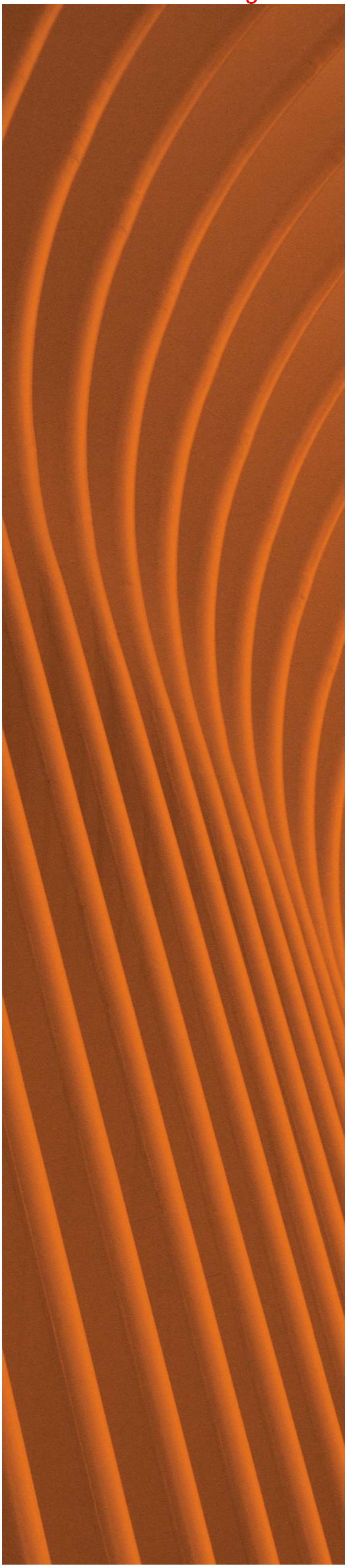

Trafford Council / 35 Oakfield, Sale
Planning Inquiry

Viability in Planning Proof of Evidence Summary

Ref: APP/Q4245/w/23/3325034

Mr M Lloyd

October 2023

HOLD FAST THAT WHICH IS GOOD

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Viability in Planning
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1. SUMMARY

1.1 I have been instructed by Trafford Metropolitan Borough Council to act as an expert witness and to give my opinion as to the viability in planning case submitted by McCarthy & Stone (hereafter 'Appellant') pursuant to the planning application (ref: 109745/FUL/22) at 35 Oakfield, Sale, Trafford (the 'site').

1.2 I understand the proposed scheme was considered by Trafford Council to be contrary to the provisions of Policy L2 of the adopted Core Stagey (2012) given the Appellant was offering zero affordable housing (onsite or offsite through a commuted sum). The proposed scheme is considered by Trafford Council to perform differently to *"generic development"* in viability terms within Sale and as such the policy compliant affordable housing contribution should be determined by a site-specific assessment of viability and be up to 40%. I provide commentary on the application of the fourth bullet point of Policy L2.12 at section 4 of my proof.

1.3 The site is located 0.5 miles southwest of Sale and is a residential site extending to approximately 0.3 acres (0.12 ha). The site comprises of a detached three storey building (plus basement), beneath a pitched tiled roof with a separate two-storey annex building of brick construction set beneath a pitched tiled roof. Internally, the property comprises of 12 apartments, however one is uninhabitable due to structural issues.

1.4 It is understood that the planning application (ref: 109745/FUL/22) for the site is to demolish the existing building and erect a 25 no. retirement living scheme, with associated communal facilities, landscaping and car parking. All units will be delivered on the basis of age restriction of 55+ referred to as retirement accommodation.

1.5 Much of this viability case revolves around a single issue, the Existing Use Value (EUV) of the subject property. The updated conclusion reached by the valuer (Mathew & Goodman now Fisher German), is that the property is very much a viable asset and if taken to the market as an investment sale, would achieve a full price. The valuer believes that the property requires no money spending on it to allow for an investment purchase to proceed. As a result, it would appear that the Appellant is inadvertently making a case for the building to be retained. I say inadvertently, because elsewhere in the planning application, the same Appellant is arguing that the building has reached the end of its natural life and is no longer a viable proposition (see Appellant's Statement of Heritage Significance report (CD-A56)). It is clear from information from the Appellant, that if the building should be retained, there is substantial financial investment required. This has to be a consideration when setting the EUV and Benchmark Land Value. This issue could clearly have been dealt with by the production of a detailed building / condition survey, clarifying the state of the subject property.

1.6 From the available evidence, it is clear to me that the property either requires substantial investment or it can no longer viably be retained in its existing form. Without clarity on which of these scenarios should be financially assessed, I have provided a range for my assessment of EUV. My estimated EUV range is £600,000 to £1,000,000 depending on the subject property's condition.

1.7 The position I take on the application of a premium in this instance is not appropriate as there is no change of use which would fund it. This position on premiums is supported by the following appeal decision, the Site of Former Ministry of Defence Offices, Warminster Road (ref: APP/F0114/W/20/3256285 and APP/F0114/W/20/3256292) (**Appendix 5**).

1.8 Overall, my BLV assessment of £600,000 to £1,000,000 (depending on the subject property's condition) is lower than Mr Mackay's (Appellant's Viability Expert) assessment at £1,800,000 (EUV of £1,500,000 plus 20% premium).

1.9 The approach taken by the Appellant / Mr Mackay regarding profit levels, sales and marketing costs and sale period (incl. Empty Property Costs) is to accentuate the negatives. The profit margin required is at the very top of the range as are the sales and marketing costs. The sales period assumes an elongated period to dispose of all the units. All these elements relate to an assessment of sales risk, i.e., will the apartments sell at the predicted price within the predicted sales period? The Appellant in their planning application provide a demand assessment for their product by Three Dragons which states that in Sale, current demand outstrips supply by circa. 4:1 (CD-A3). Three Dragons accentuate the positive when describing why senior living should be delivered within Sale, demand hugely outstripping supply.

1.10 In my attempt to reflect these competing positions in my assessment, I have sort to utilise inputs for profit levels, sales and marketing costs and sale period (incl. Empty Property Costs) that relate closer to the risk profile of the proposed development.

1.11 I have therefore adopted a full assessment of these inputs as follows:

Input	Figure	Justification
Sales & Marketing	3% on market GDV	In my assessment I have adopted a higher sales and marketing allowance than two recent appeal decisions for apartment developments in Trafford (CD-D21 and CD-F23). This does not include head office marketing costs which are reflected in overheads in the gross profit margin. I believe this is a full assessment of this cost especially in relation to overseas marketing budgets of large apartment schemes.
Sale Period	3 months (40% affordable housing scenario)	My assessment of sale period is based on assessing 12 retirement living schemes in Greater Manchester and assessing the sale period trend over circa. 9 years as well as the demand assessment by Three Dragons (CD-A3). The general trend is around 15 market units are sold within the first month for retirement living schemes. This obviously includes pre-sale reservations. I have however assumed 12.5 units will be sold. When looking at the remaining sale rate for units sold within the year (excluding the first month sales) the average rate is around 2 market units a month.
Empty Property Costs	Nil	I believe Empty Property Costs should not be included. For example, for apartment and estate housing schemes in Trafford and Greater Manchester, these developments do not include an additional empty property cost allowance in their appraisals. It is most likely any empty property costs incurred by apartment or estate housing developers are included in their operating costs in the gross profit margin. Service charges also have a built-in margin for the operator to cover the initial stabilisation period of the property and therefore any Empty Property Costs are covered through this.
Profit Margin	18.5% on GDV for market and 6% on GDV for affordable	Based on a detailed risk adjusted return assessment which is location and site specific. The risk assessment takes into account the size and scale of the scheme and the high demand for the product as shown by the Three Dragons report (CD-A3).

1.12 Based on my appraisal assessment of the scheme, I am confident that the proposed scheme can support affordable housing. My 40% policy compliant appraisal shows that the scheme can viably support this level of affordable housing and therefore comply with the 4th bullet point of policy L2.12. My 40% affordable housing appraisal outputs a Residual Land Value of £1,850,752 which is higher than my assessment of BLV.