that the CIL charge for the development is £88,005.12.
- c) Affordable Housing policy is included within the Core Strategy, which was subject to selective review late 2019. The review, Policy H5 includes 3 options for PRS developments:
 - I. on-site, according to national policy advice, currently 20% Affordable Private Rent dwellings at 80% of local market rents administered by a management company with appropriate arrangements for identifying households in need, including city council nomination rights, which apply in perpetuity.
 - II. on-site, the percentage of affordable housing specified for zones 1-4 and mix of Intermediate and Social Rented types of affordable housing set out in the first paragraphs of this Policy at affordable housing benchmark rents administered by either a registered provider or a management company with appropriate arrangements for identifying households in need, including City Council nomination rights, which apply in perpetuity.
 - III. a commuted sum in lieu of on-site provision of affordable housing of option (ii).
- d) Developments are expected to meet the policy provision as prescribed in the Plan. DVS have not been made aware of why this scheme has been accepted for site specific viability assessment.

2.7 Planning History/Status

I have made enquiries of the Planning Authority as to the planning status and history which has revealed that there are no extant consents.

2.8 Policy Requirements for the Scheme

I understand the following financial contributions are required:

The applicant has adopted the total sum of £88,053.31 in respect of CIL (Community Infrastructure Levy).

The LPA have confirmed the total sum of £88,005.21 in respect of CIL.

Note – we have not been provided with a rate per sq m and so for a sub policy scheme that is referred to below the CIL costs may be higher as there are more market units.

The applicant has adopted the sum of £88,000 in respect of section 106 costs.

The LPA have confirmed the total sum of £131,570.50 in respect of s106 as follows:

	Cost
Travel Plan	£4,533
Residential Travel Plan Fund	£43,477.50
Holbeck Urban village – Pedestrian/Cyle improvements	£76,000
Watercourse – Biodiversity Credits	£2,760
Monitoring Fee	£4,800
Total	£131,570.50

This information has been supplied by Leeds City Council.

I am advised that the payments schedule for the above is as follows:

33% payable in 3 equal payments 3,6 and 9 months after construction commences.

Planning policy requirements and timings of contribution payments should be factual. If the review assessment adopts an incorrect figure/time and/or a (significantly) different figure/timing is determined the conclusion may not be valid, and matter should be referred to DVS.

4.0 Summary of Applicant's Viability Assessment

I refer to the Viability Assessment prepared by CBRE, June 2024 *titled Zurich house, Canal Wharf, Leeds , LS11 5PS Financial Viability Report*. Within this report 3 appraisals are provided.

The applicant's advisor has assessed the viability based upon a forward funded built to rented scheme. DVS has assessed the viability based upon the same scheme assumptions and passes no comment on whether this is the most effective and most efficient development. The impact on viability of different occupation has not been

appraised, however should this be pursued another viability assessment will be necessary.

The applicant's appraisals have been produced using recognised software and follows the residual methodology. This is where the viability is derived from the value of the completed development minus the development costs, land value, construction costs, fees and interest to leave a residual for profit . This is compared to the surveyor's opinion of an appropriate developer profit to determine the viability and deliverability of the scheme.

- Appraisal 1, assesses a policy compliant scheme with 20% affordable housing, S106 contribution and CIL contributions totalling £157,992.
- Appraisal 2, assess a scheme with Nil affordable housing and S106 contributions and CIL contributions of £88,053.
- Appraisal 3, assess a scheme with 5% affordable housing, s106 costs of £88,000 and a grant from WYCA of £2,915,000.

The appraisals are summarised as follows:

Appraisal	Residual Value/BLV	Land	Profit Target on cost	Actual Profit on cost
1	£3,000,000		10%	0.25%
2	£3,000,000		10%	3.6%
3	£3,000,000		10%	10.01%

The applicant's agent, CBRE states that both the policy compliant and the scheme with no affordable or s106 costs are unviable, but a scheme with 5% affordable homes, s106 costs of £88,000 and grant funding of £2,915,000 is necessary to close the viability gap.

I shall focus on appraisal 1 the policy compliant scheme and the reasonableness of the applicant's appraisal inputs and conclusions are considered in the next sections.

4.1 Development Period/ Programme

The development period adopted by the applicant's advisor is 37 months comprising:

- 6 months site purchase pre-construction / site preparation
- 30 months for construction
- 1 months for practical completion

This is a scheme of 170 units with no commercial element. I have considered how this development period compares to other schemes in Leeds. I understand the following:

- Springwell Gardens, Whitehall road – Recently completed scheme of 220 units – advised by Rex Proctor and Partners (RPP) that the build period was 20 months.
- Sky Gardens – RPP advise that this scheme of 280 units will take 30 months.
- Whitehall Riverside – scheme recently submitted by CBRE for 390 units with a build period of 30 months.

Therefore, I consider that the build period is too long and that a build period of 24 months inline with Springwell Gardens seems more reasonable. I have therefore adopted this build period in my appraisal.

4.2 Gross Development Value (GDV)

4.3 Applicant's GDV – Full Policy

The applicant's advisor has adopted Net Realisation Value of £48,053,432 and this comprises:

Use Type	Net Realisation Value
Market Housing GDV	£39,986,811
Affordable Housing GDV	£8,066,621
Total	£48,053,432

4.4 Market Value of Private Dwellings

I have reviewed the proposed Net Realisation Value of £48,053,432

The scheme as presented on the plans within the CBRE report show extensive amenities including Concierge, private meeting room, residents lounge, private dining room, flexible working area , gym and cinema room. The scheme appears to be offering a higher level of facilities inline with a number of competing schemes.

CBRE has considered the following schemes:

- Mustard Wharf
- New York Square
- Mercer west Madison East
- The Junction
- UNCLE
- Pin Yard
- The Headline

They have calculated the following Market Rents as detailed in their Rebuttal dated 27th November 2024 based essentially on evidence from Mustard Wharf:

Table 2: CBRE Current Open Market Estimated Rental Values

Tenure	Unit Type	Qty	Avg. NIA (ft²)	Total NIA (ft²)	Avg. Gross Rent PCM (£)	Avg. Gross Rent PA (£)	Total Gross Rent PA (£)	Gross Rent (£/ft²)
Open Market	1-Bed	102	541	55,223	£1,284	£15,410	£1,571,818	£28.46
	2-Bed	50	736	36,786	£1,592	£19,103	£955,153	£25.97
	3-Bed	18	970	17,455	£2,099	£25,194	£453,489	£25.98
Open Market Total:		170	644	109,464	£1,461	£17,532	£2,980,460	£27.23

The market for the Build to Rent product has been strong in Leeds over the last few years demonstrated as follows:

The Office of National Statistics are saying that in the 12 months to September 2024, rental prices in Leeds, increased by 5.5%.

More specifically the below table outlines the % increase in rents across PRS schemes in Leeds between January 2024 and October 2024. These have been researched in line with viability appraisals carried out for Leeds CC and updated in real time. An increase on average of 9.91% can be observed over the 3 bed types in the last 8 months.

	Old - Jan 2024	New - Oct 2024	% increase
1 bed	£1,111	£1,157	6.73
2 Bed	£1,432	£1,536	12.12
3 Bed	£2,005	£2,100	10.88

I point out the applicant's appraisal was done in June 2024.

I have had regard to previous agreements with PRS / Build to Rent developers when determining rental values for this scheme, rents at Springwell Gardens and most prudently current market rents of the above comparable PRS schemes as seen in the below tables:

Scheme	1 Bed		2 Bed		3 Bed	
	Rent (pcm)	£/psf (pa)	Rent (pcm)	£/psf (pa)	Rent (pcm)	£/psf (pa)
Mustard Wharf at Tower Works	£1,165	£29.00	£1,545	£28.01	£2,005	£24.75
The Headline	£1,140	£28.32	£1,596	£27.28	-	-
Leodis Square	£925	£28.46	£1,200	£22.75	£1,800	£23.68
Uncle	£1,195	£34.06	£1,445	£25.65	£1,910	£26.96
The Junction	£1,090	£31.67	£1,513	£26.62	£2,123	£28.18
Average		£30.30		£26.06		£25.89

Springwell Gardens	Rent (PCM)	Size (sq. ft)	£/psf (pa)	Comments
1 bed	£1,100	452	£29.20	Let Agreed
2 bed	£1,295	645	£24.09	On the Market
3 bed	£1,700	800	£25.50	On the Market

Source: Rightmove, Zoopla and the above developments websites.

There is some variation in the rates of rent as detailed above. Mustard Wharf in my opinion is the closest building in term of location and amenities offered. Therefore, I have adopted the rents for Mustard Wharf as detailed in the table above as follows:

Rental Area Summary	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
BTR MV - 1 Bedroom	91	49,140	29.00	15,660	1,068,795	1,425,060	1,068,795
BTR MV 2 Bedroom	42	30,786	28.00	20,524	646,506	862,008	646,506
BTR MV 3 Bedroom	15	14,400	24.75	23,760	267,300	356,400	267,300
BTR AFD- 1 Bedroom	11	6,039	23.20	12,737	105,079	140,105	105,079
BTR AFD - 2 Bedroom	8	5,992	22.04	16,508	99,048	132,064	99,048
BTR AFD - 3 Bedroom	3	3,009	19.80	19,859	44,684	59,578	44,684
Totals	170	109,366			2,231,411	2,975,215	2,231,411

4.4.1 Net Rental Income

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.

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 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 and management/ maintenance of communal areas.

These are generally described as OPEX costs.

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%

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

This scheme relatively small (sub 250 units) when compared to other schemes that DVS have dealt with. In my opinion larger schemes have the benefit of quantum and also vacant units have less of an impact on the scheme, therefore for this smaller scheme I have adopted a rate of 25%.

4.4.2 Capitalisation Yield

The applicant has adopted a Net Initial Yield (NIY) of 4.75% to the net revenue, which is considered by DVS to be unreasonable, for an institutional grade asset of this type in Leeds City Centre.

The applicant states anecdotal evidence for what they believe are comparable schemes in Manchester as follows:

- [REDACTED] Manchester – 261-unit BTR initial funding yield – 5.0%
The Astley, Manchester – stabilised asset – 4.75%.

I refer you to appendix (ii) 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 advisors and agreed capitalisation yield. The most recent shows a yield of 4.45% for the residential component.

This is in my opinion an opaque market, we are aware of the following transaction in Leeds:

- [REDACTED] Leeds: Realstar forward funded HUB's 488-unit scheme in Leeds. Deal was post 2022 mini-budget. The transaction completed in January 2023 at a price of £108,000,000 this shows 4.50% NIY. Interest rates have since reduced.
- [REDACTED] Yard, Leeds – I understand that this scheme was funded in May 2024 for £80M at a funding yield of c 5.00%.

In addition CBRE makes reference to the Knight Frank yield guide. I note for September 2024 Knight Frank quote the following yields;

Tier 1 Regional cities – 4.5%
Tier 2 Regional cities – 4.75%

I have been advised by Knight Frank that Leeds is a Tier 1 Regional city.

However, it is clear that the BtR market at the moment is struggling with funding and both The West Yorkshire Combined Authority and Homes England are being asked to assist in the funding of schemes. Therefore, I consider that this scheme is

closer to the 'Core' area for BtR schemes in Leeds and so I have adopted a rate of 4.65%.

4.5 Market Value of Affordable Housing Dwellings

I have reviewed the proposed affordable housing Net Realisation Value of £8,066,621.

To be policy compliant, DVS understand that the scheme must include 20% on site affordable housing (AH) which is 34 units, applying a 20% discount to their opinion of Market Rent.

CBRE have valued the affordable housing applying by discounting the market rent by approximately 20%.

Therefore, I have adopted the following rents:

Type	Average Floor area – sq ft	Affordable Rent per annum per sq ft
1 Bed	549	£23.20
2 Bed	749	£22.04
3 Bed	1003	£19.80

4.6 Market Value of Car Parking

I have considered the layout provided and assumed that there is no car parking being provided for the tenants.

4.7 Gross Development Value

My Net Realisation Values for a policy compliant appraisal with 20% on site affordable unit as follows:

Use Type	Applicant GDV	DVS GDV
Market Housing	£39,986,811	£39,318,064
Affordable Housing	£8,066,621	£8,052,471

Total	£48,093,432	£47,370,535
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The impact on viability of higher and lower values are reflected upon as part of the sensitivity tests.

4.8 Other Revenue

The applicant has incorporated speculative WYCA grant funding via the Brownfield Housing Policy Fund of £2,915,000 in one of their appraisals as they seek to close the viability gap.

I have made no allowance at this stage for grant funding.

5.0 Total Development Costs

5.1 Construction Costs

The applicant's viability consultant submitted costs in their viability appraisal dated June 2024. The report included a cost plan dated 23 May 2024 which was prepared by Core Five. The base build costs in the plan is £38,060,000. CBRE have then deducted the contingency allowance of £850,000 as this has been covered by a general contingency within their appraisal.

Rex Procter and Partners (RRP) has been appointed by Leeds City Council to act as independent cost consultants.

They concluded that:

We have carried out a detailed review of the costs provided where we have been provided with sufficient information to do so, however without specification information our assessment is based on a typical development of this nature only and ultimately the cost out turn could be different. Also, as the presentation for the construction is split between Shell & Core and Fit-out there is some overlap when assessing the overall elemental costs.

4.02 Those areas we assessed as being at the higher end of expectation were the building envelope elements (roof (exc. structure), external wall and curtain walling/glazing) plus the mechanical and electrical installations. However, the roof plan does suggest a high level of access and finish proposed and likewise it is feasible the external elevations could be developed to level which would equate to such rates, but it not possible to confirm without such information. The MEP rate at £625/m² overall is also at the high end of expectations, but again we do not have the detail behind the costs although the Core Five reports notes these have been prepared separately.

4.03 We would also note that when assessing the cost of any such development for comparative purposes any site specific/abnormal costs (demolition & site preparation/External Works/abnormal incoming supplies etc.) should be set aside. This would bring the overall cost to £2,694/m² GIFA.

4.04 Considering the above, we consider the overall build estimate to be a little higher than we would anticipate against likely out turn construction costs (c5.0%). We would note however, the estimate is based on limited information with no obvious structural or M&E design input and those elements of higher than anticipated cost should be considered against the fact that no allowance for design development has been included. Considering the above we would conclude the costs presented are at the higher end of expectations but not unreasonable.

A copy of Rex Proctors Report is in appendix (vi).

We have therefore accepted the applicants build cost and adopted £37,210,000 in my appraisal.

5.2 Summary Main Cost Inputs

The following cost inputs have been either accepted or changed in the DVS appraisal.

Cost	Agent	DVS	Comments
Contingency	3%	3%	Agreed – considered reasonable. See note re the build costs
Professional fees	7.5%	7%	Disagreed – 7% agreed on other similar/larger mixed use PRS schemes in Leeds.
Financial Contributions to Planning Policy (S106/CIL)	S106 - £88,000 CIL- £88,053.31	S106 - £132,470.50 CIL- £88,005.21	The council has verified the sum I have adopted in my appraisal. I have modelled this as being payable in full at the start of the construction period.
Statutory Planning fee	£56,037	£Nil	This has not been accepted on other schemes.
Other Development Costs	£660,000	£Nil	Not Agreed – DVS have not agreed these costs on other similar viability schemes.
Investment funding Agent Fee	0.75%	0.50%	Not Agreed
Investment funding Legal fee	0.25%	0.25%	Agreed
PRS Net to Gross Rental Adjustment	25%	25%	Agreed

Stamp Duty Land Tax	N/A	SDLT +1.5%	1.5% of the benchmark land value plus SDLT at prevailing rate.
Finance	5%	5.2%	Not agreed
Target profit Margin	10%	8%	Disagreed – 8% agreed on other similar sized PRS schemes in Leeds.

6.0 Developer's Profit

The applicant's advisor has adopted an approach which assumes a target profit of 10% profit on cost.

I disagree with this and have adopted a target profit of 8% profit on cost and is evidenced by previous viability schemes. I refer you to a schedule of evidence in Appendix (ii)

To accord with the RICS Professional Standard '**Assessing viability in planning under the National Planning Policy Framework 2019**', I can report that the profit level of 8% of costs is equivalent to an Internal Rate of Return of 13.08%, please note this IRR is relative to the development period and finance rate adopted.

7.0 Benchmark Land Value (BLV)

7.1 Applicant's BLV

The applicant's surveyor has adopted a Benchmark Land Value of £3.0M. This comprises their opinion of EUV which is £2,480,589 plus 20% premium.

In forming my opinion of BLV I have followed the five-step process, which is detailed in RICS PS '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021).

7.2 Existing Use Value (EUV)

Step one is to undertake a valuation to determine EUV.

Existing Use Value is the value of the property as it stands in its current use (i.e. office use), it has no regard to hope or development potential.

The Applicant's EUV is based upon office use.

CBRE in their initial report, valued the subject property on an existing use basis at £2,480,589. This is based on an office rent of £17.50 inclusive of parking, rent free of 24 months and a yield of 10%. They calculate the value in line with the table below:

	NIA (ft²)	Rent (£/ft²)	Annual Rent (£)	Yield (%)	Capital Value (£)
Zurich House	18,325	£17.50	£320,688	10.0%	
Rent Free Period	Market Rent	YP @	10.00%	10.0000	
	Rent Free	Years	2.0	0.8264	
Gross Capital Value:					£2,650,310
Purchaser's Costs		SDLT:		4.60%	-£122,015
		Agents & Legal Fees:		1.80%	-£47,706
EUV/ Net Capital Value:					£2,480,589

They subsequently in e mail from Leeds CC date 16/01/25 a tenancy schedule and valuation was sent by CBRE. The tenancy schedule is attached.

ToC

Property Address/Tenant	Ref No	Unit	Owned %	Area SqFt	Start Date	Review Date	Expiry Date	Break Date	Contracted Rent ps	Contracted Rent psf	Costs
Leeds Zurich House (100.00 %)	06										
Vacant	1	Ground Floor North	100%	3,207	29/11/2023		28/11/2030		£0	£0.00	
Vacant	2	Ground Floor South	100%	4,000	29/08/2026		28/08/2031		£0	£0.00	
Prometheus Enterprises Ltd	3	1st Floor	100%	9,207	24/03/2024	01/03/2025	30/11/2027	23/12/2025 *	£217,011	£23.57	
Vacant	4	Basement Parking -17 Spaces	100%	0	29/11/2023		28/11/2030		£0	£0.00	
Vacant	5	External Parking - 20 Spaces	100%	0	29/11/2023		28/11/2030		£0	£0.00	
Gross:									£217,011	£11.79	
Tenure: Freehold											
Costs:											-£130,297

In addition, CBRE calculated a EUV of £2,650,000 based on the letting of the vacant space and costs of £171,770.

The tenancy schedule shows that the 1st floor was let to [REDACTED] Limited from March 2024 at a rental equivalent of £23.57 per sq ft for a term to the 30/11/2027.

The site is occupied by a two storey, brick built office building located just to the south of Leeds Railway Station, surrounding buildings include residential, leisure and offices. Whilst I would not consider this to be a core office location I note that CEG has recently built Globe Point, a new 40,430 sq ft Grade A office building.

I understand that the building was refurbished in part, in about 2020 and this has been let in part to [REDACTED]. The remaining part is vacant, some of which is refurbished and some of which is in its original order.

The building has an EPC of D89 as detailed below.

Zurich Inter Group Canal Wharf LEEDS LS11 5DB		Energy rating D
Valid until 23 May 2026	Certificate number 0490-9657-2830-2700-5603	

Property type	B1 Offices and Workshop businesses
Total floor area	2,056 square metres

In valuing the building on a EUV basis I have taken into account 2 factors, firstly part of the building requires refurbishment to bring it up to current day standards. Secondly as a result of the current MEES requirements the building cannot be let after April 2028 unless it is C or above and from April 2030 it needs to be B or above. Therefore, the building needs to upgrade to a minimum of EPC B in terms of its existing use as an office building.

The Cost of these work have been provided by RPP (see appendix (vi)). The breakdown of these figures is as follows:

- Upgrade to improve the EPC rating - £1,099,690
- Upgrade unrefurbished accommodation - £667,110

These figures were revised following the submission of the tenancy schedule and floor areas for the refurbished and refurbished areas of the ground floor. RPP have advised that the costs are as follows (see appendix (vi)):

- Upgrade to improve the EPC rating - £1,142,811
- Upgrade unrefurbished accommodation - £150,586

Therefore, to calculate the EUV I have adopted a residual approach in order to fully account for the various costs and also the time to undertake this work.

Calculation of EUV

Therefore, in calculating my EUV I have made the following assumptions:

- 1) The refurbishment of the premises has been costed by RPP (see appendix (vi)) for the delivery of effectively Grade B offices on the building as a whole. This includes improvements to EPC rating and general office refurbishment. As this is a desk top report they have not been able to confirm that such works would meet energy efficiency standards to deliver an Energy rating of B. This would require further investigation.
- 2) I have then undertaken a residual valuation using Argus Developer Software. This will comprise of the following inputs:

Gross Development Value (GDV)

I would expect at the completion of the work, the offices to provide good quality Grade B office space. As stated above, the office is in an office location to the south of the Railway Station. In determining the rental, CBRE has provided a number of comparables ranging from £23 to £29.50 per sq ft.

To inform an appropriate EUV, I have had regard to transactional market evidence below:

Sign Date	Address	Floor	Total SF Leased	Rent/SF/Yr. (£)	Term	Remarks
4.08.24	Unit 1 Acclaim House, New Lane	GRND and 1st	21,570	13.79	1 yrs.	Brick built 2 storey office building situated to the east of the property close to Victoria Road, the Lease renewal to QBE Management services.
03.08.23	Springwell Rd	GRND	1,850	12.50	5 yrs.	New Lease - close proximity to subject - EPC C (expired)
2023	The Granary, 1 Canal Wharf	Various	2,156 - 9,460	£32.00	various	This is a historic warehouse building prominently located close to the bridge over the River Aire, based in the brochure it has been refurbished to a high spec offering

						attractive quirky office space. Letting to a number of businesses including White Rose Maths, CDUK, Design ,Fire Consultant
3.05.24	Marshall court, Marshall street,	1st	1.020	£20.00	2 years	Part of the historic Marshall Mill complex, small letting.
4.12.2023	Marshall Mill, Marshall street	4th	1.967	£25.00	N/A	This is a suite within the main Marshall mill – limited details letting to Edwards Architects.
7.11.23	5 David Street	GRND and First	3,490	£12.00	3 yrs	New Lease – similar brick built office building to the south of the subject property. Appears to be similar condition/spec. EPC - C
24/03/24	1st Floor, Zurich House	1 st floor	9,207	£23.57	3.5 yrs	New letting to Prometheus Enterprises Limited.

In considering the comparable evidence I have focused on letting of similar buildings in the locality. Holbeck has developed over the last 20 years to become a key part of the Leeds office market incorporating new modern Grade A buildings such as Globe Point as well as other new builds on Sweet Street. In addition, many of the historic buildings have been refurbished to a high standard providing attractive quirky office space.

The subject building was built in the mid 1990's at the start of this redevelopment process and there are number of buildings similar to it in the vicinity. The letting of the 1st floors at £23.57 was just 7 months before the valuation date and I have given most evidence to this comparable. Therefore, I consider the rent of £23.57 per sq ft to be reasonable.

Owner occupier office sales

I have also looked for comparable owner occupier office sales with vacant possession in Leeds. This allows for the comparison on a sale price per sq ft basis.

The applicant provided a single transactions of Chantrell Court at £250.89 price per sq ft. Chantrell Court represents a much smaller and superior located office space with parking in the city centre which is reflected in the price per sq ft of £250.89.

The two below comparables represent my results for owner occupier office sales with vacant possession, over 15,000 sq ft in the past 15 months.

Property Address	Property Type	Building SF	Sale Price	Price Per SF	Sale Date	Comments
Adams Court	Office	25,963	£801,000	30.85	31/01/2024	EPC - Exempt Vacant at sale. Grade II listed former office, associated parking – located on the southern edge of Leeds centre - less desirable location
12-14 Briggate	Office	26,485	£5,005,770	189.00	28/09/2023	EPC - D Vacant at sale. Leeds city centre - similar in size to subject - 8 parking spaces included. Refurbished Grade B office space. Resi consent

The top end of the range represents a sale with subsequent residential consent in a prime city centre location. Whilst the transaction at Adams Court represents a Grade II listed former office in a poorer location than the subject. Due to the lack of available evidence of comparable sold offices I have given this approach and value very little weight but would suggest the BLV would lie closer to the bottom end of the range of values reflecting the subject’s location and sustainability credentials.

Yield

CBRE have provided investment evidence of the sale of a number of buildings in 2023 and early 2024. I note that Fearn’s Wharf is now subject to residential redevelopment proposals. I am aware of the following investment sales in Leeds.

Date	Property	Size – sq ft	Net yield	Remarks
Jun-24	13-19 Queen Street	25,587	11%	Well located office building, offering good quality office space. Let to Clarion Solicitors with 3 years unexpired. EPC - C
Jun-24	6-7 Park Row	55,825	12.30%	Recently refurbished 40,861 sq ft of Grade A+ office space. Centrally located – 83% let at time of sale. EPC - C
May-24	Oxford House	33,166	11.10%	Well located office building - 95% let at sale - WAULT 6.15 years. EPC – C.

Source – CoStar and others

The most prominent of the 3 investment sales above is the sale of Elizabeth House at 13-19 Queen Street for £4.6m. This equates to a yield of 11%. This is a relatively modern office building refurbished in 2012, well located in the city centre just 50 meters from the office development scheme at Wellington Place. It is let in its entirety to Clarion Solicitors with I understand 3 years remaining.

The sale of 6-7 Park Row represents a recently refurbished part Grade A+ city centre office space located just up from Leeds Central station. It was understood that at the time of sale 83% of the building was let and achieved a yield of 12.30%. The sale of Oxford House offers what I would consider decent refurbished Grade B office space in the heart of the city's legal quarter. It was 95% let at the date of sale with a WAULT of 6.15 years and achieved a yield of 11.10%.

The above transactions all represent well located city centre office accommodation with yields ranging from 11.10% - 12.30% and EPC ratings of C. Assuming that the subject property has been refurbished then I consider that a yield at the lower end of this range would be applicable and so I have adopted 11%.

Refurbishment Costs

As detailed above, RPP have provided a cost of improving and upgrading the buildings EPC in order to comply with MEES and addition work to refurbish the building where required.

I appraised the EUV of the subject site on Argus Developer using the inputs below:

- Rent (sq ft)- £23.57
- RPP refurbishment - £1,293,397

- Construction Period 6 months
- Rent Free/Void period - 18 months.
- Yield – 11%
- Purchasers Cost – 6.5%
- Contingency – in Build Costs
- Professional Fees – 6% of build costs
- Marketing fees – I have adopted 10% agent's fees assuming that they are letting the space on a joint agency basis. 5% for legal costs.
- Marketing budget – I have assumed a £25,000 marketing budget for the property.
- Finance – I have adopted a finance cost of 7.5%.
- Profit – I have assume nil profit.

I have undertaken an Argus appraisal to establish the residual value of the office refurbishment (copy in appendix (v)). **The residual value is £1,381,374. Say £1,380,000.**

In conclusion my appraisal results in a substantially negative EUV. This is a high level appraisal and further work may be necessary. For example, it does not take into account non recoverable outgoings during the letting phase such as empty rates, service charges and insurance.

In accordance with guidance I consider that as the re is significant expenditure to bring the building up to standard then this is in effect the AUV.

7.3 Alternative Use Value (AUV)

Step two is the assessment, where appropriate, is the AUV.

An Alternative Use Value approach is not considered applicable in this case.

7.4 Cross Sector Collaboration Evidence of BLV and Premium

The RICS GN explains that Step three is to assess a premium above EUV based on the evidence set out in PPG paragraph 016, which is 'the best available evidence informed by cross sector collaboration. which can include benchmark land values from other viability assessments' comparisons with existing premiums above EUV'. Such evidence includes a schedule of agreed benchmark land values in Appendix (ii).

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 2018.

CBRE have applied a premium to their EUV of 20% as they state the existing premises to be well located and requiring limited capital expenditure in the short – medium term and could attract a significant premium in excess of the EUV.

In my experience premiums adopted elsewhere range from £1 to 20%.

7.5 Residual Land Value

Step four is to determine the residual value of the site or typology, assuming actual or emerging policy requirements, and this assessment of land value can be cross checked against the EUV+.

Adopting the inputs described herein this report, the residual land value of the proposed scheme with full policy requirements is £305,270.

7.6 Adjusted Land Transaction Evidence

Step five is to cross-check the EUV+ approach to the determination of the BLV of the site by reference to (adjusted) market land transaction evidence and can also include other BLV of compliant schemes (or adjusted if not compliant).

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.

I have also had regard to whether the site-specific costs would support a benchmark land value consistent with the evidence.

I comment on the Benchmark Land Value comparable evidence below:

████████████████████, Wellington Street, Leeds

I have considered a site on the opposite side of Wellington Street known as the ████████████████████ which had planning consent for the construction of private rented apartments within Phase 1 which has recently been completed.

The site was originally purchased, without planning permission, by the current developer/owner some time ago in 2014 for £2,125,000. For a site extending to 1.90 hectares (4.69 acres) and the sale price was equivalent to £456,000 per acre. Phase 1 of the regeneration project was granted consent in early 2017 and it was reported that a block of 242 build to rent apartment units have been forward sold to Grainger, the UK's largest residential landlord and build to rent specialist. I regard the transaction as informative but historic. Although it does mirror the subject sites circumstances as they both were occupied by substantial buildings when they were both sold.

██████████, Whitehall Road, Leeds

I have also had regard to ██████████, Whitehall Road, Leeds where a policy compliant reserved matters planning consent was obtained for a scheme of 663 apartments plus commercial and car parking. The 4.44 acre site was purchased by a developer/PRS operator for £15,400,000 in March 2019. The purchased equated to £3,500,000 per gross acre. The site density is 149 apartments per acre.

The site was subsequently the subject of a planning application for 17-20 storeys comprising 463 residential units and 102 parking spaces and a viability appraisal which concluded the benchmark land value was equivalent to £1,328,000 per acres.

██████████, Leeds

I have also had regard to a policy compliant scheme, which sold in December 2021 at ██████████ where an extant consent existed with a signed Section 106 Agreement for full policy requirements. The scheme comprised 631 apartments across 6 blocks on a site of 5.12 acres and sold for £5,800,000 exclusive of VAT in December 2021. This is equivalent to £1,133,000 per acre. The site density is 123 apartments per acre.

██████████, Leeds

I believe it is also important to consider the (██████████) sale price in July 2014 for £2,300,000 when it was occupied by redundant office building. The sale price in 2014 was equivalent to £5,348,000 per acre. I consider the difference in values on a per acre basis, when compared to other city centre sites, is attributable to the substantial difference in the site areas, ██████████ is 0.43 acres and possibly that the purchaser of the site in 2014 believed the property benefitted from an extant planning permission for up to 30 storeys, although it was subsequently found to have lapsed. The site density for the proposed scheme is much higher than comparable site at 928 apartments per acre.

██████████ Leeds

We have completed a viability review of a scheme at ██████████ Leeds where consent was granted for 331 units on a site which also had an extant consent for an office development. In that instance we agreed a Benchmark Land Value of £1,897,332 per acre. The site density was 200 apartments per acre, although there was also a large proportion of public realm included in the application.

7.7 Purchase Price

The NPPG on viability encourages the reporting of the purchase price to improve transparency and accountability, however it discourages the use of a purchase price as a barrier to viability, stating *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.

The PPG does not, however, 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.

CBRE have not disclosed the purchase price.

7.8 Benchmark Land Value Conclusion

The reasonableness of the applicant's £2,735,650 Benchmark Land Value has been considered against:

- The EUV – see above
- Alternative use value – £1,380,000
- Evidence of appropriate premium above the EUV - £1 - 20%.
- The Residual Land Value of the planning compliant scheme £305,270.
- Benchmark Land Values (BLV) adopted in the local plan study for this typology £750,000 per acre.
- BLV adopted and agreed between DVS and an applicant's advisor, with greatest weight BLVs which delivered full policy as listed above.
- Market evidence adjusted for planning policy compliance.
- The purchase price- not provided.

As referred to above, I have also considered other Benchmark Land Values 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, we have agreed benchmark land values in the city centre area based on approximately £1,000,000 - £2,000,000 per acre.

It is my balanced and professional opinion having considered all of the above approaches and giving greatest weight to the AUV value as detailed above and as it is a AUV I have not added a premium to this figure.

The DVS Benchmark Land Value is £1,380,000.

8.0 DVS Viability Assessment

8.1 DVS Appraisal 1- Policy Compliant Scheme

My viability review assessment has been produced using Argus Developer software. Appraisal 1 can be found at Appendix (i) reflects the combined policy requirements of 20% Affordable housing and s.106 contributions of £131,570.50, CIL contributions of £88,005.21 and fixed developer's profit of 8% of Cost.

Based on the inputs I have outlined above the residual output presented as the amount available for land which is then compared to the valuer's opinion of the BLV to determine the viability of the scheme.

As detailed in this report, I have a difference of opinion regarding values. The cumulative effect of these changes is that my viability appraisal generates a residual value of £305,270 which is below the BLV of £1,380,000.

It is my independent conclusion a planning policy compliant scheme is unviable.

8.2 DVS Appraisal 2 – Sub Policy Compliant Scheme.

As the scheme cannot meet full policy requirements, I have considered the maximum contributions that the scheme could viably provide. Through a series of iterations to the appraisal, I have established that the maximum policy contributions that can be delivered are 7 units of Affordable Housing, s106 costs of £131,570, a Affordable Housing contribution of £35,800 and CIL contributions of £88,005.21.

The appraisal for this scheme is in appendix (i).

8.3 Sensitivity Analysis

Sensitivity tests are included to support the robustness of the viability conclusion described above.

The output is the residual land value which can be compared to the BLV of £1,380,000.

The base conclusion is shown in bold at the centre of the results table (white cell). The green cells indicate the combination of factors that would give way to a viable scheme, and the red cells what would give way to an unviable scheme.

Sensitivity Test 1 – Appraisal 1 – Policy Compliant Scheme Results

Rent: Rate /ft ²					
Construction: Gross Cost	-5.000%	-2.500%	0.000%	2.500%	5.000%
-5.000%	£280,751	£1,178,240	£2,075,737	£2,973,232	£3,870,719
35,349,500	8.000%	8.000%	8.000%	8.000%	8.000%
-2.500%	-£676,036	£293,010	£1,190,500	£2,087,996	£2,985,492
36,279,750	8.000%	8.000%	8.000%	8.000%	8.000%
0.000%	-£1,655,151	-£662,494	£305,270	£1,202,759	£2,100,255
37,210,000	8.000%	8.000%	8.000%	8.000%	8.000%
2.500%	-£2,638,488	-£1,641,453	-£648,952	£317,529	£1,215,018
38,140,250	8.000%	8.000%	8.000%	8.000%	8.000%
5.000%	-£3,624,260	-£2,624,538	-£1,627,756	-£635,409	£329,789
39,070,500	8.000%	8.000%	8.000%	8.000%	8.000%

This sensitivity matrix supports the conclusion that the scheme is unviable. Construction costs would have to decrease by 5% for the Residual value to exceed the BLV.

Sensitivity Test 2 – Appraisal 2 – Sub Policy Compliant Scheme Results

Rent: Rate /ft ²					
Construction: Gross Cost	-5.000%	-2.500%	0.000%	2.500%	5.000%
-5.000%	£1,300,212	£2,225,395	£3,150,576	£4,075,745	£5,000,938
35,349,500	8.000%	8.000%	8.000%	8.000%	8.000%
-2.500%	£414,989	£1,340,158	£2,265,341	£3,190,522	£4,115,692
36,279,750	8.000%	8.000%	8.000%	8.000%	8.000%
0.000%	-£527,891	£454,936	£1,380,103	£2,305,286	£3,230,467
37,210,000	8.000%	8.000%	8.000%	8.000%	8.000%
2.500%	-£1,506,112	-£483,830	£494,866	£1,420,049	£2,345,232
38,140,250	8.000%	8.000%	8.000%	8.000%	8.000%
5.000%	-£2,488,458	-£1,461,764	-£439,767	£534,812	£1,459,994
39,070,500	8.000%	8.000%	8.000%	8.000%	8.000%

8.4 Viability Conclusion

It is my independent conclusion that the proposed development is unviable to provide full policy however it is able to viably support of 7 units of Affordable Housing (4.1%), s106 costs of £131,570, a Affordable Housing contribution of £35,800 and CIL contributions of £88,005.21.

9.0 Market Commentary

The September 2024 RICS UK Residential Survey states:

Tenant demand continues to rise, evidenced by a net balance of +22% of respondents reporting an increase in September (part of the non-seasonally adjusted monthly rental market dataset). This is slightly stronger than the reading of +11% seen previously but remains somewhat more modest relative to the average reading of +38% seen throughout 2023. Alongside this, the long-running decline in the volume of landlord instructions coming onto the market shows little sign of abating, with the latest net balance slipping to -29% compared to -21% last month. As a result of this imbalance between demand and supply, a net balance of +39% of respondents envisages rental prices moving higher over the three months ahead (unchanged from the August results).

10.0 Professional Guidance and Status of Assessor

10.1 Assessor Credentials

It is confirmed that the viability assessment has been prepared by an appropriately qualified practitioner [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.

As part of the DVS Quality Control procedure, this report and the appraisal has been reviewed by [REDACTED] BA (Hons) MRICS, Registered Valuer, who also has the appropriate knowledge, skills and understanding necessary to complete this task

10.2 Authoritative Requirements and Standards

As detailed in the terms, the DVS viability assessment review has been prepared in accordance with statutory and other authoritative requirements including:

- The 'National Planning Policy Framework', (NPPF)
- The 'National Planning Practice Guidance on Viability' (NPPG Viability).
- RICS Professional Standard (PS) 'Financial viability in planning: conduct and reporting' Further to this Standard it is confirmed that:
 - a) 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.
 - b) The professional fee for this report is not performance related and contingent fees are not applicable.
 - c) 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.

- d) The appointed valuer, [REDACTED] 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.
 - e) 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.
 - f) The DVS viability review assessment has been carried out with due diligence and in accordance with section 4 of this professional statement
 - g) The signatory and all other contributors to this report, as referred to herein, has complied with RICS requirements.
- RICS Valuation – Global Standards’¹
 - RICS Professional Standard (PS) ‘Assessing viability in planning under the National Planning Policy Framework 2019 for England
 - RICS Professional Standard (PS) ‘Valuation of Development Property’
 - RICS Professional Standard (PS) ‘Comparable Evidence in Real Estate Valuation’.
 - RICS International Property Measurement Standards and/or RICS Code of Measuring Practice².

10.3 Bases of Value

The bases of value referred to herein are defined in the Terms of Engagement at **Appendix (iii)** and are sourced as follows:

- Benchmark Land Value is defined at Paragraph 014 of the NPPG.
- Existing Use Value is defined at Paragraph 015 of the NPPG.
- Alternative Use Value is defined at Paragraph 017 of the NPPG
- Market Value is defined at VPS 4 of ‘RICS Valuation – Global Standards’
- Market Rent is defined at VPS 4 of ‘RICS Valuation – Global Standards’
- Gross Development Value is defined in the Glossary of the RICS PS ‘Valuation of Development Property’

10.5 Special Assumptions

The following special assumptions have been agreed and applied:

- That the proposed development is complete on the date of assessment in the market conditions prevailing on the date of assessment.

¹ (Note 1) While compliance with RICS technical and performance standards at VPS1 to VPS 5 are not mandatory (as per PS 1 para 5.4) in the context of your instruction, they are considered best practice and have been applied to the extent not precluded by your specific requirement. Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our review assessment and conclusion may be used by you as part of a negotiation.

² see the DVS Terms of Engagement for additional commentary around measuring standard for residential, which is an agreed departure from IPMS.

- That Leeds City Council's Local Plan policies, or emerging policies, including for affordable housing are up to date.
- That the applicant's abnormal costs, where adequately supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report and/ or otherwise instructed by Leeds City Council and that are no abnormal development costs in addition to those which the applicant has identified.

10.6 General Assumptions

The below assumptions are subject to the statement regarding the limitations on the extent of our investigations, survey restrictions and assumptions, as expressed in the terms of engagement. Unless otherwise identified by the applicant and considered as part of development or abnormal costs the review assessment assumes that

- a) The site is held Freehold with vacant possession and on an unencumbered freehold or long leasehold basis
- b) The site is readily accessible by public highway and is or can be connected to all mains services
- c) The site would not occasion any extraordinary costs with regard to Environmental or ground Factors including but not limited to Mining Subsidence³, Flood Risk or Asbestos.
- d) That your Council's Local Plan policies, or emerging policies, including for affordable housing are up to date.
- e) That the applicant's abnormal costs, where adequately supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report and/ or otherwise instructed by the Council and that are no abnormal development costs in addition to those which the applicant has identified.

11.0 Disclosure & Engagement

This report is not suitable for publication in the current format.

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.

³ see the DVS Terms of Engagement for additional commentary around ground stability assumptions.

This report has been produced for the sole use of the client and their professional advisers and solely for the stated purposes of the instruction to which it relates. This report may be shared with the applicant but it may not be used or relied upon by any third party, permitted or otherwise, even if that third party pays all or part of the fee, without the prior and written consent from the VOA. No responsibility whatsoever is accepted to any third party (named or otherwise). None of the individual VOA employees has a contract with the client or any third party nor do any individual VOA employees owe a duty of care or personal responsibility to the client or third party. It is agreed that the client will not bring any claim against any such individuals personally in connection with our services.

DVS has not discussed the outcome of the report with the applicant or any of their other advisors. Should the applicant disagree with the conclusion and wish to discuss it they should provide a written response within four weeks. DVS would duly consider and engage in discussion following a written instruction from the client. Please note that where the initial fee is expended there will be an additional fee in accordance with the terms.

Should an error be discovered, the matter should be referred back to DVS with full details. If confirmed, a re-appraisal will be undertaken. Where the initial fee is expended, there may be an additional charge, save for where the error is the fault of DVS.

Following new information or discussions leading to a new conclusion a Stage Two report will be issued. For Stage two signatory need to refer to the initial Stage One viability review assessment in the exec summary. If the conclusion is unchanged or agreed by the applicant, or a compromise is reached between the client and the applicant, a redacted version of this report can be supplied upon request .

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.

The report and appraisal has been prepared by

██████████ (Hons) MRICS
RICS Registered Valuer
Principal Valuer
DVS
Date : 27 January 2025

The report and appraisal has been reviewed by

██████████ BSc (Hons) MRICS RICS
Registered Valuer
Principal Surveyor
DVS
Date : 28 January 2025

Appendices

- (i) Appraisal 1 – Fully policy compliant
- (ii) Information to support inputs e.g. BMLV, Yields & Professional Fees
- (iii) Redacted TOE
- (iv) Site Photos
- (v) EUV Appraisal
- (vi) Rex Procter Cost Report

(i) Appraisal 1- Policy Compliant Scheme

APPRAISAL SUMMARY

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4 Canal Wharf

Leeds

BTR scheme - Revised Yield

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
BTR MV - 1 Bedroom	82	44,280	29.00	15,660	963,090	1,284,120	963,090
BTR MV 2 Bedroom	40	29,320	28.00	20,524	615,720	820,960	615,720
BTR MV 3 Bedroom	14	13,440	24.75	23,780	249,480	332,640	249,480
BTR AFD- 1 Bedroom	20	10,980	23.20	12,737	191,052	254,736	191,052
BTR AFD - 2 Bedroom	10	7,490	22.04	16,508	123,810	165,080	123,810
BTR AFD - 3 Bedroom	4	4,012	19.80	19,859	59,578	79,438	59,578
Totals	170	109,522			2,202,730	2,936,973	2,202,730

Investment Valuation

BTR MV - 1 Bedroom							
Current Rent	963,090	YP @	4.6500%	21.5054	20,711,613		
BTR MV 2 Bedroom							
Current Rent	615,720	YP @	4.6500%	21.5054	13,241,290		
BTR MV 3 Bedroom							
Current Rent	249,480	YP @	4.6500%	21.5054	5,365,161		
BTR AFD- 1 Bedroom							
Current Rent	191,052	YP @	4.6500%	21.5054	4,108,645		
BTR AFD - 2 Bedroom							
Current Rent	123,810	YP @	4.6500%	21.5054	2,662,574		
BTR AFD - 3 Bedroom							
Current Rent	59,578	YP @	4.6500%	21.5054	1,281,252		
					47,370,535		

NET REALISATION

47,370,535

OUTLAY

ACQUISITION COSTS

Residualised Price			305,270				
Stamp Duty			4,764		305,270		
Agent Fee		1.00%	3,053				
Legal Fee		0.50%	1,526				
						9,343	

CONSTRUCTION COSTS

	Units	Unit Amount	Cost	
Construction	1 un	37,210,000	37,210,000	37,210,000
Contingency		3.00%	1,116,300	
S106 - Travel Plan			4,533	
S106 - Residential Travel Plan fund			43,477	
S106 - Holbeck Pedestrian/Cycle			76,000	
S106 - Watercourse Biodiversity			2,760	
S106 - Monitoring Fee			4,800	
CIL			88,005	
				1,335,875

PROFESSIONAL FEES

Architect		7.00%	2,604,700		2,604,700
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DISPOSAL FEES

Sales Agent Fee		0.50%	236,853		
Sales Legal Fee		0.25%	118,426		
					355,279

FINANCE

Timescale	Duration	Commences
Purchase	1	Dec 2024
Pre-Construction	6	Jan 2025
Construction	24	Jul 2025
Sale	1	Jul 2027
Total Duration	32	

Project: R:\DV Services\DEVELOPMENT CONSULTANCY SERVICES\AH Yorkshire, NE, Part Midlands\Leeds\LEEDS CITY CENTRE - 4 Canal Wharf\QO1
 ARGUS Developer Version: 7.70.000 Date: 27/01/2025

APPRAISAL SUMMARY**LICENSED COPY**

4 Canal Wharf

Leeds

BTR scheme - Revised Yield

Debit Rate 5.200%, Credit Rate 0.000% (Nominal)		
Land	43,390	
Construction	1,997,759	
Total Finance Cost		2,041,149
TOTAL COSTS		43,861,616
PROFIT		3,508,920

Performance Measures

Profit on Cost%	8.00%
Profit on GDV%	7.41%
Profit on NDV%	7.41%
Development Yield% (on Rent)	5.02%
Equivalent Yield% (Nominal)	4.65%
Equivalent Yield% (True)	4.79%
 IRR	 13.08%
 Rent Cover	 1 yr 7 mths
Profit Erosion (finance rate 5.200)	1 yr 6 mths
 Cost per Gross ft ²	 400.00 /ft ²
Cost per Net ft ²	400.00 /ft ²
Land Cost pAcre	0

Appraisal 2 – Sub policy

APPRAISAL SUMMARY

LICENSED COPY

4 Canal Wharf

Leeds

BTR scheme - Revised Yield

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
BTR MV - 1 Bedroom	98	52,920	29.00	15,860	1,151,010	1,534,680	1,151,010
BTR MV 2 Bedroom	48	35,184	28.00	20,524	738,864	985,152	738,864
BTR MV 3 Bedroom	17	16,320	24.75	23,760	302,940	403,920	302,940
BTR AFD- 1 Bedroom	4	2,196	23.20	12,737	38,210	50,947	38,210
BTR AFD - 2 Bedroom	2	1,498	22.04	16,508	24,762	33,016	24,762
BTR AFD - 3 Bedroom	1	1,003	19.80	19,859	14,895	19,859	14,895
Totals	170	109,121			2,270,681	3,027,575	2,270,681

Investment Valuation

BTR MV - 1 Bedroom							
Current Rent	1,151,010	YP @	4.6500%	21.5054	24,752,903		
BTR MV 2 Bedroom							
Current Rent	738,864	YP @	4.6500%	21.5054	15,889,548		
BTR MV 3 Bedroom							
Current Rent	302,940	YP @	4.6500%	21.5054	6,514,839		
BTR AFD- 1 Bedroom							
Current Rent	38,210	YP @	4.6500%	21.5054	821,729		
BTR AFD - 2 Bedroom							
Current Rent	24,762	YP @	4.6500%	21.5054	532,515		
BTR AFD - 3 Bedroom							
Current Rent	14,895	YP @	4.6500%	21.5054	320,313		
					48,831,847		

NET REALISATION

48,831,847

OUTLAY

ACQUISITION COSTS

Residualised Price			1,380,103		1,380,103		
Stamp Duty			58,505				
Agent Fee		1.00%	13,801				
Legal Fee		0.50%	6,901				
					79,207		

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost		
Construction	1 un	37,210,000	37,210,000	37,210,000	
Contingency		3.00%	1,116,300		
S106 - Travel Plan			4,533		
S106 - Residential Travel Plan fund			43,477		
S106 - Holbeck Pedestrian/Cycle			76,000		
S106 - Watercourse Biodiversity			2,780		
S106 - Monitoring Fee			4,800		
CIL			88,005		
Affordable Housing Contribution			35,800		
					1,371,675

PROFESSIONAL FEES

Architect		7.00%	2,604,700		2,604,700
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DISPOSAL FEES

Sales Agent Fee		0.50%	244,159		
Sales Legal Fee		0.25%	122,080		
					366,239

FINANCE

Timescale	Duration	Commences
Purchase	1	Dec 2024
Pre-Construction	6	Jan 2025
Construction	24	Jul 2025
Sale	1	Jul 2027

Project: R:\DV Services\DEVELOPMENT CONSULTANCY SERVICES\AH Yorkshire, NE, Part Midlands\Leeds\LEEDS CITY CENTRE - 4 Canal Wharf\QC\ARGUS Developer Version: 7.70.000 Date: 30/01/2025

APPRAISAL SUMMARY**LICENSED COPY**

4 Canal Wharf

Leeds

BTR scheme - Revised Yield

Total Duration	32	
Debit Rate 5.200%, Credit Rate 0.000% (Nominal)		
Land		201,264
Construction		2,001,487
Total Finance Cost		2,202,750
TOTAL COSTS		45,214,674
PROFIT		3,617,173
Performance Measures		
Profit on Cost%	8.00%	
Profit on GDV%	7.41%	
Profit on NDV%	7.41%	
Development Yield% (on Rent)	5.02%	
Equivalent Yield% (Nominal)	4.65%	
Equivalent Yield% (True)	4.79%	
IRR	12.72%	
Rent Cover	1 yr 7 mths	
Profit Erosion (finance rate 5.200)	1 yr 8 mths	
Cost per Gross ft ²	414.00 /ft ²	
Cost per Net ft ²	414.00 /ft ²	
Land Cost pAcre	0	

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 ARGUS Developer Version: 7.70.000 Date: 30/01/2025

(ii) Information to support inputs e.g. BMLV, Yields & Professional Fees

PRS Schemes	Gross to Net Leakage (%)	Revenue Per Parking Space	Furniture Allowance	Capitalisation Yield	Professional Fees Construction	Benchmark Land Value/acre	Finance	Advisors Fees	Purchasers Costs	Build Cost Contingency	Agreed Profit on Cost (%)	Notes
17-20 storeys comprising 463 residential units 102 parking spaces	23.78%	£1,800	£1,700	4.80%	7%	£1.328m	6%	0.55% Funding £255,000 Freehold Monitoring	0.50%	3%	8.04%	Previous consent for Office Development
349 Apartments, 53 car parking spaces	23%	£1,500	NIL	4.50%	6.2%	£1.011m	5%	2%	1.72%	3% £1740.09	8.0%	Site current occupied by modern industrial buildings
322 Apartments across 3 blocks on two sites intersected by the public highway	25%	1500	£2000	4.65%	6.4%	£375,000	5%	0.75% Agent 0.25% Legal	1.75%	3%	8.08	3 Blocks on two separate sites
783 Units across 8 blocks of apartments with in excess of 30,000 sq ft of commercial space	25%	£1,800	£2,000	4.5%	8%	£581,000	5%	0.25 Agent 0.1 Legal	0.25% Agent 0.1% Legal	3%	8.055	8 blocks apt blocks and large area of public realm
SOYO B	23.5%	£1,500	£2,000	4.5%	Inc	£812,000	4.5%	0.5% + 0.25%	0.5 Agent 0.25 Legal	3%	8% on cost	Extant consent for Offices
410 units BTR York	23.5%	n/a	Reflected in build	4.5%	7%	£140,000 gross	5.5% debit / 0.5% credit	1% Agent 0.5% Legal	1.8%	5%	8% on GDV	Former gas works high <u>abnormals</u> .
375 Apartments & 55 Parking Spaces	23.5%	£1,700	Reflected in build	4.45%	8%	£720,000	5%	0.5% Agent 0.25% Legal	0.5%	2.5%	8% on cost	Blank
500 Apartments 60 Parking spaces 3 x Retail	23.5%	£1,700	£2,000	4.35%	7%	£750,000	5%	0.25 Agent 0.10 Legals	Nil	2.8%	8% on GDV	
618 PRS Apartments 231 Parking spaces 1 x Retail Unit	25%	£1,700	£2,000	4.5%	7.3%	£585,937.50	5%	0.25 Agent 0.10 Legals	1.0 Agent 0.5 Legal	3%	8% on cost	

UNREDACTED PRS SCHEMES AGREED INPUTS LEEDS 2019-24

451 dwellings commercial space 8 storey office building.	24%	n/a	Reflected in build	4.25%	7%	£1,129,870	6%	0.10 Legals	1.0 Agent 0.5 Legal	3%	8% GDV	
464 PRS apartments Office space – 364,261 sq ft 1 x retail unit Basement Parking – 21	23.5%	£2,100	Reflected in build	4.45%	6%	£3,377,451.5 4	6%	0.25 Agent 0.10 Legals	1.0 Agent 0.5 Legal	2%	8% on Cost	3 Blocks – front and back of site split by road. High EUV-

Not for Public

(iii) Redacted TOE

To be included in publication copy

Not for Publication

(iv) Site Photos



(v) EUV Appraisal

APPRAISAL SUMMARY

LICENSED COPY

Zurich House
Canal Wharf
Leeds

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
Ground Floor	1	9,207	23.57	217,009	217,009	217,009
First Floor	1	9,207	23.57	217,009	217,009	217,009
Totals	2	18,414			434,018	434,018

Investment Valuation

Ground Floor						
Market Rent (1yr 6mths Rent Free)	217,009	YP @	11.0000%	9.0909		
First Floor						
Current Rent	217,009	PV 1yr 6mths @	11.0000%	0.8551	1,686,944	
		YP @	11.0000%	9.0909	1,972,809	
					3,659,753	

GROSS DEVELOPMENT VALUE

3,659,753

Purchaser's Costs	6.50%	(237,884)	
Effective Purchaser's Costs Rate	6.50%	(237,884)	

NET DEVELOPMENT VALUE

3,421,869

NET REALISATION

3,421,869

OUTLAY

ACQUISITION COSTS

Residualised Price			1,381,374	
1				1,381,374
Legal Fee	1.00%	13,814		
	0.50%	6,907		
				20,721

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
EPC upgrade	1 un	1,142,811	1,142,811	
Ground Floor	ft ²	Build Rate ft ²	Cost	
	9,207	16.36	150,586	1,293,397

PROFESSIONAL FEES

Architect	6.00%	77,604		
				77,604

MARKETING & LETTING

Marketing			25,000	
Letting Agent Fee	10.00%	43,402		
Letting Legal Fee	5.00%	21,701		
				90,103

DISPOSAL FEES

Sales Agents Fee	1.00%	16,869		
Sales Legal Fee	0.50%	8,435		
				25,304

FINANCE

Timescale	Duration	Commences
Purchase	1	Dec 2024
Construction	6	Jan 2025
Letting	24	Jul 2025
Sale	1	Jul 2027
Total Duration	32	

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)			
Land		53,183	
Construction		20,263	
Letting Void		459,920	
Total Finance Cost			533,366

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APPRAISAL SUMMARY**LICENSED COPY**Zurich House
Canal Wharf
Leeds

TOTAL COSTS 3,421,869

PROFIT 0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	12.68%
Equivalent Yield% (Nominal)	11.00%
Equivalent Yield% (True)	11.80%
IRR	7.44%
Rent Cover	0 mths
Profit Erosion (finance rate 7.500)	N/A
Cost per Gross ft ²	186.00 /ft ²
Cost per Net ft ²	186.00 /ft ²
Land Cost pAcre	0

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(vi) Rex Procter Cost Report

Not for Publication



Contents:

1.00	Terms of Engagement /Basis of Instruction
2.00	Documentation Provided
3.00	Commentary on Costs
4.00	Conclusion
5.00	Upgrade of Existing Accommodation

Review of Costs Report

Client: Leeds City Council

Project: Canal Wharfe (Zurich House), Leeds

File Path: V:\Leeds\LD30487 - 4 Canal Wharf, Leeds, Viability Assessment\E - Cost Rep\0-Canal Wharfe Cost Review - Rev 0 - (15-10-24).docx\



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1.00 TERMS OF ENGAGEMENT /BASIS OF INSTRUCTION

- 1.01 Rex Procter and Partners (RPP) have been appointed by Leeds City Council to appraise the costs presented by Core Five in respect of the proposed residential scheme on the site of the current Zurich House at Canal Wharfe, Leeds under planning reference 24/03842/FU.
- 1.02 Leeds City Council have requested that the cost report is independently appraised by a Chartered Surveyor.
- 1.03 The appraisal has been undertaken by Martin Stockwell, a Chartered Quantity Surveyor with over 25 years' experience.
- 1.04 The cost plan submitted by Core Five equate to £2,745/m² or £255/ft² for the construction costs of above ground accommodation plus an option including a basement of £2,777/m² or £258/ft². The above is summarised (using the same headings from the cost plan) as follows:-

1. Substructure	£ 1,560,000.00
2. Frame and upper floors	£ 4,840,000.00
3. Roof	£ 780,000.00
4. Stairs and ramps	£ 200,000.00
5. External walls and doors	£ 4,740,000.00
6. Balconies and terraces	£ 640,000.00
7. Internal walls and doors	£ 1,350,000.00
8. Wall finishes	£ 90,000.00
9. Floor finishes	£ 140,000.00
10. Ceiling finishes	£ 150,000.00
11. Fittings, furnishings and equipment	£ 110,000.00
12. Services	£ 4,450,000.00
13. Lift installations	£ 520,000.00
14. Builder's work in connection with services	£ 150,000.00
15. Residential Fit Out	£ 8,022,000.00
16. Amenity Fit-out	£ 40,000.00
17. Retail	£ 0.00
18. Demolition and Enabling Works	£ 250,000.00
19. External Works	£ 350,000.00
20. Utilities	£ 660,000.00
21. Renewables	£ 180,000.00
22. Main Contractors preliminaries – 15.0%	£ 4,380,000.00
23. Main Contractors overheads and profit – 5.0%	£ 1,680,000.00
24. Main Contractors design fees	Excluded
25. Contractor's Risk Contingency – 2.5%	£ 850,000.00
26. Design Development Contingency – 0.0%	£ 0.00
Total Estimated Construction Costs*	£ 36,130,000.00
27. Basement	£ 1,930,000.00
Total Estimated Construction Costs – inc Basement*	£ 38,060,000.00

* values rounded in summary

Review of Costs Report

Client: Leeds City Council
 Project: Canal Wharfe (Zurich House), Leeds
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- 1.05 This report is limited to the assessment of the costs listed above, i.e. the construction costs of the residential apartments and any abnormal costs presented as being necessary for this development.
- 1.06 RPP are not qualified to advise on the technical solutions adopted and costed. If comment is required on these aspects, then other suitably qualified Consultants would need to be appointed.
- 1.07 In addition to the review of the above construction costs Leeds City Council also require an assessment of costs to upgrade the current office accommodation into a lettable condition including upgrading to raise the EPC value from E to B – See Section 5.00.

Review of Costs Report

Client: Leeds City Council

Project: Canal Wharfe (Zurich House), Leeds

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2.00 DOCUMENTATION PROVIDED

2.01 The following information has been provided to assist us in the analysis of the costs: -

- Financial Viability Statement prepared by CBRE dated June 2024.
- Planning Application Nr 1 Rev 1 elemental cost estimate prepared by Core Five.



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3.00 COMMENTARY

General

- 3.01 The cost plans provided by Core Five equate to an average build cost of £2,745/m² (£255/ft²) for the base development scheme and £2,777/m² (£258/ft²) inclusive of a basement.
- 3.02 The build cost utilised in the Development Appraisal Report, dated 24 June 2024 is based on the basement option costs.
- 3.03 We have assumed estimate represents current day costs.
- 3.04 The costs had been built up as follows:-
- Shell and Core including basement
 - Fit out of residential and amenity spaces
 - Site Particulars and Abnormals
 - On costs (Preliminaries/OH&P)
 - Risk

Composite rates have been provided for the shell and core (inc. basement) works for each element plus a schedule of typical rates for the fit out of each apartment type, with further percentage or lump sum allowances for on-costs and risk.

- 3.05 It is therefore not always possible to interrogate individual items/rates, but generally the build-up of each elemental cost where the composite rates have sufficient content to be able us to make a judgment as to its reasonableness as noted in the following commentary:-

SHELL AND CORE ALLOWANCES

Substructure - £1,560,000

- 3.06 An allowance of £1,340/m² has been included, however there is no build up to this figure or assessment of the elemental area, however we have assumed the final design solution would require piling. The estimate makes reference to the allowance being subject to further design information from the Structural Engineer. Based on the information available it is not possible to be definitive but it is not unreasonable against other schemes.

Frame - £1,300,000

- 3.07 The cost provided for the frame is based on a reinforced concrete structure and includes for internal columns, cores and other reinforced concrete features. The costs are bases on an assessment of reinforcement weights and design thickness/dimensions which again are all subject to further design, however the composite rates and ultimately the overall elemental rate of £99/m² is reasonable.

Review of Costs Report

Client: Leeds City Council
Project: Canal Wharfe (Zurich House), Leeds
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Upper floors (inc roof slab) - £3,540,000

- 3.08 The costs provided for the upper floors (including the roof structure) have been priced based on a reinforced concrete design plus sundry works and also include allowances for fire stopping.
- 3.09 We have assumed that the composite rates also allow for the rc sub-contractors preliminaries to cover plant, access and temporary works.
- 3.10 Overall the allowance of £269/m² is reasonable.

Roof - £780,000

- 3.11 The allowance for roof waterproofing and insulation etc. has been costed at £325/m². This would seem to be higher than we would anticipate at say £225 - 250/m². There are further costs equating £150/m² for the enhanced roof finishes. While this would seem high on top of the base rate of £325/m² it is not possible to comment in any detail without an understanding of the proposed details and specification.
- 3.12 Roof drainage has not been identified separately and would be deemed to be included in the base roof covering rate.
- 3.13 A fall arrest system and abseiling points has been included at £50,000. This would seem to be an allowance and would be subject to the final access requirements which would dictate the specification and size of the proposed system.
- 3.14 Overall at £582/m² for roof coverings, this would be higher than we would anticipate.

Stairs and Ramps- £200,000

- 3.15 Lump sum allowance of £8,000/flight for pre-cast stairs, handrails and balustrades has been allowed. This may be a little on the high side, dependant on specification, but is not significant to the overall costs.

External walls and doors - £4,740,000

- 3.16 The costs of the façade allows for a Metsec frame, insulation and solid brickwork and is costed at £580/m², plus the glazed elements at £800/m². Both rates are at the top end of those anticipated. However, we would also note that both these components are noted as allowances and could be seen as 'worse case rates' and subject to further review on the final specification and details.
- 3.17 In addition to the above there are number of additional extra over items and additional allowances included within this pricing element including:-
- EO Masonry supports - £366,592.
 - EO façade articulation - £136,649
 - Main entrance and other external doors to public areas - c£35,000.

Review of Costs Report



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- Lift over run - £20,000

Generally we would view these items and costs reasonable.

Balconies and Terraces - £640,000

- 3.18 These include a mix of balconies and Juliet balconies including doors and lighting, and at approximately £3,500 per unit the costs does not look unreasonable.

Internal Walls - £1,080,000

- 3.19 Rates for internal stud partitions and linings to the external walls are reasonable.

Internal Doors - £270,000

- 3.20 Rates for internal doors have been split between apartment entrance, corridor, core and access doors; all of which are reasonable.

Wall Finishes - £90,000

- 3.21 All areas assume skim and paint at £15/m² with the exception to an allowance for enhancement to the amenity areas all of which are reasonable.

Floor Finishes - £140,000

- 3.22 Allowances of £40 – 60/m² subject to location has been included all of which are reasonable.

- 3.23 The rate for screed at £25/m² is also reasonable.

- 3.24 No enhanced allowances have been included for say the entrance area etc.

Ceiling Finishes - £150,000

- 3.25 An allowance of £50/m² has been made for a plasterboard suspended ceiling system, which is reasonable.

- 3.26 No enhanced allowances have been included for say the entrance area etc.

Fixtures and Fittings - £110,000

- 3.27 Numerous fixtures and fittings have been included. The items included are as expected and the associated rates that are not unreasonable.

Mechanical and Electrical installations - £4,450,000

- 3.28 No breakdown of the M&E costs have been provided (and is subject to the final scope) but at £338/m² we consider this figure to be reasonable. However, there is a further allowance for the apartments which starts to bring the overall costs into question (see below).

Review of Costs Report

Client: Leeds City Council

Project: Canal Wharfe (Zurich House), Leeds

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Lifts - £520,000

- 3.29 Costs have been included for 3nr lifts at an average of £173,000 per lift which equates to approximately £6,200 per floor. No specification details have been included. Overall we would say the cost are not unreasonable (subject to specification).

Builderswork in connection with Services - £150,000

- 3.30 An allowance of 3% has been included against the value of the M&E and Lift installations and is a reasonable allowance.

Basement - £1,930,000

- 3.31 In addition to the above elemental costs Core Five have presented an elemental build-up of costs to create a basement. A number of the elements have no costs against or minimal costs only. Overall the basement construction is estimated at £255/m² which is not unreasonable for these works.

FIT OUT OF APARTMENTS AND AMENITY AREAS

Residential Fit out - £8,022,000

- 3.32 The rates and allowances for internal walls, doors, kitchen and bedroom fittings are all considered reasonable.
- 3.33 The MEP installations are costed at £382/m² (£3,882,900) and when added to the MEP for the shell and core fit out equates £633/m² GIFA. Overall this would be higher than our expectations but without the final design specification/details or a full breakdown it is difficult to comment any further.

Amenity Areas - £40,000

- 3.34 A lump sum allowance of £40,000 has been included for the fit out of the amenity areas. We do not consider this to be unreasonable.

SITE PARTICULARS AND ABNORMALS

Demolition and Enabling Works - £250,000

- 3.35 A lump sum allowance has been included for these works with no further details, however, we do not consider this to be unreasonable.

External Woks - £350,000

- 3.36 A lump sum allowance has been included for these works with no further details but which we assumes also allows for below ground drainage. We do not consider this to be unreasonable.

Review of Costs Report

Client: Leeds City Council
Project: Canal Wharfe (Dutch House), Leeds
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Utilities - £660,000

- 3.37 A lump sum allowance has been included for these works and we assume allows for new gas, power and data/telecom supplies. Without any further details or quotations it is not possible to comment on the reasonableness to this cost.

Renewables - £180,000

- 3.38 A lump sum allowance has been included for these works with no further details, however, we do not consider this to be unreasonable.

ON COSTS

Main Contractor's Preliminaries - £4,380,000

- 3.39 Preliminaries have been priced at 15.0% of the above values which is comparable with similar schemes.

Main Contractor's Overheads and profit - £1,680,000

- 3.40 Overheads and profit have been included at 5.0% of the overall construction cost including preliminaries which is reasonable for a project of this nature and considering the type of contractors that would be tendering for the works.

Main Contractor's Design Fees - £0

- 3.41 Contractor's design fees have been excluded from the estimate. An assessment of overall fees may be included elsewhere within the development budget, however as the most probable contract will be a design and build form, inevitably the contractor would be required to engage designers to complete elements of the design.

RISK

Contractor's Risk Contingency - £850,000

- 3.42 Contractor's risk has been priced at 2.5% of the above value cost, which is comparable with similar schemes.

Design Development Contingency - £0

- 3.43 No allowance for design development has been included and although at this stage we would suggest an allowance be included it could be argued that level of pricing on some elements (building fabric and MEP installations) there is scope within those rates to develop the design.
-



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4.00 CONCLUSION

- 4.01 We have carried out a detailed review of the costs provided where we have been provided with sufficient information to do so, however without specification information our assessment is based on a typical development of this nature only and ultimately the cost out turn could be different. Also, as the presentation for the construction is split between Shell & Core and Fit-out there is some overlap when assessing the overall elemental costs.
- 4.02 Those areas we assessed as being at the higher end of expectation were the building envelope elements (roof (exc. structure), external wall and curtain walling/glazing) plus the mechanical and electrical installations. However, the roof plan does suggest a high level of access and finish proposed and likewise it is feasible the external elevations could be developed to level which would equate to such rates, but it not possible to confirm without such information. The MEP rate at £625/m² overall is also at the high end of expectations, but again we do not have the detail behind the costs although the Core Five reports notes these have been prepared separately.
- 4.03 We would also note that when assessing the cost of any such development for comparative purposes any site specific/abnormal costs (demolition & site preparation/External Works/abnormal incoming supplies etc.) should be set aside. This would bring the overall cost to £2,694/m² GIFA.
- 4.04 Considering the above, we consider the overall build estimate to be a little higher than we would anticipate against likely out turn construction costs (c5.0%). We would note however, the estimate is based on limited information with no obvious structural or M&E design input and those elements of higher than anticipate cost should be considered against the fact that no allowance for design development has been included. Considering the above we would conclude the costs presented are at the higher end of expectations but not unreasonable.



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5.00 UPGRADE OF EXISTING OFFICE ACCOMMODATION

- 5.01 Leeds City Council also requested an assessment of costs to upgrade the current office accommodation into a lettable condition including upgrading to raise the EPC value from E to B.
- 5.02 Rex Procter & Partners have made a visual inspection of the internal areas. It appeared the building was in a good state of repair generally. There was evidence that specific areas of the lettable spaces had been upgraded within the last few years with LED lighting to the current tenant areas, however when considering the potential costs to upgrade to an EPC value of B we have ignored this assuming any areas recently upgraded would likely be included in a full internal upgrade to ensure uniformity throughout.
- 5.03 Without details of the existing premises or a scope/requirement to achieve the required standard we are unable to provide a definitive cost, but would suggest the following works as to the likely requirements (see Appendix A)
- Improvements from EPC E to B - £1,100,000 (£667/m²)
 - Additional upgrades of general office accommodation - £667,000 (£405/m²)

The above costs assume a GIFA of 1,648m²

Review of Costs Report

Client: Leeds City Council
Project: Canal Wharfe (Zurich House), Leeds
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APPENDIX A

Review of Costs Report

Client: Leeds City Council

Project: Canal Wharfe (Zurich House), Leeds

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Total GIFA
assessed at
1,648m²

<u>Scope</u>	<u>Rate/m² GIFA</u>	<u>Total</u>
<u>Improvements to EPC rating</u>		
Replacement	300	494,400
Roof insulation	38	61,800
Soffit insulation to basement	50	82,400
Replacement of boilers	30	49,440
Low energy lighting	50	82,400
Upgrade BMS and Lighting controls	20	32,960
Renewables	40	65,920
	sub-total	869,320
Allowance for Preliminaries	15.00%	130,398
Allowance for Contingency	10.00%	99,972
	Total	<u>1,099,690</u>

Upgrade of general office accommodation (non air conditioned) for tenant fit out

Remove existing partition and doors (assumed left open plan)	15	24,720
Redecorate	20	32,960
Replacement flooring	60	98,880
Replacement Suspended Ceilings	50	82,400
MEP upgrade	150	247,200
Replacement of sanitary fittings etc	25	41,200
	sub-total	527,360
Allowance for Preliminaries	15.00%	79,104
Allowance for Contingency	10.00%	60,646
	Total	<u>667,110</u>

Up-grade Budget Costs

Client: Leeds City Council
Project: Canal Wharfe, Leeds
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Zurich House - Rev 1 (20-01-25)		<u>Total GIFA assessed at 1.711m²</u>
<u>Scope</u>	<u>Rate/m² GIFA</u>	<u>Total</u>
Improvements to EPC rating		
Replacement windows and doors to reduced U value (assumed at 50% of external façade area)	300	513,300
Roof insulation	38	65,018
Soffit insulation to basement	50	85,550
Replacement of boilers	30	51,330
Low energy lighting	50	85,550
Upgrade BMS and Lighting controls	20	34,220
Renewables	40	68,440
	sub-total	903,408
Allowance for Preliminaries	15.00%	135,511
Allowance for Contingency	10.00%	103,892
	Total	1,142,811

Upgrade of general office accommodation (non air conditioned) for tenant fit out - Ground Floor South (373m²)

Remove existing partition and doors (assumed left open plan)	15	5,580
Redecorate	20	7,440
Replacement flooring	60	22,320
Replacement Suspended Ceilings	50	18,600
MEP upgrade	150	55,800
Replacement of sanitary fittings etc	25	9,300
	sub-total	119,040
Allowance for Preliminaries	15.00%	17,856
Allowance for Contingency	10.00%	13,690
	Total	150,586

Up-grade Budget Costs

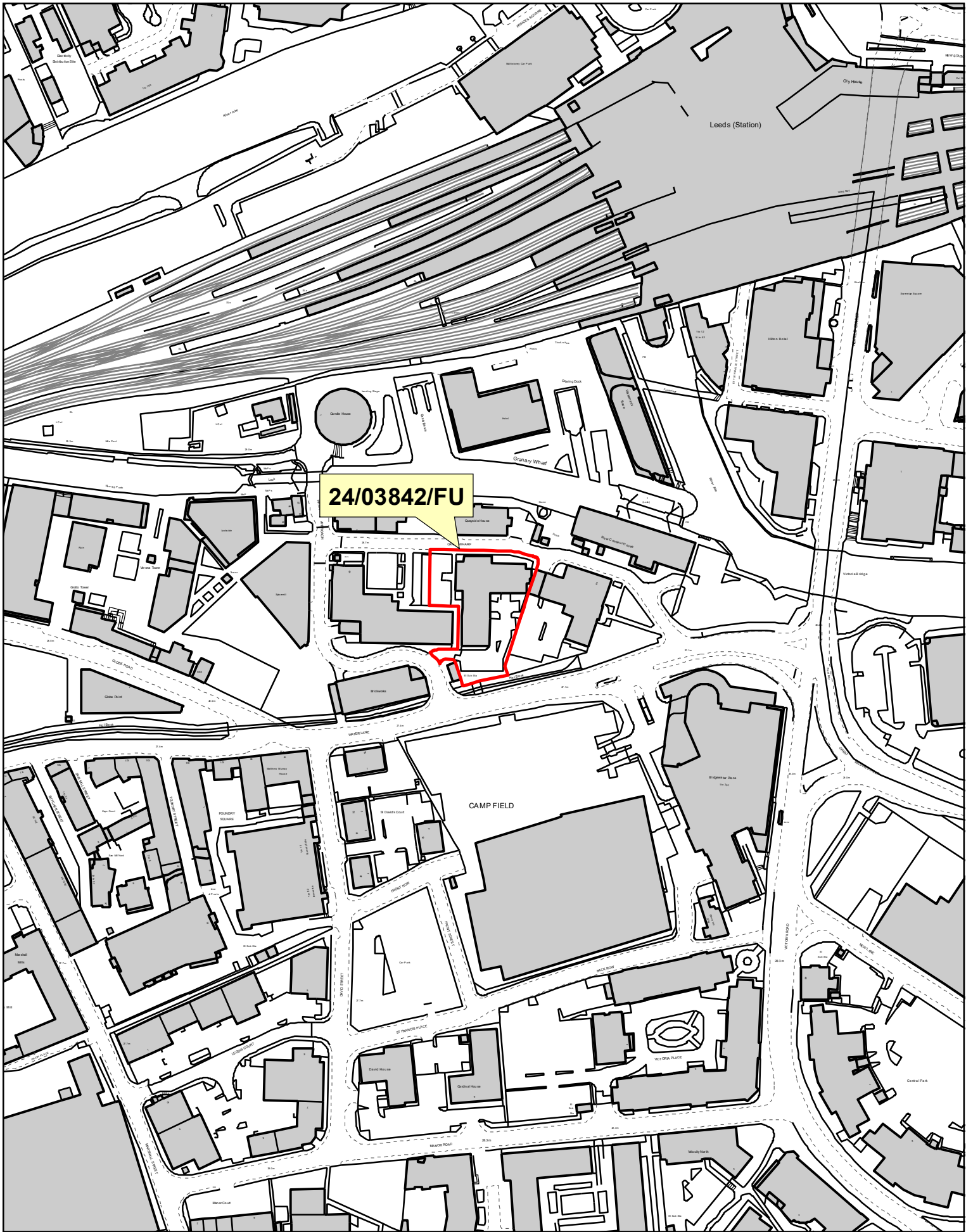
Client: Leeds City Council

Project: Canal Wharfe, Leeds

File Path: V:\Leeds\LD50487 - 4 Canal Wharf, Leeds, Viability Assessment\E - Cost Rep\1-App A - Upgrade (Canal Wharfe) - Rev 1 (20-01-25)

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