REPRESENTATIONS TO THE BRADFORD CORE STRATEGY EXAMINATION

DEMAND FOR MARKET HOUSING IN CENTRAL AND SOUTHERN BRADFORD

Prepared for:
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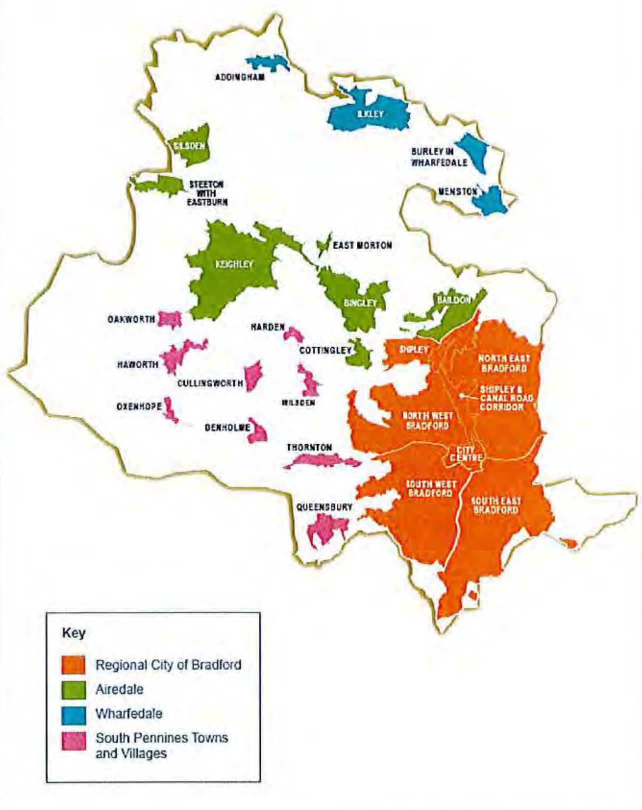
Subject:	Representations to the Bradford Core Strategy Examination Study of demand for Market Housing in Central and Southern Bradford
Date:	18 February 2015

1. INSTRUCTIONS

1.1 We are asked to give a market perspective on the past, current and projected demand for new market homes in central and southern Bradford. This is to supplement submissions on behalf of CEG Land Promotions Ltd (CEG) on the Bradford Core Strategy Publication Draft (CSPD). We are instructed also to consider the current and future viability of market-led residential development in these parts of Bradford and draw conclusions on the deliverability of new homes in this area in the period to April 2030.

Figure SS2: The District Settlements



1.2 We include above a map extracted from the Council's SHLAA document which shows the District's settlements which are referred to herein.

1.3 The focus in this report is on central and southern Bradford and is drawn from the Council's distribution of the District's housing requirement in Policy HO3 of the CSPD. Policy HO3 distributes 3,500 dwellings to the city centre, 6,000 to Bradford South East and 5,500 to Bradford South West, giving a total of 15,000 dwellings. This is in the context of the overall assessment by the Council of a housing requirement of 42,100 (net) new homes over the plan period April 2013 to April 2030.

1.4 It is not the purpose of this supplemental report to consider whether the District-wide target is sound or to question the economic aspirations of new job creation or population growth. The aim is to consider the allocation towards these lowest value parts of the District based on market delivery and viability

2. PREVIOUS STUDIES FOR THE COUNCIL

2.1 We are aware that the Council has commissioned reports for their own benefit on the housing market and viability. We have therefore considered the report prepared by GVA (February 2013) which contains much useful material on housing market indicators and market background. Further, DTZ has prepared comprehensive viability assessments for testing the Core Strategy, both in September 2013 and a more recent update in December 2014 ('the DTZ Update Report').

2.2 We do not seek to challenge the GVA and DTZ reports - Allsop view the regional market from largely the same perspective. The DTZ Update Report identifies serious viability difficulties in central and southern Bradford with which we agree. The DTZ summary (para 4.18.1) from December 2014 on viability is worth stating verbatim as follows:

"*Market conditions across the Bradford District are such that development viability varies hugely with some areas able to withstand many of the policies/standards and others struggling to make development viable, even with no additional policy costs. The cumulative impact of all the policy standards tested, shows that even in the more viable parts of the District, the impact could be to compromise/undermine the delivery of development, apart from in peak market conditions, thus underlining the importance of a flexible approach to the way that policies are implemented with a 'subject to viability review mechanism*".

2.3 We shall see (Section 6 below) that DTZ categorised the District by 'value bands'. City centre and southern Bradford – which form the subject of this report – are in the lowest two value bands 4 and 5. The conclusions from the DTZ Update Report are that interventions will be required to facilitate delivery of housing land in low value areas. DTZ say (para 5.1.4):

2.4 "*The combination of site constraints and market frailties mean that plans for growth and regeneration will require intervention to facilitate delivery in the short term, particularly in respect of priority sites in inner Bradford.*"

2.5 They also conclude that embedded into the CSPD should be, amongst other things, 'subject to viability' clauses in policies, a removal of requirement for Code for Sustainable Homes level 6 and a reduction in affordable housing requirements.

2.6 The DTZ viability reports were prepared to test Local Plan policies. In relation to HO1 – the scale of housing required – a 'green light' was given. It does not appear that Policy HO3, being the distribution of the housing requirement, was something considered by the DTZ viability assessments. Despite this, there is a clear theme throughout the DTZ reports of struggling viability in the city centre and south east/south west sectors. Had an examination of Policy HO3 formed part of their commission, our view is that they would have to have come to an inevitable conclusion that 15,000 new homes in the plan period for central and southern Bradford is flawed.

3. CURRENT AND HISTORIC NEW HOMES DELIVERY

3.1 The Land Registry records 'new' home transactions as well as 'all' home transactions. New homes include new dwellings created from conversions of previous buildings. We can use this data to assist in establishing absorption rates of new market homes and track the pace of delivery on short and longer term timescales.

3.2 Table 1 below shows the Land Registry data for new homes sales in central and southern Bradford over the 12 months, five years and ten years to September 2014.

Area		12 months to Sept 2014		5 years to Sept 2014		10 years to Sept 2014		New Build Rates of Sale		
Postcode Districts	Regional City Apportionment	Number New Homes Sales	Ave Sale Price New Homes	Number New Homes Sales	Ave Sales Price New Homes	Number New Homes Sales	Ave Sales Price New Homes	Ave Annual Sales Rate 1 year	Ave Annual Sales Rate 5 years	Ave Annual Sales Rate 10 years
BD1	City Centre	64	£48,870	151	£65,206	727	£107,612	64.0	30.2	72.7
BD11 (part)	SW	0	£0	0	£0	0	£0	0.0	0.0	0.0
BD12 (part)	SE	5	£131,899	26	£157,478	101	£173,545	5.0	5.2	10.1
BD4 (part)	SE	90	£120,573	175	£117,535	590	£120,222	90.0	35.0	59.0
BD5	SW & SE	27	£111,842	93	£163,307	154	£132,763	27.0	18.6	15.4
BD6	SW	32	£128,330	132	£122,713	702	£127,252	32.0	26.4	70.2
BD7	SW	0	£0	13	£92,231	70	£145,511	0.0	2.6	7.0
		218	**£99,840**	**590**	**£113,718**	**2344**	**£122,293**	**218**	**118**	**234**

Table 1

3.3 From Table 1 we can see only 218 new homes sales recorded by Land Registry in the last year and an annual average absorption rate over the last 10 years of only 234 new market homes per annum.

3.4 By comparison, the Wharfedale sector (part of postcode LS29) provided 43 new homes in the last year at an average price of £246,877 and a ten year average rate of sale of 40.2 per annum at an average of £296,676. As a percentage of the Council's distribution, the comparison of past delivery with expected delivery of new market homes is as follows;

	HO3 Distribution	Market sales 1 year pa	Market sales 5 years pa	Market sales 10 years pa
City Centre, SE and SW	15,000	218	118	234
as % of distribution		1.5%	0.8%	1.6%
Wharfedale	2,200	43	27	40
as % of distribution		2.0%	1.2%	1.8%

3.5 Wharfedale therefore shows a better historic delivery as a percentage of the Council's estimate of future requirement, even in conditions where there were fewer planning consents or allocated parcels of land in the Wharfedale sector.

3.6 The ten years between September 2004 and 2014 coincides with one complete cycle of the housing market. In other words the data ought to reflect 'average' market conditions. It's worth pointing out though that the boom years between 2004 and 2008 contributed a significant number of new apartments into the city centre. Here we can also see a complete collapse in sale prices, from a ten year average of £107,612 to a last 12 months average of just £48,870.

3.7 The step change required in central and southern Bradford in the period to April 2030 is such that an average rate of new home delivery (accepting that it includes affordable housing which is excluded in the Land Registry data) is 882 dwellings per annum. This is not far from a fourfold increase in the ten year rate of delivery in this part of the City.

3.8 We can also judge new homes sales against the 5 year projections in the SHLAA. This helps us assess whether the low rate of delivery is on account of poor land availability or market conditions.

3.9 With a base date of April 2009, sites which were 'suitable now' in the first 5 years from the base date amounted to 1,802 dwellings in city centre, south east and south west sectors. The Land Registry sales data over the same period shows that despite land being 'suitable' – and thus potentially able to be called upon – only 590 new market dwellings were sold. This tells us that the very low delivery is a product of low demand, not of restricted land supply.

3.10 The trajectory for the following 5 years (ie, the period April 2014 to April 2019) identified a further 1,495 dwellings on sites which are 'suitable now'. This gives a total 10 year land availability – all suggested to be deliverable – of 3,262 dwellings or an average of 326 per annum. Our data for the ten year period (which includes the 'boom years') shows an average market delivery of only 234 units per annum

3.11 The point here is that the land identified in paras 3.9 and 3.10 above in the SHLAA is said to be both suitable and deliverable. However the pace of delivery in central and southern Bradford over the last one, five and 10 years suggests clearly to us that demand for land - and in turn demand from homebuyers - is just not strong enough.

4. HOUSEBUILDER RATES OF SALE

4.1 As part of this study, we have identified where current housebuilding activity is taking place in the District and looked also at recently completed sites to establish a pattern of demand which can be measured by the rate of sale of new dwellings per month. This is an accepted housebuilding measure.

4.2 On schemes of houses (as opposed to flats) housebuilders regulate the construction of dwellings to meet demand. In other words, there is generally good elasticity of supply in the housebuilding industry if one makes the assumption that the availability of land is not in question. Our experience is that, in the past five years, housebuilders may typically have expected to sell between two and four dwellings per month, but if we narrow this to the last 2 years, housebuilders would be content with sales between three and five dwellings per month. Sales of affordable housing as part of Section 106 commitments to Registered Providers are excluded from this rate of sale assessment.

4.3 At **Appendix A** to this report, we have set out a table showing the current housebuilding activity in the District, together with a map showing its distribution. We have also shown an analysis, where it is available, of marketing price and its equivalent on a per sq ft basis. This helps us in establishing viability calculations, to which we refer later in this report.

4.4 In Table 2 below, we set out a summary of sales activity from sites, where we have access to this data, across Bradford District and the time period of which sales activity has been measured:

Development	Postcode	Area	Sector	Developer	Total Sold	Period	Sales per month
Bolton Woods	BD2	Bradford Urban	Canal Road	Skipton Properties	11	July 14 to Dec 14	1.83
Oswin Gardens	BD2	Bradford Urban	North East	Gleeson	41	Dec 11 to Jun 14	1.32
Venue	BD2	Bradford Urban	North East	Amco	18	Mar 11 to May 13	0.66
Greenfield View	BD10	Bradford Urban	North East	Keepmoat	73	Nov 10 to Sept 14	1.55
Crest Park, Heaton	BD9	Bradford Urban	North West	Taylor Wimpey	78	Jun 11 to Sept 14	2.00
Redwood Park, Bierley	**BD4**	**Bradford Urban**	**South East**	**Mark Oliver Homes**	**60**	**Sept 07 to Sept 14**	**0.70**
Flaxton Court, Laisterdyke	**BD4**	**Bradford Urban**	**South East**	**Miller**	**50**	**Mar 09 to Sept 14**	**0.92**
Blossom Meadows, Woodside	**BD6**	**Bradford Urban**	**South West**	**Persimmon**	**70**	**Sept 12 to Sept 14**	**1.79**
Burnham Walk, Bierley	**BD4**	**Bradford Urban**	**South West**	**Gleeson**	**32**	**Oct 11 to Oct 14**	**0.88**
Acre Court, Wibsey	**BD6**	**Bradford Urban**	**South West**	**Century**	**8**	**Apr 10 to Mar 13**	**0.22**
Lastingham Green, Wibsey	**BD6**	**Bradford Urban**	**South West**	**Gleeson**	**31**	**Nov 11 to Sept 14**	**1.34**
Honey Pot Drive, Baildon	BD17	Other Towns	Baildon	David Wilson	60	Dec 09 to May 13	1.36
Millwood, Bingley	BD16	Other Towns	Bingley	David Wilson	75	Jun 12 to Sept 14	2.77
Littlelands, Bingley	BD16	Other Towns	Bingley	Bramley Homes	46	Jun 11 to Jul 14	1.24
Dale Croft, Ilkley	LS29	Other Towns	Wharfdale	Lumia	12	Jan14 to Sept 14	1.33
Sunningdale Park, Thornton	BD13	Other Towns	Thornton	Persimmon	11	Aug13 to Dec 13	2.75
Burwood Heights, Queensbury	BD13	Other Towns	Queensbury	Harron	73	Sept 12 to Sept 14	3.04
Manor Fields, Steeton	BD20	Other Towns	Steeton	Redrow	28	Nov 13 to Sept 14	2.33
Woodsley Fold, Thornton	BD13	Other Towns	Thornton	Miller/McInnerney	44	Jul 10 to Jun 14	1.26
Jacobs Lane, Haworth	BD21	Other Towns	Haworth	Skipton Properties	24	Jul 14 to Sept 14	1.60
Millside, Wilsden	BD15	Other Towns	Wilsden	Persimmon	39	Sep 10 to Jan 13	1.44

Table 2

4.5 We have ordered Table 2 by sector and we believe it shows a fairly clear picture that the developments in the south east and south west sectors (highlighted in bold) have experienced particularly low rates of sale. Developments in higher value parts of the District such as by David Wilson Homes in Bingley, Harron Homes in Queensbury and Redrow in Steeton, show rates of sale at least two or three times better than in the southern urban areas of the City.

4.6 Rates of sale of less than one dwelling per month would be of concern to any housebuilder. Clearly, a builder can normally regulate demand through pricing, but in low value areas such as the southern half of Bradford, there is little room for manoeuvre on price.

4.7 A helpful case study is the Miller Homes site marketed as 'Flaxton Court' at Dick Lane, Laisterdyke in BD4, south east Bradford. This is a substantial scheme of 174 dwellings, being a site of a sufficient size to create its own environment and a relatively convenient location both for the city centre and routes out, both south and east. Rates of sale here have averaged only 0.9 dwellings per month, when analysed over a sales period from March 2009 to September 2014. Miller have regulated supply by having three periods of lengthy construction holidays (mothballing) between 2009 and 2013 and two re-planning of unit types. This offers some of the lowest priced new housing in the District (starting at £137 psf).

4.8 We see similar low rates of sale in the table above by Gleeson, Mark Oliver Homes and Persimmon in southern Bradford. There is little development activity to speak of in the city centre, other than a scheme by Barnfield Construction with HCA assistance which recently commenced. We have no record yet of rates of sale.

4.9 The Government initiative Help to Buy has been an essential marketing tool for housebuilders from 2013. Undoubtedly this has assisted rates of sale. However whilst this can provide a high level of loan to value (and a mortgage guarantee), it does not diminish the affordability testing necessary under the Mortgage Market Review (MMR) regulations introduced by the FCA from April 2014. Market experience is that the MMR has reduced the level of transactions especially in low value areas where potential homebuyers are on low incomes or are self-employed.

4.10 A helpful comparison on rates of sale can be taken from the Chevin Park re-development (Gladedale, David Wilson and Ben Bailey Homes) of the former High Royds psychiatric hospital just over the Bradford District boundary at Guiseley. This is helpful because it provides the highest volume of transactions over an extended period in the region. Between June 2007 and September 2014 there have been 235 market sales displaying an average rate of sale of 2.7 dwellings per month. The average sale price here over the period is £258,350.

5. BRADFORD CITY CENTRE

5.1 In the boom years of 2004 to 2008, Bradford City Centre, along with many other regional cities and towns, experienced considerable growth in the conversion of buildings in its centre to apartments and the construction of new blocks of flats. This was particularly prevalent in the Little Germany area of the City.

5.2 Our research indicates that in the period between 2003 and 2008 around 800 new dwellings were created. ONS states that there are 1,968 dwellings in BD1 which corresponds with the city centre. This illustrates the exceptional growth in delivery over a short period of time.

5.3 Developer activity was fuelled by rising process, the wide availability of buy-to-let mortgages and demand from investors - mainly investment clubs. There was a rush to acquire units 'off plan' with a view to them either being held for investment or sold upon completion at a profit. This model was successful in the early years of the boom, but it soon became clear that pricing of new flats and the levels of rent obtainable, did not offer a long term sustainable investment model.

5.4 Just one investment club, Instant Access Properties (IAP), were responsible for the acquisition of 257 new dwellings in Bradford City Centre in this period (in other words a third of our estimate of all new home sales). IAP went into administration in April 2008.

5.5 Although there were some hang-over schemes, most new and conversion construction activity in the city centre ceased in 2008. This was because the decline in prices had commenced and there was an equivalent fall in achievable rental levels, as supply of flats had met and exceeded demand from tenants. Data from Land Registry shows us that the average selling price in BD1 at the peak of the market (2007) was £132,956. This average had fallen in 2013 to £58,542 and in 2014 to £45,291. This is indicative of the severe collapse in the market over that time. This fall of 65% compares with a district-wide fall in house prices over the same period of 21%.

5.6 There remains today a wide variety of sites or conversion opportunities in the city centre which have unimplemented or expired planning consents for residential use. Some examples include Midland Mills and adjoining land at Cape Street (304 units) with consent from March 2011; Galem House, Vincent Street (30 units) with expired consent from Sept 2008; 53 Grattan Road (37 units), the Grattan Rd/ Westgate Car park (25 units) and Peckover Street, Little Germany (28 units). Two of the largest unimplemented consents in the city centre are at Beehive Mills, Thornton Road (500 flats) now with expired outline consent and the former Yorkshire Water depot on Leeds Road (400 units) with outline consent granted in 2010. This indicates to us that despite land availability, schemes have been shelved or delayed because of poor viability and low demand.

5.7 A further market indicator of low demand is that average rent levels have not moved (or have declined slightly) since the peak of the market. Our valuation records allow us to compare rents in city centre developments from 2007 with what is being achieved today. In the Empress Building, Sunbridge Road, a one bed flat let at £500 pcm in 2007; today the figure is £495 pcm. A two bed flat shows a fall, being £700 pcm in 2007 and £600 pcm today. Eastbrook Hall is an attractive development in Little Germany. We valued it for the developer's lender in 2008 when a one bed flat was let at £450 pcm. Today the same rent is being obtained. The same picture can be shown in the John Green Building and at Gatehaus.

5.8 According to Rightmove there are 194 private-let apartments available to rent in the city centre today. If measured against all dwellings in the city centre (i.e. including affordable /social housing) this this is not far away from national benchmarks for void levels. However the Rightmove data – because it measures only the private rented sector (PRS) – should be compared with the PRS supply. Although there is no published data available, we estimate this is around 1,400 dwellings at most and at around a 14% void level this would be higher than the market norms.

5.9 Data from the Council on vacant dwelling rates unfortunately does not cover just the city centre, but the area they define as 'City Central' – essentially most of the centre and inner southern parts of the city. This is reported in the Baseline Analysis Report 2013. Here it is stated that there were some 2,745 long term vacant dwellings representing 5% of the housing stock.

5.10 The Bradford City Centre Area Action Plan states that the city centre residential market is broadly 'stable'. We wouldn't disagree with this fundamentally, but the AAP identifies a risk of future over-supply in the city centre and a lack of variety in tenure. It says, *'Oversupply and a lack of variation [in tenures] is therefore a major property market issue in the city centre'.*

5.11 The completion of the Westfield shopping complex in the centre of the city later this year will give a boost to the economy and, we suspect, stimulate some extra demand for city centre rentals. Indeed there has been a recent increase in the number of planning applications for new apartments (particularly small studio and one bed flats) in the eastern half of the city centre. However presently, as we shall see in the next section, there still remains a wide viability gap for the construction of flats in particular and it's very difficult to make a case for wide-spread 'Build to Rent' investment in the city. Certainly we know of no BtR requirements for central Bradford from the increasing number of new investor entrants into the sector.

5.12 Finally we should state that Bradford City Centre has been a focus for purpose-built student accommodation development in recent years. A report by Unipol in November 2014 identified 4,350 bedspaces in the Bradford purpose-built sector and about another 1,500 beds in shared houses and flats. Unipol estimates that there is a current oversupply of 1,750 bedspaces.

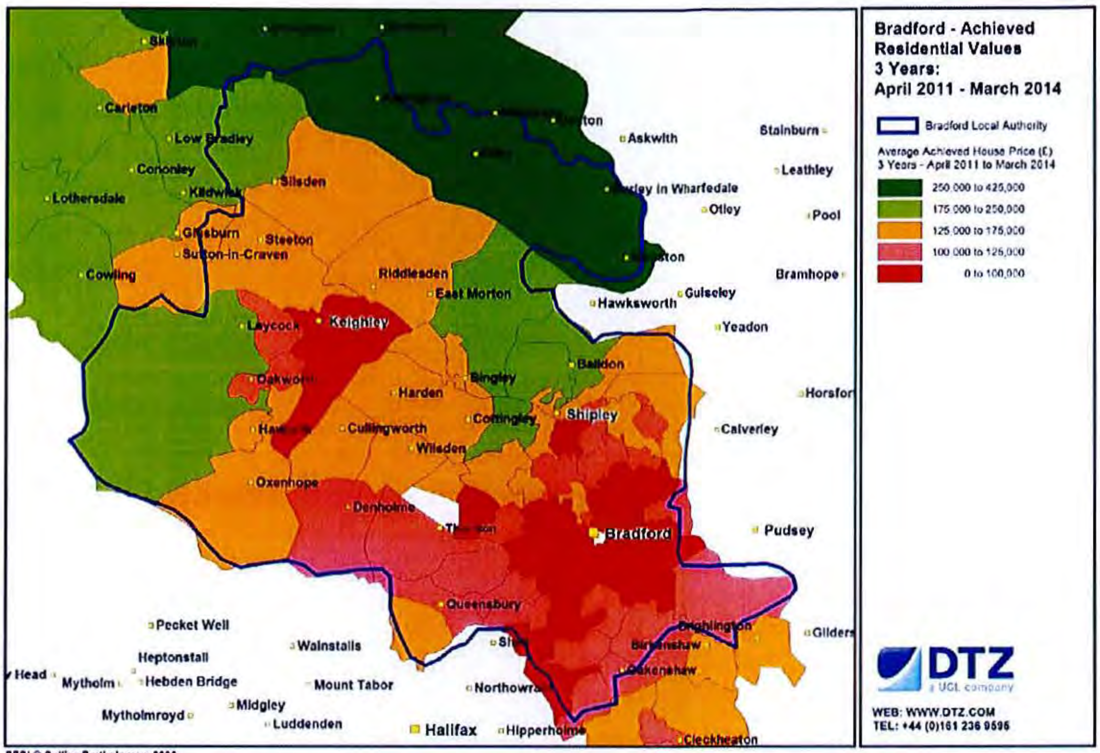
6. VIABILITY TESTING

6.1 As indicated in Section 2 we have considered in full the DTZ reports. The reports were commissioned by the Council to test the viability of housing policy in the emerging CSPD. DTZ tested viability on a variety of hypothetical schemes to reflect a range of circumstances (e.g. size of site, flatted schemes, previously developed land and green field land etc) using the accepted residual method of valuation and in accordance with RICS guidance.

6.2 The residual method of valuation deducts from estimated revenues the cost of building the development along with allowances for 'abnormal' development costs, finance charges, marketing, the cost of achieving sales and a developer's profit.

6.3 The residue from the revenues minus costs &profit equation represents the value that is available to pay for the land. However it was recognised by DTZ that there would a threshold under which it would be unlikely that landowners would sell because of an inadequate, competitive return. We have no reason to disagree with this approach and are mindful also of the RICS Guidance Note 'Financial Viability and Planning 2012' which defines site value for viability testing as, "*Site Value should equate to the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan*".

6.4 A value banding system was adopted whereby the District was placed into one of five value bands, with 1 being the most expensive and 5 the cheapest. The spread of value by across the District is shown in the map below extracted from the DTZ report.



PSBI © Collins Bartholomew 2008

6.5 The pink and red wards represent bands 4 and 5. From this it can be seen that the city centre and southern Bradford falls into one of the bottom two bands. The Wharfedale area is shaded in dark green and is the highest value area (band 1).

6.6 The DTZ Viability testing in December 2014 identified that in value band 5, no scheme met the viability threshold on a variety of densities and development types. This was even the case where policy was 'switched off'. In value area 4, all developments on previously developed land (PDL) were found to be unviable and where policy was 'switched off' there was some headroom for certain types of development above minimum site viability thresholds, but not in the case of flats. In Band 1 (i.e. Wharfedale) there was not only a much higher site value threshold to achieve in the DTZ testing, but all of the hypothetical site sizes generated a headroom available for policy standards above that high threshold.

6.7 The assumptions DTZ used in their viability testing appear to us to be mostly consistent with market experience, with the exception of rates of delivery and allowance for abnormal costs. DTZ adopted a rate of sale of 2.5 dwellings per month (30 dwellings per annum) and did not distinguish between value bands in this regard. As we have seen from previous sections, we consider 2.5 sales per month in central and south east Bradford as contrary to current and past experience. Further, an allocation for 'abnormal costs of development' of 10% of basic build cost, is highly unlikely in our view to be appropriate for anything other than small sites.

6.8 We are of the view therefore that viability and/or the pace of delivery is likely to be compromised still further, particularly in the case of large urban extension areas such as Holme Wood in SE Bradford where abnormal costs of development are likely to be substantial.

6.9 By 'abnormal costs' we mean unavoidable costs of construction/delivery beyond the simple construction costs of the dwelling and associated serving estate roads. We have in mind, major highway improvements to overcome highway objections, infrastructure upgrades to drainage and utility supply, landscaping, play areas, diversion of services where appropriate, abnormal ground conditions and special foundation costs, ecological requirements, demolition, ground preparation, flood risk attenuation and so on. These cannot be accommodated within a 10% addition to basic build cost.

6.10 We have analysed a sample of five sites where we have full access to 'abnormal costs' data in West and North Yorkshire. In Table 3 below, we set out the QS estimates of abnormal costs per unit and the accompanying Section 106 payments per unit to planning gain items.

Location	Date of costing	Total units	Type of site	S106 payments p.u	Abnormals p.u.	Total Abnormals p.u.
Leeds (Rawdon)	2014	150	PDL	£13,001	£26,670	£39,671
Harrogate (Harrogate)	2014	296	GF	£2,906	£29,666	£32,572
Harrogate (Knaresboro')	2014	600	GF	£5,975	£29,253	£35,228
York (Fulford)	2013	82	GF	£7,399	£24,503	£31,902
Selby (Tadcaster)	2012	147	PDL	£6,368	£23,667	£30,035

Table 3

6.11 From this one can see that the range does not fall below £30,000 per unit in total or £23,600 per unit for abnormal costs on their own. These include allowances for fees and contingency. We stress that we have not been selective about these sites; they are sites with which we are involved and where we hold complete information. It can be seen also that there is a mix of PDL and Greenfield sites. It is in the nature of large residential development sites that major improvements to highways, services, other infrastructure and landscaping are required. These are not policy judgements which can be switched off. The analysis above does not include the cost of provision of affordable housing.

6.12 With this in mind, we have re-cast the DTZ viability testing in value areas 4 and 5 to show a most likely outcome for development where these necessary abnormal costs are inputted. We have chosen three of the DTZ site types to be representative of small, medium and large sites and adopted the selling price and basic development cost inputs used by DTZ. In summary, these are as follows:

Revenue/Cost head	Assumption
Selling price Area 4	£163 psf
Selling price Area 5	£139 psf
Build cost (BCIS) Houses	£971 psm (£90 psf)
Build cost (BCIS) Flats	£1,159 psm (£108 psf)
Professional Fees	6% of construction cost
Contingencies	5% of construction cost
Marketing / sales	3.5% of revenue
Purchaser's costs	5.8% of purchase price
Finance	6.75% on negative balance
Developers profit	20% if no affordable
	18% blended with affordable

Table 4

Using these assumptions but adding allowances for abnormals, our re-testing of the viability shows results as follows:

Value Band 4

DTZ ref	Area (ha)	Units	Selling price £psf	Abnormals per unit	Code 4 (or equiv) allowance	Affordable housing %	Residual land value	Residual land value ph	Viable	Selling price at which threshold crossed	HPI required
1	0.5	18	£163	£7,500	£2,500	0%	£152,000	£304,000	No	£169 psf	3.7%
5	2	70	£163	£15,000	£2,500	10%	£nil	£nil	No	£183 psf	12.2%
7	10	350	£163	£20,000	£2,500	10%	£nil	£nil	No	£192 psf	17.8%

Value Band 5

DTZ ref	Area (ha)	Units	Selling price £psf	Abnormals per unit	Code 4 (or equiv) allowance	Affordable housing %	Residual land value	Residual land value ph	Viable	Selling price at which threshold crossed	HPI required
1	0.5	18	£139	£7,500	£2,500	0%	£nil	£nil	No	£163 psf	17.2%
5	2	70	£139	£15,000	£2,500	0%	£nil	£nil	No	£172 psf	23.7%
7	10	350	£139	£20,000	£2,500	5%	£nil	£nil	No	£184 psf	32.3%

Table 5

6.13 The results show us that there is no current viability above the DTZ threshold value for small, medium or large sites in either value band 4 or 5. The abnormals adopted for a small site of £7,500 per dwelling are broadly consistent with the DTZ 10% addition to basic build cost. However, for medium and large sites, we have adopted £15,000 and £20,000 per unit, respectively, for the abnormal costs. These unit rates are more conservative than could be extrapolated from actual abnormal costs in the sample sites at Table 3 above, however we have tested viability on what may be considered the very minimum market expectation level.

6.14 We also recognise that the Code for Sustainable Homes (CfSH) is unlikely to be ignored, and whilst we accept that Code 6 (or its future equivalent) is too high an expectation for the District, the direction of travel in building regulations is towards Code 4. We have adopted therefore an additional allowance of £2,500 per dwelling to achieve this level, based upon the Element Energy and Davis Langdon study which is widely available, 'Costs of Building to the Code for Sustainable Homes' (Sept 2013). This is the extra-over cost from the 2013 Part L building regulation standard.

6.15 We believe also that it is highly unlikely that medium and large sites would see a complete relaxation of any affordable housing policy. For suburban Bradford, draft policy affordable levels are 20% and for central Bradford, 15%. Even accepting that on viability testing, a developer could negotiate a relaxation to 10% affordable housing in value band 4 and to 5% in value band 5, we still see a viability gap.

6.16 We attach as **Appendix B** our own residual valuation methodology and site values which sit behind the outcomes shown in Table 5 above.

6.17 In the Table 5, we show the selling price at which the DTZ threshold on viability is crossed, on the assumptions stated. This highlights that on small sites (0.5 ha) in value band 4, there is not much extra growth required to achieve viability. However, a minimum of 12.2% house price inflation is necessary before we enter the realms of viability.

6.18 We have looked at recent forecasts of house price inflation for Yorkshire and Humberside, and these are shown in Table 6 below:

House Price Inflation				
Forecaster	**CBRE**	**Knight Frank**	**Savills**	**Average**
Region	**Y&H**	**Y&H**	**Y&H**	**Y&H**
Date of Forecast	**Dec-14**	**Feb-15**	**Nov-14**	
2015	6.0%	3.0%	1.5%	3.5%
2016	5.0%	2.0%	4.5%	3.8%
2017	4.0%	2.0%	4.5%	3.5%
2018	3.0%	3.5%	2.5%	3.0%
2019	3.0%	3.5%	2.5%	3.0%
Five year	**22.8%**	**14.8%**	**16.5%**	**18.0%**

Table 6

6.19 These show an average increase over the 5 year period to the end of 2019 of 18%, meaning that no site in value band 5 is likely to achieve viability before 2020, whilst large sites in value band 4 just about get to viability at this point.

6.20 However, the prospects for build cost inflation are worrying. It is widely recognised that building costs are likely to rise in excess of RPI or CPI measures, on account of shortages of materials and labour. Recent Q1 2015 forecasts from BCIS and Gardiner & Theobald are shown in the Table 7 below:

Build Cost Inflation (Tender Price Change)			
Forecaster	**BCIS**	**Gardiner & Theobald**	**Average**
Region	**UK**	**UK**	**UK**
Date of Forecast	**Q1 2015**	**Q1 2015**	
2015	5.3%	4.0%	4.7%
2016	4.3%	3.5%	3.9%
2017	5.2%	3.5%	4.4%
2018	4.3%	3.5%	3.9%
2019	5.4%	3.5%	4.5%
Five year	27.0%	23.5%	*25.3%*

Table 7

6.21 It is accepted that volume housebuilders have strong buying power and may be likely to experience less aggressive build cost inflation than the Tender Price Change analysis shown above. Notwithstanding, it is clear that sites which do not presently meet viability tests may benefit from future house price inflation but it will be undermined by build cost inflation.

6.22 In the city centre, the development of flats (as opposed to houses) is most likely, to meet density and plot ratio requirements. Presently, development of flats is not viable on all of DTZ's measures – with the exception of flatted sites in the highest value band 1. The city centre falls into value band 5. It is worth also noting that build cost inflation for flats, particularly four storeys and above, is likely to be more acute than volume housebuilding on account of current shortages of tower cranes/drivers and the increased costs of working at height.

6.23 As the DTZ report did not tackle any isolated viability testing to city centre sites, we have prepared our own test, using DTZ assumptions on development cost (for flats). The residual valuation recognises also that there is an additional burden on the viability of flats (as opposed to houses) in that it is not possible for a developer to phase sales of flats as they are built. All of the construction cost with flats is incurred before the first sale. This means higher risk and higher finance cost.

6.24 The current Land Registry average value for city centre new build sales is £48,870 and using the DTZ average floor area for a flat of 58 sq m (624 sq ft) we see a selling rate of £842 psm (£78.28 psf). If basic build cost from the DTZ report (even before allowance for abnormals is taken into account) is £1,159 psm (£108 psf) it's plain that development simply doesn't work.

6.25 Our residual valuations tell us that sales values need to rise to a minimum of £2,002 psm (£186 psf) for land to achieve a positive £1 value. Following on from the DTZ principle that there will always need to be a minimum land value necessary for a landowner to sell, it's clear that a private landowner in central Bradford would not sell at £1, especially with competing land uses such as car parking and commercial development.

6.26 The DTZ threshold for Band 5 (city centre) is £296,520 per hectare at a density of 60 dph. With this threshold, sales values need to achieve a minimum of £2,141 psm (£199 psf). This is in a 'policy switched off' situation and assumes no affordable housing or other on or off site planning gains.

6.27 One might argue that in the city centre, capital sales values are less relevant because buyers (investors) would acquire for rental, as was largely the case in the boom years. The difficulty with this argument is that rental returns are not high enough. If an investor has to pay £125,000 on average per flat (derived from £199 psf multiplied by the DTZ average floor area of 624 sq ft) a rent of £675 pcm needs to be achieved on average to get to a 6.75% return on value. Our market assessment is that rents are not at an average of £675 pcm and also that a yield threshold for Bradford at 6.75% is too low.

6.28 In conclusion on the city centre we believe there are real problems on viability which if anything are more acute than in the remainder of southern Bradford. This is largely on account of the higher building cost of flats, the risk in the absence of phased sales and the low level of current sales and rental values.

7. SMALL SITES – POOR DEMAND FROM SME SECTOR

7.1 There is a further market difficulty which should be borne in mind. This is the absence from the market of SME builders who may ordinarily be attracted to smaller sites. Whilst undeniably the national and regional housebuilders have had a strong run in the sector, repairing their balance sheets and building their land banks, smaller builders and developers have suffered from a variety of issues.

7.2 First amongst these is the impatience amongst lenders to bear with smaller developers during the difficult years, resulting in receiverships and administration. Additionally, there is still a very low appetite amongst financial institutions to lend into the SME residential development sector. We know of many previously active lenders who are 'closed' to small-scale residential development. Even where lending is available, these are inevitably at more punitive rates of interest, equity participation and low levels of loan to value.

7.3 Low land values give a developer little to offer a lender in security, meaning that the bulk of a Bank's security lies in work in progress (WIP). This represents high risk from the Bank's point of view, since in the event of failure, the value of WIP seldom equates to the cost of WIP. In other words, if a lender repossesses a site, a buying developer can usually be expected to discount the value of WIP for the risk that errors may have to be corrected, the cost of re-commissioning the scheme and/or deterioration during periods of inactivity. Were there a high underlying land value, the lenders' interests would be much better protected.

7.4 We are concerned therefore that a proliferation of small allocated or identified sites in the SHLAA in low value areas may give a false impression that these are deliverable. The circumstances are that there are simply not enough SME builders available with ready finance to bring these sites to fruition.

7.5 Our experience in selling land to regional and national housebuilders is that it is difficult to get them interested in sites of less than 50 dwellings. They rely on economies of scale, particularly in relation to preliminaries, purchasing costs, establishing a sales presence and in overall development management. It is much easier to make a case for a small or medium sized site in a higher value area, where margins and risk are lower.

7.6 Analysis of the SHLAA figures for south and central Bradford shows that 1,082 dwellings are intended to be delivered from sites of less than 25 dwellings each in the period to 2030. When we increase this to sites of less than 50 dwellings, there are a total of 3,100 units projected.

7.7 One of the key areas identified for additional dwellings from small sites is the Holme Wood estate in SE Bradford. Around 600 new units are expected from infill sites and development of under-used open space and playing fields. The Holme Wood estate is characterised by a large amount of social rented housing (39% in the Tong ward, compared to 15% across the wider Bradford district) and high levels of deprivation. The area falls within the 10% most deprived areas in England. A large proportion of the existing housing stock (63%) is of low value falling within Council Tax Band A and the whole built area falls within Band 5 in the DTZ viability studies.

7.8 Our concern is that the SHLAA sites within the existing Holme Wood estate, whilst potentially or actually available, are of negligible market interest. By and large they do not have good visibility (road frontage) from a market perspective and are too small and in too low a value area to attract interest either in the past, now or in the foreseeable future.

7.9 The CSPD has been informed by the Holme Wood and Tong Neighbourhood Development Plan (January 2012) ('NDP'). The NDP itself admits to a variety of challenges to delivery from existing sites within Holme Wood. It says:

7.10 *'The majority of sites in the urban area with the potential for development are small and fragmented. These sites do not often benefit from a main road frontage or any of the other characteristics attractive to private house builders (para 3.38)',* 7.11 *'The reputation of Holme Wood will make smaller internal infill sites difficult to deliver (para 3.36)'*

7.12 The NDP also proposes a major urban extension (UE) to Holme Wood which could deliver a further 2,100 dwellings. Whilst this is on greenfield land and has a pleasant rural outlook, there are strong expectations that this can cross-subsidise the development of smaller sites within the existing, adjoining Holme Wood estate. Our view is that this expectation is misguided given the likely high level of on-site infrastructure.

7.13 The UE will require a new link road to connect the Holme Wood estate in the north with the A650 to the south; this road will bisect the UE land and will inevitably be a private sector cost. Further improvements flowing out of the UE are expected in public transport including improvements to Laisterdyke station. There will also need to be an appropriate mix of tenures (recognised as important in the NDP), so new affordable housing provision cannot be 'switched off' as a policy response to poor viability. We forecast that these requirements will not only put pressure on the pace of delivery of the UE, but there will be little available from the private sector to cross subsidise the development of the small sites at Holme Wood.

8. CONCLUSIONS

8.1 The pace of delivery of new market homes in central and south west Bradford over the last 10 years has been slow and was buoyed by a boom in construction in the city centre over a fairly short period between 2004 and 2008. The projections for delivery for this sector of the District in the CSPD anticipates a near-on fourfold increase in pace which we consider unrealistic.

8.2 Our study of current house building activity and rates of sale shows that in south Bradford, sales are typically running at below one dwelling per month and are not sustainable. This rate of sale does not deliver adequate return on capital where there is usually a disproportionate upfront development cost. Housebuilder norms in Yorkshire and Humberside are more typically between 3 and 7 sales per month.

8.3 The low rates of sale in the southern urban area of Bradford are not, in our view, a function of low supply. On sites of reasonable scale, housebuilders have strong elasticity of supply and will increase production to meet demand. Builders can regulate price to generate demand, but in particularly low value areas there is little room for maneouvre.

8.4 There has been a paucity of residential development activity in Bradford City Centre. Principally this is on account of low values and rents, poor viability and low demand. There has been a collapse in prices of flats in central Bradford and our own viability testing suggests a substantial recovery is required before development is viable again. Inflation in building costs is also a concern.

8.5 Very significant public sector intervention (through gifts of land and grant aid) will be needed to get city centre Bradford moving again, even recognising the improved attractiveness that the completion of the Westfield Shopping Centre will bring. The challenges facing the delivery of housing in the city centre are acknowledged in the city centre Area Action Plan and in the DTZ viability studies.

8.6 There is a wide range of opportunities with unimplemented or expired planning consents in the city centre; the lack of purchaser demand for which underscores the viability problem. Since the boom years, some land in the city centre has been absorbed for purpose built student housing but there is now a reported oversupply of around 1,750 bedspaces.

8.7 Build to Rent proposals are assisting some city centres in the UK, but these are by and large in situations where there is institutional backing and based upon strong tenant demand fundamentals. There is not presently, or in the foreseeable future, a sufficient pool of tenants prepared to pay the levels of rent that make investment in Build to Rent viable in central Bradford.

8.8 Our research suggests there has been no growth in private sector rents in the city centre as between the peak of the market and today. Were there a vibrant and demand-led rental market it would have been reasonable to have expected inflation in rents.

8.9 The work undertaken by DTZ on viability analysis recognises significant difficulties in value bands 4 and 5, not only in meeting policy requirements, but also even in a 'policy switched off' situation. They state in their Conclusions (papa 5.1.3),

8.10 *'The modelling contained in this report shows some improvement in viability as a result of the amendments made to policies in the CSPD. However, the conclusions are that there remain stark differences in viability across the District with some of the lower value areas unlikely to be able to meet all of the policy standards sought'.*

8.11 Whilst we agree with many of the DTZ assumptions on viability, we feel that viability would be further stressed by a realistic assessment of the proper cost of delivering infrastructure to make large schemes work. For example, the projections for the Holme Wood urban extension, whilst on greenfield land, would require substantial developer investment in land conditioning, highway work, services diversions and landscaping. On current and projected sales values, we take the view that the pace of delivery of new homes at the Holme Wood urban extension in south east Bradford will be seriously compromised.

8.12 We have also expressed concern about the attractiveness to the market of smaller sites in central and southern Bradford. There is a much reduced SME development sector and small sites in low value areas are difficult to finance.

8.13 For the reasons outlined in this report, our overriding conclusion is that the distribution of the new housing requirement shows an imbalance towards low value central and southern Bradford where there are clear viability and deliverability constraints which have no early prospect of easing. There is a far greater prospect of viable development and delivery of policy in higher value areas including Wharfedale.

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APPENDIX A
Current housebuilding activity in the District

Current market housebuilding Bradford District Feb 2015

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Map Ref.	Development	Postcode	Developer	No. of units	Unit Name	Beds	Description	Asking price	Gross floor area (sq ft)	Rate/sq ft
1	Flaxton Court, Dick Lane, Bradford	BD4 8DG	Miller homes	174	The Golding	4	detached	£179,995	1374	£131.00
					The Beckett	4	town house	£139,995	1101	£127.15
					The Kipling	3	detached	£145,000	1029	£140.91
2	Redwood Park, Redwood Crescent, Bradford	BD4 6FN	Mark Oliver homes	107	the Sycamore	4	detached	£185,000	984	£188.01
					the Redwood	3	SDH	£119,995	722	£166.20
					the Ashton	3	SDH	£115,000	719	£159.94
3	Burnham Walk, Burnham Avenue, Brierley	BD4 6JQ	Gleeson homes	77	The Longford	4	detached	£164,995	1032	£159.88
					The Kilkenny	3	detached	£133,995	746	£179.62
					The Avonmore	3	detached	£129,995	731	£177.83
					The Galway	3	SDH	£120,995	731	£165.52
					The Cork	2	SDH	£112,995	630	£179.36
					The Kerry	2	SDH	£104,995	566	£185.50
4	Rooley Park, Rooley Avenue, Odsal, Bradford	BD6 1BS	Persimmon homes	110	The Morley	2	MTH	£132,950	unavailable	-
					The Hanbury	3	SDH	£144,950	729	£198.83
					The Rufford	3	detached	£161,950	849	£190.75
					The Hatfield	3	detached	£191,950	931	£206.18
					The Roseberry	4	detached	£214,950	1050	£204.71
5	Acre Court, Acre Lane, Wibsey, Bradford	BD6 1LT	Century Homes	19	-	2	Apartment	£119,950	663	£180.92
6	Blossom Meadows, Royds Hall Lane, Bradford	BD6 2NE	Persimmon homes	89	The Morley	2	MTH	£104,950	unavailable	-
					The Hanbury	3	SDH	£134,950	729	£185.12
					The Rufford	3	detached	£159,950	849	£188.40
					The Hatfield	3	detached	£169,950	931	£182.55
					The Roseberry	4	detached	£189,950	1050	£180.90
7	Bluebell woods, Huddersfield road, Wyke	BD12 8LS	David Wilson homes		COMING SOON ' - NO MORE INFORMATION PROVIDED ON WEBSITE					-
8	Burwood Heights, Off Hill End Lane, Queensbury	BD13 2LU	Harron homes	c. 78	The Aldingham	4	detached	£304,995	unavailable	-
					The Lydford	4	detached	£249,995	unavailable	-
					The Pembroke	4	detached	£264,995	unavailable	-
					The Portchester	5	detached	£312,995	unavailable	-
					The Salcombe V1	4	detached	£299,995	unavailable	-
9	Queenshead Park, Brighouse Road, Queensbury, Bradford	BD13 1QE	Bellway	124	Buckden	4	SDH	£199,950	1133	£176.48
					Swinton	4	detached	£239,995	1059	£226.62
					Addingham	4	detached	£239,995	1087	£220.79
					Ilkley	4	detached	£259,995	1216	£213.81
					Settle	4	detached	£274,995	1400	£196.43
					Harrogate	4	detached	£284,995	1485	£191.92
10	Sunningdale Park, Old Road, Thornton, Bradford	BD13 3DR	Persimmon homes	64	The Hanbury	3	SDH	£129,950	729	£178.26
					The Rufford	3	SDH	£149,950	849	£176.62
					The Hatfield	3	detached	£184,950	931	£198.66
11	Sycamore Chase, Crack Lane, Wilsden	BD15 0AZ	Harron homes	82	The Conisborough	4	town house	£239,995	unavailable	-
					The Dunstanburgh	5	detached	£414,995	unavailable	-
					The Kenilworth	5	detached	£329,995	unavailable	-
					The Lydford V0	4	detached	£262,995	unavailable	-
					The Portchester	5	detached	£334,995	unavailable	-
					The Richmond	4	detached	£264,995	unavailable	-
					The Salcombe V1	4	detached	£331,995	unavailable	-
					The Tiverton	4	detached	£262,995	unavailable	-
12	Jacobs Lane, Haworth, Keighley	BD22 8RA	Skipton properties	38	The Firth	5	detached	£350,000	1716	£203.96
13	Woodland Heights, Woodland Drive, Keighley	BD21 5PD	Skipton properties	96	The Dawson	2	town house	£97,950	689	£142.16
					The Greenwood	3	town house	£134,950	926	£145.73
					The Elliot	3	town house	£149,950	1094	£137.07
14	Vision, North Dean Avenue, Keighley	BD22 6QL	Barratt homes	190	Newton	2	SDH	£112,995	654	£172.78
					Finchley	3	SDH	£139,995	791	£176.98
					Morpeth	3	SDH	£159,995	893	£179.17
					Woodbridge	4	SDH	£169,995	1133	£150.04
					Tavistock	4	detached	£189,995	1025	£185.36
					Lincoln	4	detached	£189,995	1145	£165.93
					Thornbury	4	detached	£199,995	1174	£170.35
15	Manor fields, Thornhill road, Steeton	BD20 6TN	Redrow homes	121	Evesham	2	terrace	£144,950	699	£207.37
					Broadway	3	terrace	£168,950	839	£201.37
					Warwick	3	terrace	£233,950	1059	£220.92
					Stratford	4	detached	£252,950	1173	£215.64
					Cambridge	4	detached	£289,950	1382	£209.80
16	Middleway Meadows, Silsden	BD20 0HN	Snell developments	26	Littondale	4	SDH	£275,000	1277	£215.35
					Airedale	3	SDH	£219,950	960	£229.11
					Wharfedale	3	SDH	£199,950	886	£225.68
17	Scalebor Grange, off Moor Lane, Burley-in-Wharfedale	LS29 7BN	Bellway	37	Keswick	4	town house	£339,995	1151	£295.39
					Linton	4	SDH	£379,995	1291	£294.34
					Harewood special	4	detached	£449,995	1485	£303.03
18	Crest Park, off Bingley road, Bradford	BD9 6SD	Taylor wimpey	141	The Conway	4	detached	£249,995	-	-
					The Woodleigh	4	detached	£239,995	1511	£158.83
					The Hadleigh	4	detached	£219,995	1159	£189.81
					The Theakston	4	town house	£169,995	1181	£143.94
					The Ripley	3	mews house	£124,995	719	£173.85
19	The Poplars, Poplars Park Road, Bolton Woods, Bradford	BD2 1LG	Skipton properties	50	The Dawson	2	SDH	£119,950	689	£174.09
					The Austwick	3	SDH	£149,950	805	£186.27
					The Ashton	3	SDH	£153,500	900	£170.56
20	Greenfield View Phase 3, Ravenscliffe Avenue, Bradford	BD10 0HU	Keepmoat homes	108	The Ashby	3	SDH	£109,995	732	£150.27
					The Normandy	2	SDH	£95,995	638	£150.46

Note; asking prices are typicaly discount for true 'value' by 5% to 8% to reflect incentive allowances

Map of housing developments in the District of Bradford – Feb. 2015

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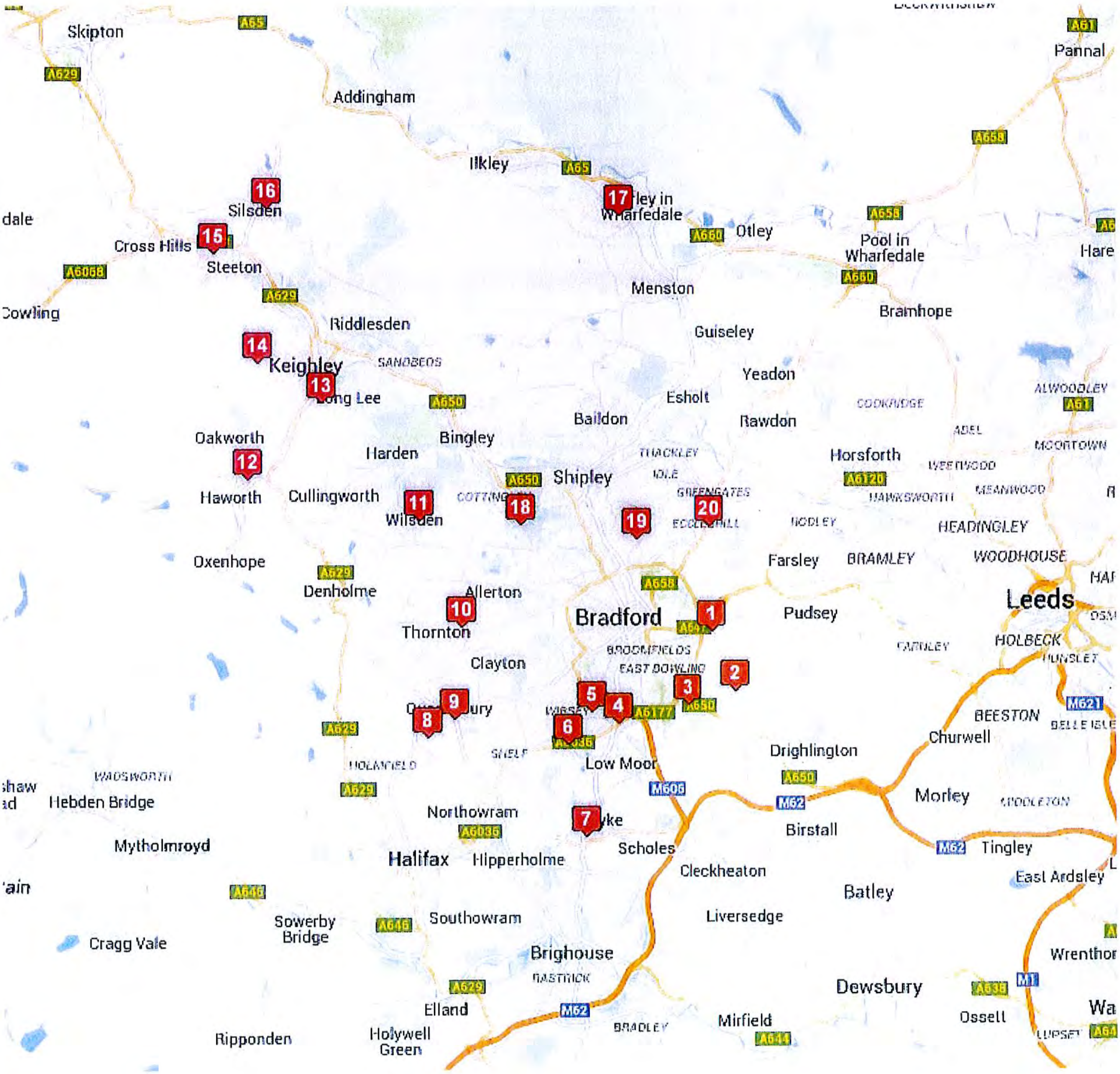

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APPENDIX B
Allsop residual valuations on viability testing

REVENUE	File: Bradford Value Band 4 Small		
Market Sales	18,361.00 sq-f @ 169.00 psf		3,103,009
		REVENUE	3,103,009
COSTS			
Site Value		222,390	
Site Stamp Duty	at 4.00%	8,896	
Site Legal Fees	at 1.80%	4,003	
		Site Costs	235,289
Construct	18,361.00 sq ft @ 90.00 psf	1,652,490	
Abnormal Costs		135,000	
Code 4 Allowance 2500 Pu		45,000	
Contingency	at 5.00%	91,625	
Professional Fees	at 6.00%	109,949	
		Build Costs	2,034,064
Dir.sale Marketing And Sale Costs	at 3.50%	108,605	
		Disposal Fees	108,605
INTEREST	**(See CASHFLOW)**		98,354
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 7 (Feb 15 - Aug 15)		
Direct Sales	Month 9 to 15 (Oct 15 - Apr 16)		
PROFIT	626,697	**COSTS**	2,476,312
PROFIT/SALE	20.20%	**PROFIT/COST**	25.31%
IRR	N/A		

Value Band 4 – small site (18 dwellings / 0.5 ha)
DTZ assumptions, save as to

a) Abnormal costs at £7,500 per unit
b) Code 4 extra over £2,500 per unit
c) no affordable housing

Delivers the DTZ threshold land value (£444,780 ph or £222,390 for the site) at £169 per sq ft

REVENUE	File: Bradford Value Band 4 Medium		
Market Sales	66,111.00 sq-f @ 183.25 psf		12,114,841
Affordable	7,346.00 sq-f @ 85.25 psf		626,247
		REVENUE	12,741,087
COSTS			
Site Value		889,560	
Site Stamp Duty	at 4.00%	35,582	
Site Legal Fees	at 1.80%	16,012	
		Site Costs	941,154
Construct	73,457.00 sq ft @ 90.00 psf	6,611,130	
Abnormal Costs		1,050,000	
Code 4 Or Equiv		175,000	
Contingency	at 5.00%	391,807	
Professional Fees	at 6.00%	470,168	
		Build Costs	8,698,104
Dir.sale Marketing And Sale Costs	at 3.50%	445,938	
		Disposal Fees	445,938
INTEREST	**(See CASHFLOW)**		373,221
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 28 (Feb 15 - May 17)		
Direct Sales	Month 9 to 36 (Oct 15 - Jan 18)		
PROFIT	2,282,670	**COSTS**	10,458,417
PROFIT/SALE	17.92%	**PROFIT/COST**	21.83%
IRR	N/A		

Value Band 4 – medium site (70 dwellings / 2 ha)
DTZ assumptions, save as to

a) Abnormal costs at £15,000 per unit
b) Code 4 extra over £2,500 per unit
c) 10% affordable housing

Delivers the DTZ threshold land value (£444,780 ph or £889,560 for the site) at £183 per sq ft

REVENUE	File: Bradford Value Band 4 Large		
Market Sales	318,719.00 sq-f @ 192.00 psf		61,194,048
Affordable 10 Pc	35,413.00 sq-f @ 89.00 psf		3,151,757
		REVENUE	64,345,805
COSTS			
Site Value		4,447,800	
Site Stamp Duty	at 4.00%	177,912	
Site Legal Fees	at 1.80%	80,060	
		Site Costs	4,705,772
Construct	354,133.00 sq ft @ 90.00 psf	31,871,970	
Abnormal Costs 20000 Pu		7,000,000	
Code 4 Or Equiv At 2500 Pu		875,000	
Contingency	at 5.00%	1,987,349	
Professional Fees	at 6.00%	2,384,818	
		Build Costs	44,119,137
Dir.sale Marketing And Sale Costs	at 3.50%	2,252,103	
		Disposal Fees	2,252,103
INTEREST	**(See CASHFLOW)**		1,560,270
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 75 (Feb 15 - Apr 21)		
Direct Sales	Month 12 to 74 (Jan 16 - Mar 21)		
PROFIT	11,708,523	**COSTS**	52,637,282
PROFIT/SALE	18.20%	**PROFIT/COST**	22.24%
IRR	N/A		

Value Band 4 – large site (350 dwellings / 10 ha)
DTZ assumptions, save as to

a) Abnormal costs at £20,000 per unit
b) Code 4 extra over £2,500 per unit
c) 10% affordable housing

Delivers the DTZ threshold land value (£444,780 ph or £4,478,000 for the site) at £192 per sq ft

REVENUE	File: Bradford Value Band 5 Small		
Market Sales	18,361.00 sq-f @ 163.00 psf		2,992,843
		REVENUE	2,992,843
COSTS			
Site Value		148,260	
Site Stamp Duty	at 4.00%	5,930	
Site Legal Fees	at 1.80%	2,669	
		Site Costs	156,859
Construct	18,361.00 sq ft @ 90.00 psf	1,652,490	
Abnormal Costs		135,000	
Code 4 Allowance 2500 Pu		45,000	
Contingency	at 5.00%	91,625	
Professional Fees	at 6.00%	109,949	
		Build Costs	2,034,064
Dir.sale Marketing And Sale Costs	at 3.50%	104,750	
		Disposal Fees	104,750
INTEREST	**(See CASHFLOW)**		93,739
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 7 (Feb 15 - Aug 15)		
Direct Sales	Month 9 to 15 (Oct 15 - Apr 16)		
PROFIT	603,431	**COSTS**	2,389,412
PROFIT/SALE	20.16%	**PROFIT/COST**	25.25%
IRR	N/A		

Value Band 5 – small site (18 dwellings / 0.5 ha)
DTZ assumptions, save as to

a) Abnormal costs at £7,500 per unit
b) Code 4 extra over £2,500 per unit
c) no affordable housing

Delivers the DTZ threshold land value (£296,520 ph or £148,260 for the site) at £163 per sq ft

REVENUE	File: Bradford Value Band 5 Medium		
Market Sales	73,457.00 sq-f @ 172.00 psf		12,634,604
		REVENUE	12,634,604

COSTS			
Site Value		593,040	
Site Stamp Duty	at 4.00%	23,722	
Site Legal Fees	at 1.80%	10,675	
		Site Costs	627,436
Construct	73,457.00 sq ft @ 90.00 psf	6,611,130	
Abnormal Costs		1,050,000	
Code 4 Or Equiv		175,000	
Contingency	at 5.00%	391,807	
Professional Fees	at 6.00%	470,168	
		Build Costs	8,698,104
Dir.sale Marketing And Sale Costs	at 3.50%	442,211	
		Disposal Fees	442,211
INTEREST	**(See CASHFLOW)**		321,477
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 28 (Feb 15 - May 17)		
Direct Sales	Month 9 to 36 (Oct 15 - Jan 18)		
PROFIT	2,545,375	**COSTS**	10,089,229
PROFIT/SALE	20.15%	**PROFIT/COST**	25.23%
IRR	N/A		

Value Band 5 – medium site (70 dwellings / 2 ha)
DTZ assumptions, save as to

a) Abnormal costs at £15,000 per unit
b) Code 4 extra over £2,500 per unit
c) no affordable housing

Delivers the DTZ threshold land value (£296,520 ph or £593,040 for the site) at £172 per sq ft

REVENUE	File: Bradford Value Band 5 Large		
Market Sales	336,426.00 sq-f @ 184.00 psf		61,902,384
Affordable 5 Pc	17,706.00 sq-f @ 85.70 psf		1,517,404
		REVENUE	63,419,788

COSTS			
Site Value		2,965,200	
Site Stamp Duty	at 4.00%	118,608	
Site Legal Fees	at 1.80%	53,374	
		Site Costs	3,137,182
Construct	354,133.00 sq ft @ 90.00 psf	31,871,970	
Abnormal Costs 20000 Pu		7,000,000	
Code 4 Or Equiv At 2500 Pu		875,000	
Contingency	at 5.00%	1,987,349	
Professional Fees	at 6.00%	2,384,818	
		Build Costs	44,119,137
Dir.sale Marketing And Sale Costs	at 3.50%	2,219,693	
		Disposal Fees	2,219,693
INTEREST	**(See CASHFLOW)**		1,199,281
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 75 (Feb 15 - Apr 21)		
Direct Sales	Month 12 to 74 (Jan 16 - Mar 21)		
PROFIT	12,744,497	**COSTS**	50,675,291
PROFIT/SALE	20.10%	**PROFIT/COST**	25.15%
IRR	N/A		

Value Band 5 – large site (350 dwellings / 10 ha)
DTZ assumptions, save as to

a) Abnormal costs at £20,000 per unit
b) Code 4 extra over £2,500 per unit
c) 5% affordable housing

Delivers the DTZ threshold land value (£296,520 ph or £2,965,200 for the site) at £184 per sq ft

REVENUE	File: Bradford Value Band 5city Centre		
Market Sales	37,458.00 sq-f @ 199.00 psf		7,454,142
		REVENUE	7,454,142

COSTS			
Site Value		296,520	
Site Stamp Duty	at 4.00%	11,861	
Site Legal Fees	at 1.80%	5,337	
		Site Costs	313,718
Construct	37,458.00 sq ft @ 108.00 psf	4,045,464	
Abnormal Costs		450,000	
Contingency	at 5.00%	224,773	
Professional Fees	at 6.00%	269,728	
		Build Costs	4,989,965
Dir.sale Marketing And Sale Costs	at 3.50%	260,895	
		Disposal Fees	260,895
INTEREST	**(See CASHFLOW)**		409,776
6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 15)		
Building Costs	Month 1 to 18 (Feb 15 - Jul 16)		
Direct Sales	Month 18 to 29 (Jul 16 - Jun 17)		
PROFIT	1,479,788	**COSTS**	5,974,354
PROFIT/SALE	19.85%	**PROFIT/COST**	24.77%
IRR	N/A		

City Centre site Value Band 5 – flatted site (60 dwellings / 1.0 ha)
DTZ assumptions, save as to

a) Abnormal costs at £7,500 per unit
b) no affordable housing

Delivers the DTZ threshold land value (£296,520 ph or £296,520 for the site) at £199 per sq ft