APPENDIX 16

CONTINUUM VIABILITY REPORT AUGUST 2021

Continuum

Former B&Q Appeal Hearing
Viability Report

August 2021

TRAFFORD
COUNCIL

Inspiring Built
Environments

Viability in Planning
Development Management
Regeneration
Planning Consultancy

Contents

1. INTRODUCTION

1.1 Instruction

1.1.1 Continuum have been instructed by Trafford Metropolitan Borough Council to prepare a report setting out the current assessment of financial viability pursuant to the planning application (ref: 100400/OUT/20) submitted by Accrue Capital (the "Appellant") at the Former B&Q, Great Stone Road, Trafford (the "site").

1.1.2 It is understood that the Appellant has submitted an appeal against non-determination. It is further understood that inadequacy of affordable housing provision is a putative reason for refusal.

1.1.3 The purpose of this report is to support the Council's statement of case. The report identifies the viability matters that remain unresolved that have been considered a reason for refusal.

1.1.4 The issue in this case appears to be:

(1) what policy L2 of the adopted Core Strategy (2012) requires;

Continuum defer to the advice of Leading Counsel which has been provided by the Council (**appendix 8, 9 & 10**). I explain why I am of the clear view that the form of development proposed meets the test in the 4th bullet policy L2.12 and therefore why site specific viability assessment is required to demonstrate what level of AH the site can sustain

(2) what level of affordable housing (AH) is viable.

In the absence of an up to date financial viability appraisal (FVA) from the Appellant and given that I do not accept many of their inputs, I undertake a broad exercise which shows that the site is capable of being able to deliver 40% AH and that absent such provision the reason for refusal is made out.

1.2 Details of Authors Background and Experience

1.2.1 The author of this report is Murray Lloyd. His area of expertise is land and property development and Regeneration. He has acted as direct developer and consultant. He was asked by Trafford Council to act as viability consultant in this case due to the work he has undertaken for the authority over the past 3 years on matters relating to viability. Over a period of 30 years he has honed his skills and knowledge working in both the public and private sector, on development and regeneration. This has covered mixed-use, town centre, residential and logistics developments from inception to delivery. H

1.2.2 In the past 4 years, Murray Lloyd and Continuum have acted on approximately 150 viability cases. The clients are primarily public sector including, Trafford Metropolitan Borough Council, Chorley Borough Council, Tameside Metropolitan Borough Council, Bolton Borough Council, Rossendale Borough Council and South Ribble Borough Council. He has acted against Cushman and Wakefield, CBRE, Savills, Avison Young and many others. The table at **Appendix 3** demonstrates their viability work in Trafford.

1.2.3 His years of experience in development and regeneration, his detailed knowledge of Planning Gain/ Land Value Capture theory and methodology through his PhD and involvement in circa 150 viability cases acting for the public sector, makes him suitably qualified to comment/advise on matters relating to Viability in Planning.

1.3 National Planning Policy and Guidance on Viability in Planning

1.3.1 The National Planning Practice Guidance (PPG) (2019) provides guidance for implementing both local planning policies and those contained with the National Planning Policy Framework (2021).

1.1.1 Paragraph 10 of the NPPG (2019) (ID: 10-010-20180724) defines viability for the purpose of plan and decision making as a process that seeks to:

> *"strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest"*

1.3.2 For the avoidance of doubt, it should be noted that reference to "competitive returns" as included in the previous iteration of the PPG (2014) was removed in its revision in 2019.

1.3.3 The revision of the PPG (2019) introduced a number of significant changes to the recommended methodology to be used to assess financial viability. For the purposes of financial viability, the value of development land is to be assessed using the Existing Use Value plus (EUV+) a premium methodology as opposed to the comparable method that had been used. The impact being that residential transactional data no longer determines benchmark land value (BLV).

1.3.4 The EUV+ method establishes benchmark land value (BLV) by assessing the value of the site in its existing use without hope value and then applying a premium to represent a reasonable incentive to a landowner to promote their land for development through change of use. This approach has been adopted in response to the Parkhurst v Islington (2018) High Court case to remove the circularity which previously served to increase land values and reduce affordable housing.

1.3.5 There is a requirement to follow the PPG (2019) approach to financial viability.

1.3.6 Since the issuance of the CW viability report as part of the submission information in relation to this Appeal, the RICS have published a new guidance note titled "Assessing viability in planning under the National Planning Policy Framework 2019 for England" (2021). This document is designed to provide clarity with regard to the implementation of the guidance contained with the PPG (2019). I am advised that the PPG (2019) prevails over it if and to the extent there is inconsistency between the RICS view and that of the PPG (2019).

1.3.7 Financial viability in planning is not subject to the regulations as RICS Global Valuation Standards (2020) (The Red Book) given it follows a number of different methodologies particularly in relation to the establishment of BLV. As such, this document is not relevant or considered within this viability report. The professional standards for FVA however echo the requirements for Red Book valuations.

2. CONTEXT OF THE VIABILITY CASE

2.1 Background

2.1.1 The first application on the B&Q site was made by the Appellant in October 2018 (ref: 94974/OUT/18). This application was for 433 private rental sector (PRS) units across buildings ranging in height from 5 to 13 storeys, including spaces for retail, office and leisure uses. The appellant made a viability argument in the initial application which suggested that the scheme was unable to deliver any more than 5% affordable units (capped at 80% of market rent), with no offer of other S106 contributions.

2.1.2 The initial application was refused on a number of grounds, one of which was the inadequacy of S106 contributions. The decision notice states that the scheme would not provide a policy compliant level of affordable housing, spatial green infrastructure and outdoor sports provision, healthcare facilities and site specific highways improvements.

2.1.3 The current application, submitted in March 2020 (ref: 100400/OUT/20), is for the erection of buildings for a mix of uses including 333 apartments for market sale, communal space and flexible space for retail and leisure. The appellant made a viability argument in the application which suggested that the scheme would be unable to deliver any more than 10% affordable units (34 affordable units), with an offer of £1,069,870 S106 contributions (includes S278 highway works).

2.1.4 It is understood following discussions with Trafford Council that the required S106 contributions from the proposed development are as follows. For clarity, the contributions as set out below represent policy compliance.

Description	Cost
Primary Education	£739,639
Secondary Education	£721,776
Local Open Space	£252,837
Sports Provision	£121,110
Highways	£30,000
Healthcare	£0
Total	**£1,865,362**

2.1.5 Trafford Council adopted their CIL charging schedule in 2014. Given the sites location, apartments are not required to contribute towards CIL. As such, the majority of the proposed scheme is not subject to CIL.

2.1.6 The proposed application seeks to provide an element of flexible commercial space (Class A1/ A3, D1 and/or D2). In the submitted appraisal CW have assumed that this space will be provided as F&B and retail which would be subject to a CIL charge of £0. Should the applicant choose to provide this space as leisure it would be subject to a CIL payment of £10 per sq ft. CW have not accounted for CIL within their most recent appraisal.

2.2 Policy L2.12 – Perform Differently in Viability Terms

2.2.1 There is a dispute as to the interpretation and application of policy L2.12 4th bullet which reads:

"In those parts of Trafford Park identified for residential development, or in areas where the nature of the development is such that, in viability terms, it will perform differently to generic developments within a

specified market location the affordable housing contribution will be determined via a site specific viability study, and will not normally exceed 40%".

2.2.2 CW and the Applicant interpret the policy wording in a way that assumes the proposed 333 unit scheme overlooking Emirates Old Trafford does not perform differently in viability terms to generic development in Old Trafford (i.e. the specified market location). Thus, only having to deliver 10% AH such that the current offer is policy compliant.

2.2.3 Trafford Council have sought advice from two planning QCs – one at the registration stage to test whether the application should be registered without a FVA and one at the appeal stage which addresses the issue of the application of the 4th bullet of policy L2.12. I am advised that interpretation of the policy is a question of law. The correct interpretation of the 4th bullet is important to the Council because it is likely to affect other schemes coming forward in the Civic Quarter Area.

Christopher Katkowski QC Advice

2.2.4 There was a dispute at the point when the application was submitted as to whether an FVA was required and this turned on the interpretation of the 4th bullet of policy L2.12. Two advice notes were provided by Christopher Katkowski QC (CKQC) (**appendix 8 & 9**), the first directly relating to the former B&Q site and the second on the interpretation of the policy wording. The advice is clear that the important distinction in the interpretation of the policy is whether "in viability terms" a proposed development will "perform differently".

2.2.5 In response to the issue of how the Council would be able to tell whether a proposed development "performed differently to generic development" in viability terms, CKQC stated that Trafford should seek advice from a viability expert. He further goes on to state that:

> *"any viability expert worth their salt should be able to give a view as to whether a proposed development would perform differently."*

2.2.6 Should the appointed viability consultant consider that the scheme performs differently the Council would have a sound basis to request a site-specific viability study.

2.2.7 In defining "performing differently" the advice focuses specifically on the use of the words "in viability terms" and whether the nature of a proposed development will generate a greater (or lesser) financial return than would be considered "generic".

2.2.8 Applying this interpretation to the proposed scheme, it is considered that in "viability terms" the proposed development would perform differently to generic development within the specified market area.

2.2.9 In my view, the following factors show that the scheme will perform differently:

- Higher density development (e.g. > 140 dwellings per hectare) than tested in the evidence base that informs the Core Strategy (2012);
- The scale and nature of the proposed scheme being high rise flats does not compare with generic development tested within the viability assessment that supports policy L2;
- The proposed mix of units being primarily 1 and 2-bedroom does not reflect the generic mix tested within the evidence base to the adopted development plan;
- The site is located on an existing retail site (with restrictive condition) which is not comparative to other sites in the "specified market area";
- The development is to be delivered in one phase. Given the scale of the development this is not comparative to other mixed-use schemes in the specified market area (eg. Former Kelloggs). It is notable that Kellogs accepted they were covered by the 4th bullet of policy L2.12;

- The residual land value for the proposed residential development in the CW FVA is lower than CW's suggested alternative use value for the retail warehouse building vacated in Jan 2016;
- The total build cost estimated in the Edmund Shipway cost plan is significantly below other apartment developments in the specified market area; and
- Given the sites unique location adjacent to Emirates Old Trafford cricket stadium and the Old Trafford tram stop, sales values should reflect a premium when compared to other schemes in the specified market area.

David Forsdick QC Advice

2.2.10 In June 2021 David Forsdick QC (DFQC) provided advice (**appendix 10**) on the correct interpretation of policy L2.12 of Core Strategy (2012).

2.2.11 DFQC states:

"The fourth bullet covers sites and developments on them which depart from the norm in that Market Location which drove the relevant percentage (in Old Trafford 5 – 10%) in the first place. Thus, if development of a different scale, density, mix or value from the norm or in a particularly desirable location comes forward the 4th bullet may be triggered"

2.2.12 The development that drove the percentage requirement was not reflective of the proposed high density scheme in this case, in fact the highest density tested was 140 dwellings per hectare (DpH). As such, in this case it is entirely appropriate to consider that the 4th bullet has been triggered. For context, the density of the proposed scheme is over double the highest density tested at 333 units per hectare.

2.2.13 DFQC states that if the Council has reason to request a site specific viability assessment, then the applicant has the opportunity to explain why the proposed development would not be expected to "perform differently" to generic development in a specified market location.

2.2.14 Properly understood, the site circumstances and the nature of the development clearly demonstrate that the scheme will perform differently from generic development in this area.

Assessment

2.2.15 The proposed scheme performs differently in "viability terms" to generic development within the Civic Quarter Area, as is demonstrated in the FVA submitted by CW. As such, in compliance with L2.12 of the adopted Core Strategy (2012) the affordable housing contribution for the proposed development should be determined via a site-specific viability study and should not normally exceed 40% of the net additional provision.

2.3 The Viability Case

2.3.1 The viability case being made by the Appellant is that the maximum quantum of planning obligations that can viably be delivered as part of the development is a provision of 10% affordable housing (34 units) and £403,946.87 of other S106 contributions. Should any further affordable housing or S106 contributions be delivered, the Appellant asserts that the proposed scheme would be financially compromised to the point where the development would not be delivered.

2.3.2 The June 2020 viability appraisal prepared by CW included the same provision of affordable housing equating to 10% (34 units) currently being offered by the Appellant, though the FVA included a significantly greater S106 contribution of £1,069,270. There is a difference of £665,324 and in both cases CW are arguing should any further contribution be made that the proposed scheme would not be viable.

2.3.3 CW have not prepared an updated appraisal following the review of their June 2020 appraisal undertaken by Continuum. It is assumed this is on the basis that they consider policy compliance to represent 10% affordable housing and full S106 contributions as requested by Trafford Council.

2.3.4 For clarity, both Trafford Council and Continuum believe that in viability terms the proposed scheme at the Former B&Q would “perform different in viability terms” to generic development within the specified market location. As such, in compliance with Policy L2.12 of the adopted Core Strategy (2012) the required affordable housing contribution should be determined based upon a site-specific viability appraisal.

2.3.5 In the updated viability information prepared by CW the S106 offer amounts to £403,946.87. This is the amount currently offered. It does not include education contributions and is not policy compliant for reasons addressed elsewhere. The correct figure should be £1,865,362.

3. CUSHMAN AND WAKEFIELD APPRAISAL

3.1 Agreed Inputs

3.1.1 A profit margin of 17.5% of GDV has been adopted for the proposed residential market units and 6% of GDV for the proposed affordable units. The adopted profit margin for the market units falls at the midpoint of the suitable range set out in the PPG (2019), as such is considered an appropriate assumption. The lower profit margin of 6% for the proposed affordable units reflects an industry standard assumption to account for the reduced risk profile given the guaranteed end sale.

3.1.2 CW have assumed a profit margin of 17.5% of GDV for the commercial element and car parking. This assumption is not considered to be appropriate and would serve to add additional cost within the appraisal. A profit margin of 15% of total cost is considered to be a more appropriate assumption to make in this regard.

3.1.3 Sales and marketing costs have been included at 2.5% on GDV for both the residential market units, commercial units, and car parking spaces. This is considered an appropriate assumption for the residential market units, though there is disagreement with regard to the application of sales and marketing fees equating to 2.5% of GDV for the commercial element and car parking spaces.

3.1.4 Marketing costs have been adopted by CW at the same level for the proposed car parking. The rationale for this is as the spaces will be sold as part of the gross sale of the residential properties. Continuum are of the opinion that this is an appropriate assumption.

3.1.5 Legal costs have been adopted equating £650 per unit, this is considered an appropriate assumption to make for the proposed scheme.

3.2 Phasing and Finance Costs

3.2.1 Development Phasing

3.2.2 CW state that the reason that the scheme is proposed to be built out in a single phase is due to the practicality and cost issues associated with dividing the scheme into separate phases.

3.2.3 An updated cost plan has been provided by Edmund Shipway to demonstrate the cost impacts of delivering the scheme in one phase as opposed to adopting a phasing strategy that sought to deliver the 333 unit development in separate parts.

3.2.4 The updated Edmund Shipway cost plan generates an additional cost of £4,586,969 primarily as a result of M&E, preliminaries and build cost inflation. However, financial viability is assessed on a net present value (NPV) basis and as such there should not be an allowance for growth or in this case inflation. Once inflation is accounted for the cost increase from M&E and preliminaries is calculated to equate to £3,513,093 which CW argues would “cancel out any cost saving on financing as a result of a different phasing strategy”.

3.2.5 As Continuum do not offer cost consultancy services and reviewing the submitted cost plan does not form part of their instruction, it is considered the most appropriate way of assessing the robustness and accuracy of the Edmund Shipway cost plan would be if it were reviewed by an independent third party. On this basis Continuum contacted a number of cost consultancy practice operating in the north west market, to attain a assessment of the cost plan provided in CW’s submission.

3.2.6 Following detailed discussion regarding the cost plan addendum it was considered that it provided insufficient evidence to substantiate the argument being postulated by CW. Given the point of contestation was in relation to the phasing of the development and the additional prelims were cited as the major cost concern it would be expected that as a minimum a programme for the development should be provided to support the assertions made. Despite the inadequacy of information to justify their stance, we have no option but to adopt the assumption made, albeit with significant reservations.

3.2.7 Affordable Housing Sales Phasing

3.2.8 Continuum have assumed within their appraisals included an **appendix 6 & 7** that the registered provider (RP) will enter into a golden brick contract with the developer in respect of the proposed AH as would be standard practice in industry. On this basis it is assumed that the developer will receive payment for the affordable units on the following basis:

- 25% - Commencement of construction;
- 50% - Throughout the construction period; and
- 25% - Practical completion.

3.2.9 S106 Cost Phasing

3.2.10 CW assumed that all S106 contributions are to be delivered in a single instalment, this assumption was made to reflect the lack of an agreed S106 payment schedule between Trafford Council and the Appellant.

3.2.11 CW have revisited their assumption with regard the S106 contributions and have now followed a payment structure that follows "S106 agreements from similar local development schemes".

3.2.12 The payment structure adopted by CW is as follows:

- 50% on commencement of development;
- 25% prior to occupation of 25% of dwellings; and
- 25% prior to occupation of 75% of dwellings.

3.2.13 The proposed S106 phasing set out by CW corresponds with the approach taken by Trafford Council for other developments within the Civic Quarter Area and is considered an appropriate basis upon which to assess financial viability.

3.3 S106 Contributions

3.3.1 As referenced in section 2, following discussions with Trafford Council it is understood the total S106 contributions the proposed development at the Former B&Q is subject to are as follows:

Description	Cost
Primary Education	£739,639
Secondary Education	£721,776
Local Open Space	£252,837
Sports Provision	£121,110
Highways	£30,000
Healthcare	£0
Total	**£1,865,362**

3.3.2 As per the WSP statement of case, it is understood that the Appellant is of the opinion that the proposed scheme should not be subject to contributions towards education either primary or secondary education.

On this basis it is asserted that policy compliance represents a S106 contribution of £403,939. For the avoidance of doubt this position is not supported by Trafford Council. Clearly if the appellant's position on S106 was agreed by the Inspector the viability of their scheme would improve further.

3.4 Residential Sales Revenue

3.4.1 CW have adopted an average sales rate for the proposed scheme of £340 per sq ft. This is based primarily on permitted development rights (PDR) conversions. It is not accepted that the values (or costs) of PDR schemes are comparable with new build values (and costs).

3.4.2 It is noted that CW mainly refer to PDR conversions under Class O of the GPDO (2015) as comparable evidence. It is considered that PDR schemes are not directly comparable to the proposed development at the Former B&Q site given they are different products of different quality and PDR schemes are not subject to the same planning requirements as new build development. In planning terms all that is required is prior approval. For example; PDR schemes are not required to comply with design standards, amenity requirements, space standards (until recently), parking standards and energy efficiency requirements (e.g. BREEAM), all factors that can go to the quality and thus value of the units created. This does not represent an exhaustive list. I consider that PDR schemes are not comparable with new build flat schemes. There are also additional costs to new builds compared to PDR conversions but that is taken into account separately below.

3.4.3 The comparative poor quality of PDR schemes (in terms of the above factors) has been so negatively felt in Boroughs nationwide that a high number have sought to impose Article 4 directions restricting permitted development rights. It is not considered that the transactional data provided by CW is like for like when compared to the proposed development.

3.4.4 CW focus on the Kinetic Scheme on Talbot Road in their June viability appraisal due to its proximity to the subject site. The scheme achieved on average values of £322 per sq ft for a small sample of pre-sales in October 2018. The Kinetic development is a PDR scheme with a two storey upwards extension and only provides six storeys in residential accommodation. On this basis it is not directly comparable to the proposed scheme. In addition, the sales values provided by CW are outdated given they relate to pre-sales in October 2018. Since October 2018 the market for flats and maisonettes in Trafford has increased by approximately 8.24%. On this basis at Feb 2021 once growth was accounted for the sales values for Kinetic would be £348.53 per sq ft.

3.4.5 CW have referenced Celestia Court as the only new build development they consider comparable to the subject scheme. CW state that the development at Celestia Court (Whalley Range located within the Manchester City Council administrative boundary) achieved on average £291 per sq ft in 2019. CW state that this is lower than the six PDR conversion schemes. Whilst Celestia Court is a new build scheme, it is situated in a different specified market location which has lower values than Old Trafford. The PDR schemes identified by CW are located in Old Trafford and therefore the direct comparison between values at Celestia Court and the PDR schemes is not appropriate.

3.4.6 Celestia Court is not comparable to the proposed scheme due to both its location and the nature of development. The development is situated in Whalley Range, approximately 1.5 miles east of the proposed scheme and fails to benefit from proximity of a transport hub and is in a lower value area]. The development is 5 storeys in height (including undercroft/ basement car park), as such would not benefit from significant height premiums associated with the proposed development at the Former B&Q site. In addition, the Former B&Q site is located adjacent to the world famous Emirates Old Trafford with several apartments benefiting from private balconies offering views of pitch which would evidently demand a significant premium to the referenced development in Whalley Range. The development at Celestia Court is evidently not a useful comparable upon which to assess potential sales value given its location, scale, and type.

3.4.7 Continuum have analysed the asking price values of No. 1 Old Trafford a new build apartment scheme which is situated 1.2 miles north of the subject site in Old Trafford. No. 1 Old Trafford benefits from the close proximity to a Salford Quays and Wharfside Metrolink and Old Trafford Football Stadium. Asking prices at No. 1 Old Trafford are currently on average circa £437 per sq ft for 1-bedroom and 2-bedroom apartments (**appendix 2)**. This is approximately £100 per sq ft more than the values adopted by CW for the proposed scheme (£340 per sq ft). It is understood that circa 80% of the scheme at No. 1 Old Trafford has been pre-sold.

3.4.8 CW state:

> *"The revenue per unit is at the upper end of what purchasers will pay for apartment accommodation in this location"*

3.4.9 Continuum are not in agreement with the above statement and it is evidently incorrect given the above information and that purchasers are willing to pay more for PDR conversions such as West Point in addition to new build schemes such as No. 1 Old Trafford. CW have significantly understated the sales values for the proposed scheme focusing on transactional data sourced primarily from PDR schemes. The only new build scheme referenced is Celestia Court which is a significantly inferior development in a significantly inferior location.

3.5 Commercial Revenue

Commercial Units

3.5.1 CW have adopted the following rents to establish a capitalised value for the retail units:

- Café - £27,118 per annum (£14 per sq ft); and
- Retail - £15,000 per annum (£10 per sq ft).

3.5.2 CW are of the opinion that the rental values achievable at the site are likely to be limited and will not match key arterial road locations such as Talbot Road and Brian Statham Road given there will be commensurately lesser amount of footfall.

3.5.3 All leases referenced by CW are historic save for two located at 94 Withington Road and 57-63 Booth ST W. Given the nature of the data presented by CW it is not considered particularly helpful in establishing an appropriate rent.

3.5.4 The site is a strategic regeneration area and whilst at this stage Great Stone Road does not generate the same footfall as other roads referenced by CW following redevelopment of the site for 333 residential units in addition to the proximity of the site to the Emirates Old Trafford would make the location fundamentally different and a significantly more attractive retail location. As such, it is considered that rental evidence from regeneration areas as opposed to existing retail units in the area would be more reflective of the proposed development.

3.5.5 CW are yet to provide any transactional data to support their assessment of net initial yields for the two commercial units as such, Continuum are unable to assess whether this is an appropriate assumption to make.

3.5.6 Continuum have included the assumptions made by CW at face value within their appraisal but it is considered that they require further substantiation.

Car Parking

3.5.7 CW comment that there is a dearth of comparable data from which to assess the value of the proposed 98 surface level car parking spaces. There is one scheme referenced by CW as follows:

- Insignia (86 Talbot Road) - £15,000 per space.

3.5.8 Anecdotal references are made to schemes where no charge has been included for car parking spaces including Celestia Court in Whalley Range. Finally, reference is made to the viability appraisal prepared by Avison Young and submitted in support of the planning application at the Former Kellogg's where a value of £9,000 per space was adopted. This figure was challenged during viability negotiations by Continuum.

3.5.9 It is Continuum's opinion that evidence from the Insignia Scheme provides the best data from which to assess an appropriate sales value and that this should be used to assess the viability of the proposed scheme at the Former B&Q. This figure has been used in the appraisal undertaken by Continuum.

3.6 CQ AAP Viability Study (2021)

3.6.1 The following sales values were used in the CQ AAP viability study prepared in January 2021:

Type of unit	Value per sq ft
1 Bed Apartment	£370
2 Bed Apartment	£360
3 Bed Apartment	£350
Town House	£320

3.6.2 It is considered that the sales values used in this table are more reflective of the proposed scheme at the Former B&Q and of the Civic Quarter Area. CW have based their sales values upon permitted development rights (PDR) conversions under Class O of the GPDO (2015) and 1 no. new build scheme in Whalley Range, evidently a different market location.

3.6.3 For the purposes of the viability appraisal prepared by Continuum an average sales value of £360 per sq ft has been used. This is broadly representative of the scheme given there are a proposed mix of 108 no. 1 bed apartments, 190 no. 2 bed apartments and 33 no. 3 bed apartments. We do not add any height premiums to account for the additional value associated with the proposed higher units but this is subsumed within this £360 overarching value. There will also be additional premiums associated with the properties overlooking Emirates Old Trafford which would achieve values above and beyond the £360 per sq ft that has been used within the appraisals included within this document.

3.7 Benchmark Land Value

3.7.1 The overall conclusion of the submitted viability information prepared by CW in relation to the adopted BLV is that the land value would be greater if the existing retail warehouse were refurbished and sold as a DIY store than if the site was developed to provide 333 no. residential units.

3.7.2 CW assume an EUV equating to £3,550,000 (£1,436,636 per gross acre) based on an alternative use value (AUV) approach. It is considered that this figure is overstated, the requirements for reliance on an AUV approach are not met and that the inputs do not bear scrutiny.

3.7.3 Continuum have undertaken an assessment of BLV following the EUV+ methodology using the rateable value as the passing rent and making appropriate assumptions in respect of yields and premium.

3.7.4 EUV Plus Methodology

3.7.5 CW have used an investment methodology to assess the existing use value of the subject site. Passing rent has been assessed based upon the VOA rateable value at 2015. Given the site has been vacant since January 2017 and is subject to a restrictive planning use limiting potential tenants to DIY retailers it is difficult to assess an accurate achievable rental level for the property, as such, the use of the rateable value of £5 per sq ft is considered an appropriate assumption.

3.7.6 As is referenced above the unit has been vacant since January 2017 and has been subject to a degree of obsolescence during its vacancy. Further, the building is in poor repair and would require significant refurbishment to attract a DIY retailer tenant to let the space. CW have not reflected the status of the building or the period it has been unoccupied within their assessment of EUV.

3.7.7 CW have adopted a net initial yield of 7% and used this figure to assess the capital value of the Former B&Q unit. CW present 3 no. transactions to support this figure as follows:

Address	Size sq ft	Passing Rent	WAULT	Yield
Mile Cross Lane, Norwich	44,923	£330,000 pa (fixed uplift to £365,000 pa in 2023)	9.5 years	6.38%
Sheep Street, Bicester	29,262	£200,000 pa	11 years	6.58%
Hulme High Street Retail Park	113,000	Multi-let	Multi-let	5.3%

3.7.8 Firstly, the two individual units referenced at Mile Cross Lane and Sheep Street are both occupied with unexpired lease terms of circa 10 years generating a substantial passing rent in both cases. The subject site has been vacant for over 4 years and therefore does not generate an annual revenue as an asset. This fundamental difference would be reflected in the yield achieved. Further, as the unit is unoccupied it does not benefit from ongoing maintenance which creates the threat of obsolescence. The transaction in respect of the multi-let retail park comprising 9 separate units at Hulme High Street is of little relevance to assessing an appropriate net initial yield for a single unit here.

3.7.9 Continuum consider that the yield adopted by CW is not representative of the situation of the site and does not give an accurate reflection of the investment value of the asset. The transactions provided by CW are not comparable to the subject site as they benefit from substantial passing rents which will drive much of the investment value. The Knight Frank Prime Yield Guide February 2021 proposes a yield of over 8.5% for Out of Town Retail (Secondary Bulky Goods Park) and this is before taking account of the sub prime isolated location of the retail unit, its current repair and that it has been vacant since 2016. As such, CW have overstated the EUV of the site by virtue of adopting a yield that is not reflective of the site's situation.

3.7.10 As is referenced in the initial review the premium of 50% adopted by CW is not supported by any data for example; Local Plan Viability Assessments, CIL Examinations or Planning Appeals. CW reiterate in their updated report that the assumption is "justified" based upon anecdotal references "commercial retail buildings" and "commercial potential". These references do not carry any weight when assessing financial viability in planning.

3.7.11 Whilst there is not a prescribed level of premium to represent a reasonable incentive for a reasonable landowner within the PPG (2019), Continuum have provided appeal decisions, High Court Decisions, CIL examinations and comparable site specific viability assessments where it is evident that there is an appropriate range. This is further supported by the GLA Homes for Londoners SPD (2017) which states that between 10 – 30% is a suitable range to provide sufficient incentive.

3.7.12 Whilst a viability consultant has to provide professional judgement as to the level of premium that is acceptable, as stated by CW, it is considered that their professional judgement in this instance has been misplaced.

3.7.13 Alternative Use Value

3.7.14 CW have used the alternative use value (AUV) method in order to establish BLV. The AUV method may by informative in the establishment of BLV as is set out in paragraph 17 of the PPG (2019). The EUV+ method should always be used in the first instance, this guidance is unequivocal, clear and now supported by the RICS guidance note on financial viability in planning (2021).

3.7.15 The PPG (2019) sets out criteria that must be fulfilled for the AUV method to be used:

- *"There is evidence that the alternative use would fully comply with up to date development plan policies;*
- *if it can be demonstrated that the alternative use could be implemented on the site in question;*
- *if it can be demonstrated there is market demand for that use; and*
- *if there is an explanation as to why the alternative use has not been pursued."*

3.7.16 CW have assumed that the existing unit can be refurbished and let at a rent of £10 per sq ft which does not appear to reflect a DIY use. They cite 2 no. rental transactions to support this assertion, the first at White City Retail Park to Wren Kitchen and the second to Carpetright in Salford.

3.7.17 B&Q Group achieved planning permission at the site in 1976 (ref: H/04717) for change of use from an entertainment centre to a DIY homes and garden centre. Condition 2 of the planning permission reads as follows:

> *"The premises shall be used as a "Do-it-Yourself" Homes and Garden centre for the supply of homes and garden materials and for no other purpose (including any other purpose in Class 1 of the Schedule to the Town and Country Planning (Use Classes) Order (1972)"*

3.7.18 The proposed alternate use would not appear to comply with the planning permission (ref: H/04717) for the site as the comparable data sourced by CW is not for "DIY homes and garden centres", as such a section 73 application would be required to amend or remove the existing condition. However, the site is identified for flatted residential development in the emerging CQ AAP. The CQ AAP provides the opportunity for higher density housing in appropriate locations, however densities will vary across the Civic Quarter Area. The site is identified on the illustrative masterplan for the Southern Neighbourhood as being appropriate for a low - medium density development at a maximum of 6 storeys. As such, use as a generic retail warehouse would not be in compliance with emerging and adopted development plan policies and so a section 73 permission cannot be assumed. CW would need to consider the impact of removing or amending the restrictive condition on other retail uses within the vicinity. It is understood that a sequential assessment and retail impact assessment would need to be satisfied and that in compliance with Policy W2 of Trafford's Core Strategy there is a presumption against the development of retail and that any development in retail warehouse parks should be limited to bulky comparison goods only.

3.7.19 Market demand has not been demonstrated by CW for the proposed use.

3.7.20 Finally, CW have not provided an explanation as to why the alternative use has not been pursued. Viewing the CW assessment from the landowner's perspective the refurbishment of the unit for retail use provides a greater return than residential development of the site. This is given that AUV is greater that the RLV of the site based on CW's assessment. In those circumstances, the landowner would have pursued the alternate use rather than the proposed scheme.

3.7.21 Continuum do not support the use of the AUV methodology is relation to the Former B&Q site. This is given the assessment does not comply with the PPG on viability (2019). As such, it is considered that this methodology should be disregarded from future assessment and the EUV+ method be used to establish an appropriate BLV for the site.

3.7.22 Assessment

3.7.23 Following the stipulations of the PPG (2019), in the first instance BLV should be assessed on a EUV+ a premium basis. CW have assessed EUV based using an investment valuation methodology capitalising an assumed passing rent by an assumed yield.

3.7.24 Continuum are in agreement with CW that due to the relative dearth of comparable DIY retail tenants in proximity to the subject site that the VOA provides an appropriate metric upon which to assume a passing rent.

3.7.25 The rateable value as referenced by CW was assessed by the VOA in 2017. B&Q vacated the site in March 2017 and since that time the site has remained vacant. It is understood following discussions with Trafford Council that the building has been subject to obsolescence and water ingress. It is considered that the impact of the deterioration of the asset should be accounted in the assessment of EUV given the site would require substantial refurbishment to bring it back into viable use.

3.7.26 The yield adopted by CW does not reflect the risk associated with acquiring the site to use as a DIY retail store. The unit is currently vacant, as such achieves zero in rental income and CW have not provided any evidence that there is any demand for retail warehouse restricted for DIY in this location. The fact that the unit has been vacant since early 2017 provides a useful gauge as to the pre-eminent demand for the use in this location.

3.7.27 It is considered that the yield in the range of 10 – 15% is more representative of current status of the site given the fact it has been vacant since 2016 and would require a process of repair for it to be lettable to the market. As such to establish a BLV a yield in the middle of this range has been used of 12.5%. Continuum have researched yields for comparable retail warehouse sales in the north west market that support this range which are included at **appendix 4**. It should also be noted that the comparable transactional data relates to occupied retail units that would serve to drive the achievable yield for referenced units.

3.7.28 The rateable value of the ground floor sales area as set out by the VOA, less the glasshouse and outdoor seating area, is £163,623 (**appendix 1**) this has been used as the passing rent. When capitalised at a yield of 12.5% a total capital value of £1,308,984 is achieved. Once purchaser's costs at 6.8% are taken into account the total EUV achieved is £1,219,973. It should be noted that this calculation does not include void or rent free periods which would be requirement in the market and would reduce the capital value of the asset.

3.7.29 The GLA homes for Londoners planning obligations SPD (2017) set an appropriate range for premium for brownfield land of between 10-30% this range has been supported at numerous planning appeals, Local Plan examinations and High Court cases. Given the sites situation within a strategic development location it is considered that a significant premium should be applied to the EUV reflecting an incentive to a reasonable landowner to establish a total BLV for the site.

3.7.30 On this basis a premium of 30% has been adopted which generates a total BLV of £1,585,965.

4. DIFFERENCES IN APPRAISALS

4.1 Cushman & Wakefield Appraisal, June 2020

4.1.1 CW have not included an updated appraisal despite making a number of concessions within the viability report submitted in support of the Appeal pursuant to the planning application at the Former B&Q. As such, for the purpose of comparison it is assumed that CW retain all of their assumptions as per their June 2020 appraisal.

4.1.2 The June 2020 appraisal included a provision of 10% affordable housing (34 units), reflecting a tenure mix of 50% social rent and 50% intermediate (shared ownership), and £1,069,270 of S106 contributions towards spatial green infrastructure, health, sports facilities, and highways as is shown on the below table.

S106 Contribution	Amount
Spatial Green Infrastructure	£316,558
Health	£399,307
Sports Facilities	£330,333
Highways	£23,072
Total	**£1,069,270**

4.1.3 CW have based their assessment on an area schedule produced by O'Connell East Architects. Following this schedule, CW have adopted a gross to net ratio of circa 69.1%. This would be considered sub optimal and have a negative impact upon the viability of the proposal. Apartments are usually built to gross to net ratio of circa 80 – 85%. A ratio in this range was used in the viability appraisals that supported the schemes at Botanical Avenue, Former Kelloggs and Former MKM House, all located within the Civic Quarter Area. The lower the gross to net ratio the lower the value generated when compared to cost which would impact negatively upon viability.

4.1.4 Given CW have not provided an updated appraisal, as part of this viability report Continuum have prepared an appraisal assuming the updated inputs as set out in viability report (November 2020) prepared by CW.

4.1.5 The primary change in the CW relates to the S106 contributions that they consider are viably deliverable at the site which have reduced from £1,069,270 to £403,947 (**appendix 5**).

4.2 Continuum Appraisal, August 2021

4.2.1 In the viability review prepared by Continuum in September 2020 a sensitivity analysis was undertaken on a step up basis in relation to the sales values assumed within the CW appraisal. The sensitivity analysis demonstrated that when adopted sales values more reflective of the site's situation that a significant viability surplus was generated in advance of the CW assumption of BLV whilst including a provision of 10% affordable housing.

4.2.2 As part of this viability report Continuum have undertaken a viability appraisal to assess the significant viability surplus that is achieved when assuming a provision of 10% affordable housing.

4.2.3 The majority of inputs are as per the CW appraisal though inputs have changed to reflect more appropriate assumptions in regard of the following elements:

- Sales Values;
- Commercial Profit;
- Benchmark Land Value

4.2.4 Whilst Continuum do not support the phasing approach followed by CW this assumption has been included at face value as it is considered that the updated cost plan prepared by Edmund Shipway submitted as part of this Appeal procedure requires independent review.

4.2.5 Continuum have used sales values which correspond with those used in the emerging CQ AAP viability study.

4.2.6 A profit margin of 15% of total costs has been used to account for the commercial elements proposed as part of the application.

4.2.7 CW adopted the following discounts for the proposed affordable units reflecting 55% of open market value (OMV) for the social rent units and 65% for the intermediate units. Continuum have adopted discounts of 50% for the affordable rent and 70% for the intermediate units. This assumption is the same as was agreed between parties during the Warburton Lane planning inquiry (ref: APP/Q4245/W/19/3243720).

4.2.8 The gross to net ratio used by CW of circa 69.1% has been included at face value though Continuum consider that this would represent a sub optimal development and if a more market facing gross to net assumption was made the proposed scheme would generate a significantly greater viability surplus.

4.2.9 CW have assumed the proposed retail/ café will be subject to a CIL charge of £10 per sq m which reflects the applicable charge for leisure uses in accordance with Trafford's adopted CIL charging schedule.

4.3 Differences in Appraisals

	CW June 2020	CW November 2020 (expected)	Continuum 10% AH
Gross Development Value	£72,748,254	£72,748,254	£77,425,282
Profit	£12,207,157	£12,207,157	£12,968,735
Abnormal Costs (inc. Fees/ Prelims/ Contingency)	£0	£0	£0
Residual Land Value	£3,482,000	£4,137,324	£6,177,171
Benchmark Land Value	£3,550,000	£3,550,000	£1,585,965
Viability surplus/deficit	-£68,000	£587,324	£4,591,206
CIL Liability	£4,437	£4,437	£4,437
S106 Contribution	£1,069,270	£403,947	£1,865,362
Affordable Housing	10% (34 units)	10% (34 units)	10% (34 units)

The above table sets out the key inputs and outputs of the two CW appraisals undertaken to date. The final Continuum appraisal sets out the "viability surplus" that can be achieved if the adopted sales values are more reflective of the sites situation and the values used in the emerging CQ AAP viability study.

4.4 Continuum 40% AH Appraisal

Continuum have followed the QC that advice that has been received in respect of the interpretation of Policy L2.12 relating the policy compliant level of affordable housing in the specified market location. I have concluded that the scheme “performs differently” in viability terms to generic residential development in the Old Trafford and as such should be determined via a site specific viability study and will not normally exceed 40%.

The appraisal included at **appendix 6** identifies a surplus when including a fixed quantum of 34 no. affordable units (10%). To assess the total quantum of affordable housing that can be provided up to a maximum of 40% this surplus needs to be converted into affordable units.

Continuum have prepared an appraisal (**appendix 7**) to assess whether the proposed scheme can sustain a contribution of 40% affordable housing, the top of the range set required by policy L2.12. Continuum have adopted the sales values reflective of those used in CQ AAP set out as **section 3.6** adopting an average market sales values of £360 per sq ft to assess the total number of affordable units that can be viably delivered at the site. The profit margin adopted reflects a blend between 17.5% of GDV for the market units, 15% of cost for the commercial elements and 6% of GDV for the affordable units. The remaining assumptions mirror the previous appraisals with the total S106 contribution as set out by Trafford Council and costs as per the Edmund Shipway cost plan submitted by CW.

A total of 134 no. affordable units (40% overall provision) have been included in the appraisal, on this basis a RLV of £3,092,917 is generated which reflects a viability surplus of £1,506,952. The following table highlights the key inputs and outputs of the appraisal:

	Continuum 40% AH Appraisal
Gross Development Value	£68,834,501
Profit	£9,905,285
Abnormal Costs (inc. Fees/ Prelims/ Contingency)	£0
Residual Land Value	£3,092,917
Benchmark Land Value	£1,585,965
Viability Surplus/Deficit	£1,506,952
CIL liability	£4,437
S106 Contribution	£1,865,362
Affordable Housing	40% (134 units)

By adopting an average sales value more reflective of the site’s situation adjacent to the world famous Emirates Old Trafford within a strategic residential regeneration area, adjacent to Old Trafford Tram station it can be demonstrated that the scheme can viably provide 134 no. affordable units and a policy compliant level of developer contributions as set out in paragraph 2.1.4.

5. CONCLUSIONS

Continuum are of the opinion that based upon the inputs used and assumptions made by CW that the proposed scheme will "perform differently in viability terms" to generic development within the Old Trafford specified market location. On this basis it is considered that in compliance with Policy L2 the viability of the proposed scheme should be assessed at the decision taking stage via a site specific appraisal and should be assessed to 40% affordable housing. This interpretation is now supported QC advise issued by barristers the most recent in June 2021.

The sales values adopted by CW of an average of £340 per sq ft are based solely on PDR conversions with the exception of Celestia Court in Whalley Range. The assumption is not considered the be representative of the achievable sales values at the site given its enviable location in the shadow of the Emirates Old Trafford and Old Trafford Tram station. It is considered that the sales values used in the Civic Quarter AAP viability study are more reflective of the subject scheme.

The methodology followed by CW to establish BLV using the AUV method does not comply with guidance contained within the PPG (2019) given the specifics of the site particularly the lack of compliance with adopted development plan and the existing restrictive condition. In the first instance BLV should be assessed using the EUV+ and premium approach. Continuum have undertaken an assessment following this method using the rateable value as the passing rent and making appropriate assumptions in regard of yields and applicable premium. The outcome of this approach is significantly less than the BLV adopted by CW.

CW have maintained the assumptions that all 333 no. proposed units will be delivered in one phase and provided an updated cost plan prepared by Edmund Shipway to support this assumption. Given Continuum are not cost consultants it is considered appropriate that this cost plan be independently reviewed by a suitably qualified professional. This will allow the objective assessment of the assumptions made by CW to ascertain whether they are appropriate for the proposed scheme.

Continuum have undertaken a sensitivity analysis using the majority of CW's inputs at face value including the inclusion of 10% affordable housing whilst making adjustments primarily to sales values and BLV. The outcome of this sensitivity analysis is a significant viability surplus which would allow the provision of a greater quantum of affordable housing and developer contributions. It has also been demonstrated that the scheme can viably provide 134 no. (40%) affordable units (**appendix 7**).

Appendix 1 – Valuation Office Agency Former B&Q

B & Q Plc, Great Stone Road, Stretford, Manchester, M32 0YP

1 April 2017 - present

Your rateable value is £178,000.00

This is not the amount you will pay.

Open all

Valuation information

How the valuation was calculated

Parts of the property

Floor	Description	Area m²/unit	Price per m²/unit	Value
Ground	Ground floor sales	3,030.06	£54.00	£163,623.00
Ground	Glasshouse	167.17	£15.00	£2,508.00
Ground	Outdoor display/seating area	1,422.44	£9.00	£12,802.00
Total		**4,619.67**		**£178,933.00**

Total value	**£178,933.00**

Appendix 2 – No.1 Old Trafford, Asking Price Values

Apartment	Bedrooms	Floor	Aspect	Total Size (sqft)	Price	Price per sqft
13.1	1	13	East	481	£211,500	£439.71
15.01	1	15	East	481	£215,500	£448.02
15.02	1	15	East	455	£204,500	£449.45
16.01	1	16	East	481	£217,500	£452.18
16.08	1	16	East	481	£217,500	£452.18
16.09	1	16	East	481	£217,500	£452.18
10.05	2	10	West	700	£285,000	£407.14
11.08	2	11	South/West	681	£288,000	£422.91
14.04	2	14	North/West	706	£302,000	£427.76
14.06	2	14	West	718	£303,000	£422.01
Average						**£437**

Appendix 3 – Continuum Viability Work in Trafford

No	Scheme	Planning Ref	Submission Date	Residential Units	Initial AH Offer %	Final AH Offer %	Final AH Units	Applicants Viability Consultant	TC Viability Consultant	Current Planning Status	Notes
1	Wharf Road	93153/FUL/17	Nov-17	99	0%	20%	20	Grasscroft	Continuum	Refused	
2	Bridgewater Road	93143/FUL/17	Dec-17	48	0%	20%	10	Grasscroft	Continuum	Refused	
3	Trafford Plaza	90711/FUL/17	Mar-17	174	0%	0%	0	Grasscroft	CBRE	Approved	Trebbi Overage Negotiations
4	Royal Canal Works	91948/FUL/17	Jul-17	47	0%	10%	5	Savills	Continuum	Approved	
5	52-78 Higher Street	91984/FUL/17	Dec-17	29	0%	20%	6	Resolve 106	Continuum	Withdrawn	
6	Regents Road	93153/FUL/17	Dec-17	70	0%	Overage	0	Grasscroft	Continuum	Refused	
7	One Trafford	90738/FUL/17	Mar-17	354	0%	0%	0	Paul Butler Associates	Savills	Approved	
8	Land Bound by Bridgewater Way (Cornbrook)	90991/FUL/17	Mar-17	363	0%	0%	0	Tim Claxton Property	Savills	Approved	
9	Pomona Island Phase 1	90799/FUL/17	Mar-17	216	0%	0%	0	Turleys	CBRE	Approved	
10	Pomona Island Phase 2	93779/FUL/18	Mar-18	526	0%	4.60%	24	Turleys	Continuum	Approved	£192,000 S106 initial offer, Extant Planning @ 0%, Permission. Fully compliant based on the additional units to the extant planning permission
11	Timperley Library	93987/FUL/18	Apr-18	29	0%	48%	14	Grasscroft	Continuum	Approved	
12	39 Talbot Road	94483/FUL/18	Jun-18	156	0%	Withdrawn	Withdrawn	Grasscroft	Continuum	Withdrawn	
13	Cross Street	94497/FUL/18	May-18	59	0%	Withdrawn	Withdrawn	CBRE	Continuum	Withdrawn	Council didn't like the scheme

14	Land at Railway Street (Nick's Bar)	95548/FUL/18	Aug-18	29	0%	31%	9	S106 Management/Grasscroft	Continuum	Approved	
15	Former B&Q	94974/OUT/18	Jun-18	440	5%	10%	44	Cushman & Wakefield	Continuum	Refused	
16	Heath Farm	94949/HYB/18	Jun-18	600	0%	16.70%	100	Savills	Continuum	Ongoing	Condition to provide 100 AH/ 16.7%
17	Itron	95723/FUL/18	Sep-18	282	0%	4.60%	13	Cushman & Wakefield	Continuum	Approved	VBC
18	The Square	94986/FUL/18	Jun-18	202	0%	10%	20	LSH	Continuum	Ongoing	
19	Warburton Lane	98031/OUT/19	Jun-19	400	0%	Ongoing	Ongoing	Cushman & Wakefield	Continuum	Appeal	
20	Elsinore Road	100270/FUL/20	Mar-20	380	0%	Ongoing	Ongoing	Roger Hannah	Continuum	Ongoing	
21	Former Kelloggs	99795/OUT/20	Jan-20	750	10%	Ongoing	Ongoing	Avison Young	Continuum	Ongoing	
22	86 Talbot Road	97705/VAR/19	May-19	90	0%	0%	0	Turleys	Continuum	Approved	Extant planning permission @ 0%
23	Carrington Village	99245/OUT/19	Nov-19	320	0%	10%	32	Cushman & Wakefield	Continuum	Approved	
24	City Road	94417/OUT/18	May-18	16	2%	Appeal Dismissed	Appeal Dismissed	Affordable Housing Consultancy	Continuum	Appeal Dismissed	
25	1-3 Old Crofts Bank	98110/FUL/19	Jun-19	24	0%	Withdrawn	Withdrawn	Section 106 Management	Continuum	Withdrawn	
26	Hall Lane, Partington	100109/FUL/20	Feb-20	156	0%	Ongoing	Ongoing	Grasscroft	Continuum	Ongoing	
27	House of Frazer, George Street	97241/FUL/19	Mar-19	61	0%	Withdrawn	Withdrawn	Savills	Continuum	Withdrawn	
28	Mayfield House	98438/FUL/19	Jul-19	29	0%	Ongoing	Ongoing	Garner Town Planning	Continuum	Ongoing	
29	Meadowside (Torbay Road)	93818/FUL/18	Feb-18	17	0%	6%	1	Section 106 Management	Continuum	Approved	
30	Robin Hood Hotel	98744/FUL/19	Sep-19	21	0%	Withdrawn	Withdrawn	Affordable Housing Consultancy	Continuum	Withdrawn	

31	Botanical Avenue	101044/FUL/20	Jul-20	149	0%	22%	33	Cushman & Wakefield	Continuum	Approved	
32	MKM House	101651/FUL/20	Sep-20	88	0%	10%	9	Avison Young	Continuum	Refused	

Appendix 4 – Retail Warehouse Comparable Data

Address	Submarket	Notes	Price	Size (sq ft)	Yield	Sale Date	Vendor
Pin Mill Brow, Manchester	Manchester	Let to Curry's PC World	£4,375,000	27,319	11.15%	Aug-20	Christs Hospital
North Road Retail Park, Preston	Preston	2 no. retail warehouse units let to Pure Gym and Evans Cycles	£1,630,000	21,539	12.55%	Aug-20	Deloitte
Manchester Road, Bolton	Bolton	Retail unit let to Halfords.	£1,550,000	14,994	10.48%	Jun-20	Trison Estates Ltd

Appendix 5 – CW Appraisal, November 2020, 10% AH (Expected)
Appendix 6 – Continuum Appraisal Surplus 10% AH
Appendix 7 – Continuum Appraisal Affordable Housing 40% AH
Appendix 8 – Christopher Katkowski QC Advice No.1
Appendix 9 – Christopher Katkowski QC Advice No.2
Appendix 10 – David Forsdick QC Advice

Former B&Q, Trafford
10% Affordable Housing
CW Assessment (Update)

Development Appraisal
Trebbi
31 August 2021

Former B&Q, Trafford
10% Affordable Housing
CW Assessment (Update)

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Residential	299	195,981	340.00	222,855	66,633,540
Car Parking	98	0	0.00	10,000	980,000
Commercial Retail	1	1,550	139.49	216,212	216,212
Commercial Cafe	1	1,937	192.34	372,566	372,566
Affordable Housing AR	17	11,142	187.00	122,562	2,083,554
Affordable Housing SO	17	11,142	221.00	144,846	2,462,382
Totals	**433**	**221,752**			**72,748,254**

NET REALISATION			**72,748,254**
OUTLAY			
ACQUISITION COSTS			
Residualised Price		2,784,256	
			2,784,256
Stamp Duty		128,713	
Effective Stamp Duty Rate	4.62%		
Agent Fee	1.20%	33,411	
Legal Fee	0.60%	16,706	
			178,829

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
Residential	288,004	135.82	39,116,703	
Affordable Housing AR	16,374	135.82	2,223,917	
Affordable Housing SO	16,374	135.82	2,223,917	
Totals	**320,752 ft²**		**43,564,537**	
Contingency		5.00%	2,178,227	
CIL			4,437	
				45,747,200

PROFESSIONAL FEES			
All Professional Fees	8.00%	3,485,163	
			3,485,163
DISPOSAL FEES			
Marketing	1.50%	1,017,446	
Sales Agent Fee	1.00%	682,023	
Sales Legal Fee	0.50%	363,741	
			2,063,211
Additional Costs			
S106 Costs		1,865,362	
			1,865,362
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		527,450	
Construction		3,394,044	
Other		495,581	
Total Finance Cost			4,417,075
TOTAL COSTS			**60,541,097**
PROFIT			
			12,207,157

Performance Measures

Profit on Cost%	20.16%
Profit on GDV%	16.78%
Profit on NDV%	16.78%
IRR% (without Interest)	19.91%
Profit Erosion (finance rate 6.000)	3 yrs 1 mth

Former B&Q, Trafford
10% Affordable Housing
CW Assessment (Update)

Detailed Cash flow Phase 1

	001:Feb 2020	002:Mar 2020	003:Apr 2020	004:May 2020	005:Jun 2020	006:Jul 2020	007:Aug 2020	008:Sep 2020	009:Oct 2020	010:Nov 2020	011:Dec 2020
Monthly B/F	0	(2,963,085)	(2,977,901)	(2,992,716)	(3,007,680)	(3,022,643)	(3,037,607)	(4,250,919)	(4,828,126)	(5,681,891)	(6,792,637)
Revenue											
Sale - Residential	0	0	0	0	0	0	0	0	0	0	0
Sale - Car Parking	0	0	0	0	0	0	0	0	0	0	0
Sale - Commercial Retail	0	0	0	0	0	0	0	0	0	0	0
Sale - Commercial Cafe	0	0	0	0	0	0	0	0	0	0	0
Sale - Affordable Housing AR	0	0	0	0	0	0	0	0	0	0	0
Sale - Affordable Housing SO	0	0	0	0	0	0	0	0	0	0	0
Disposal Costs											
Marketing	0	0	0	0	0	0	0	0	0	0	0
Sales Agent Fee	0	0	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0	0	0	0
Acquisition Costs											
Residualised Price	(2,784,256)	0	0	0	0	0	0	0	0	0	0
Stamp Duty	(128,713)	0	0	0	0	0	0	0	0	0	0
Agent Fee	(33,411)	0	0	0	0	0	0	0	0	0	0
Legal Fee	(16,706)	0	0	0	0	0	0	0	0	0	0
Construction Costs											
Con. - Residential	0	0	0	0	0	0	(207,397)	(441,822)	(659,367)	(860,030)	(1,043,811)
Con. - Affordable Housing AR	0	0	0	0	0	0	(11,791)	(25,119)	(37,487)	(48,896)	(59,344)
Con. - Affordable Housing SO	0	0	0	0	0	0	(11,791)	(25,119)	(37,487)	(48,896)	(59,344)
Contingency	0	0	0	0	0	0	(11,549)	(24,603)	(36,717)	(47,891)	(58,125)
CIL	0	0	0	0	0	0	(4,437)	0	0	0	0
Professional Fees											
All Professional Fees	0	0	0	0	0	0	(18,478)	(39,365)	(58,747)	(76,626)	(93,000)
Miscellaneous Costs											
S106 Costs	0	0	0	0	0	0	(932,681)	0	0	0	0
Net Cash Flow Before Finance	**(2,963,085)**	**0**	**0**	**0**	**0**	**0**	**(1,198,124)**	**(556,028)**	**(829,805)**	**(1,082,337)**	**(1,313,624)**
Debit Rate 6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	(14,815)	(14,815)	(14,964)	(14,964)	(14,964)	(15,188)	(21,179)	(23,959)	(28,409)	(33,821)
Net Cash Flow After Finance	**(2,963,085)**	**(14,815)**	**(14,815)**	**(14,964)**	**(14,964)**	**(14,964)**	**(1,213,312)**	**(577,207)**	**(853,764)**	**(1,110,747)**	**(1,347,446)**
Cumulative Net Cash Flow Monthly	(2,963,085)	(2,977,901)	(2,992,716)	(3,007,680)	(3,022,643)	(3,037,607)	(4,250,919)	(4,828,126)	(5,681,891)	(6,792,637)	(8,140,083)

Former B&Q, Trafford
10% Affordable Housing
CW Assessment (Update)

Detailed Cash flow Phase 1

012:Jan 2021	013:Feb 2021	014:Mar 2021	015:Apr 2021	016:May 2021	017:Jun 2021	018:Jul 2021	019:Aug 2021	020:Sep 2021	021:Oct 2021	022:Nov 2021	023:Dec 2021	024:Jan 2022
(8,140,083)	(9,704,139)	(11,465,123)	(13,402,222)	(15,495,027)	(17,723,887)	(20,067,321)	(22,504,604)	(25,016,228)	(27,579,930)	(30,174,665)	(32,781,151)	(35,376,263)
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,210,711)	(1,360,730)	(1,493,868)	(1,610,124)	(1,709,499)	(1,791,992)	(1,857,604)	(1,906,335)	(1,938,185)	(1,953,153)	(1,951,240)	(1,932,445)	(1,896,769)
(68,833)	(77,362)	(84,931)	(91,541)	(97,191)	(101,881)	(105,611)	(108,382)	(110,192)	(111,043)	(110,935)	(109,866)	(107,838)
(68,833)	(77,362)	(84,931)	(91,541)	(97,191)	(101,881)	(105,611)	(108,382)	(110,192)	(111,043)	(110,935)	(109,866)	(107,838)
(67,419)	(75,773)	(83,187)	(89,660)	(95,194)	(99,788)	(103,441)	(106,155)	(107,928)	(108,762)	(108,655)	(107,609)	(105,622)
0	0	0	0	0	0	0	0	0	0	0	0	0
(107,870)	(121,236)	(133,098)	(143,456)	(152,310)	(159,660)	(165,506)	(169,848)	(172,686)	(174,019)	(173,849)	(172,174)	(168,996)
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,523,666)	**(1,712,464)**	**(1,880,016)**	**(2,026,323)**	**(2,151,385)**	**(2,255,202)**	**(2,337,774)**	**(2,399,101)**	**(2,439,184)**	**(2,458,021)**	**(2,455,613)**	**(2,431,960)**	**(2,387,062)**
6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(40,389)	(48,521)	(57,083)	(66,483)	(77,475)	(88,232)	(99,508)	(112,523)	(124,519)	(136,714)	(150,873)	(163,151)	(175,311)
(1,564,056)	**(1,760,984)**	**(1,937,099)**	**(2,092,806)**	**(2,228,860)**	**(2,343,434)**	**(2,437,282)**	**(2,511,624)**	**(2,563,702)**	**(2,594,735)**	**(2,606,486)**	**(2,595,112)**	**(2,562,374)**
(9,704,139)	(11,465,123)	(13,402,222)	(15,495,027)	(17,723,887)	(20,067,321)	(22,504,604)	(25,016,228)	(27,579,930)	(30,174,665)	(32,781,151)	(35,376,263)	(37,938,637)

Former B&Q, Trafford
10% Affordable Housing
CW Assessment (Update)

Detailed Cash flow Phase 1

	025:Feb 2022	026:Mar 2022	027:Apr 2022	028:May 2022	029:Jun 2022	030:Jul 2022	031:Aug 2022	032:Sep 2022	033:Oct 2022	034:Nov 2022	035:Dec 2022	036:Jan 2023	037:Feb 2023
	(37,938,637)	(40,449,250)	(42,884,080)	(45,221,444)	(47,442,573)	(49,522,555)	(51,439,388)	(53,174,504)	(54,702,152)	(56,000,013)	(57,515,964)	(41,689,360)	(30,908,186)
	0	0	0	0	0	0	0	0	0	0	11,105,590	11,105,590	11,105,590
	0	0	0	0	0	0	0	0	0	0	163,333	163,333	163,333
	0	0	0	0	0	0	0	0	0	0	216,212	0	0
	0	0	0	0	0	0	0	0	0	0	372,566	0	0
	0	0	0	0	0	0	0	0	0	0	2,083,554	0	0
	0	0	0	0	0	0	0	0	0	0	2,462,382	0	0
	0	0	0	0	0	0	0	0	0	0	(172,277)	(169,034)	(169,034)
	0	0	0	0	0	0	0	0	0	0	(118,577)	(112,689)	(112,689)
	0	0	0	0	0	0	0	0	0	0	(82,018)	(56,345)	(56,345)
	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
	(1,844,212)	(1,774,773)	(1,688,453)	(1,585,252)	(1,465,169)	(1,328,205)	(1,174,360)	(1,003,633)	(816,025)	(611,536)	0	0	0
	(104,850)	(100,902)	(95,994)	(90,127)	(83,300)	(75,513)	(66,766)	(57,060)	(46,394)	(34,768)	0	0	0
	(104,850)	(100,902)	(95,994)	(90,127)	(83,300)	(75,513)	(66,766)	(57,060)	(46,394)	(34,768)	0	0	0
	(102,696)	(98,829)	(94,022)	(88,275)	(81,588)	(73,962)	(65,395)	(55,888)	(45,441)	(34,054)	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
	(164,313)	(158,126)	(150,435)	(141,240)	(130,542)	(118,339)	(104,631)	(89,420)	(72,705)	(54,486)	0	0	0
	0	0	0	0	0	0	0	0	0	(466,340)	0	0	0
	(2,320,920)	**(2,233,532)**	**(2,124,899)**	**(1,995,022)**	**(1,843,899)**	**(1,671,532)**	**(1,477,919)**	**(1,263,061)**	**(1,026,959)**	**(1,235,951)**	**16,030,765**	**10,930,856**	**10,930,856**
	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
	(189,693)	(201,298)	(212,465)	(226,107)	(236,082)	(245,302)	(257,197)	(264,587)	(270,902)	(280,000)	(204,162)	(149,681)	(98,196)
	(2,510,613)	**(2,434,830)**	**(2,337,365)**	**(2,221,129)**	**(2,079,981)**	**(1,916,833)**	**(1,735,116)**	**(1,527,648)**	**(1,297,861)**	**(1,515,951)**	**15,826,603**	**10,781,174**	**10,832,659**
	(40,449,250)	(42,884,080)	(45,221,444)	(47,442,573)	(49,522,555)	(51,439,388)	(53,174,504)	(54,702,152)	(56,000,013)	(57,515,964)	(41,689,360)	(30,908,186)	(20,075,527)

Former B&Q, Trafford
10% Affordable Housing
CW Assessment (Update)

Detailed Cash flow Phase 1

038:Mar 2023	039:Apr 2023	040:May 2023
(20,075,527)	(9,654,554)	1,276,301
11,105,590	11,105,590	11,105,590
163,333	163,333	163,333
0	0	0
0	0	0
0	0	0
0	0	0
(169,034)	(169,034)	(169,034)
(112,689)	(112,689)	(112,689)
(56,345)	(56,345)	(56,345)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
(466,341)	0	0
10,464,515	**10,930,856**	**10,930,856**
6.000%	6.000%	6.000%
0.000%	0.000%	0.000%
(43,542)	0	0
10,420,973	**10,930,856**	**10,930,856**
(9,654,554)	1,276,301	12,207,157

Former B&Q, Trafford
10% Affordable Housing
Continuum Assessment

Development Appraisal
Trebbi
31 August 2021

Former B&Q, Trafford
10% Affordable Housing
Continuum Assessment

Appraisal Summary for Phase 1

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Residential	299	195,981	360.00	235,964	70,553,160
Car Parking	98	0	0.00	15,000	1,470,000
Commercial Retail	1	1,550	139.49	216,212	216,212
Commercial Cafe	1	1,937	192.34	372,566	372,566
Affordable Housing AR	17	11,142	180.00	117,974	2,005,560
Affordable Housing SO	17	11,142	252.00	165,164	2,807,784
Totals	**433**	**221,752**			**77,425,282**
NET REALISATION				**77,425,282**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			6,177,171		
				6,177,171	
Stamp Duty			298,359		
Effective Stamp Duty Rate		4.83%			
Agent Fee		1.20%	74,126		
Legal Fee		0.60%	37,063		
				409,548	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Residential	288,004	135.82	39,116,703		
Affordable Housing AR	16,374	135.82	2,223,917		
Affordable Housing SO	16,374	135.82	2,223,917		
Totals	**320,752 ft²**		**43,564,537**		
Contingency		5.00%	2,178,227		
CIL			4,437		
				45,747,200	
PROFESSIONAL FEES					
All Professional Fees		8.00%	3,485,163		
				3,485,163	
DISPOSAL FEES					
Marketing		1.50%	1,089,179		
Sales Agent Fee		1.00%	726,119		
Sales Legal Fee	333 un	650.00 /un	216,450		
				2,031,748	
Additional Costs					
S106 Costs			1,865,362		
				1,865,362	
FINANCE					
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)					
Land			1,164,304		
Construction			3,044,148		
Other			531,903		
Total Finance Cost				4,740,355	
TOTAL COSTS				**64,456,547**	
PROFIT					
				12,968,735	
Performance Measures					
Profit on Cost%		20.12%			
Profit on GDV%		16.75%			
Profit on NDV%		16.75%			
IRR% (without Interest)		19.61%			
Profit Erosion (finance rate 6.000)		3 yrs 1 mth			

Former B&Q, Trafford
10% Affordable Housing
Continuum Assessment

Detailed Cash flow Phase 1 **Page A 1**

	001:Feb 2020	002:Mar 2020	003:Apr 2020	004:May 2020	005:Jun 2020	006:Jul 2020	007:Aug 2020	008:Sep 2020	009:Oct 2020	010:Nov 2020	011:Dec 2020
Monthly B/F	0	(6,586,719)	(6,619,652)	(6,652,586)	(6,685,849)	(6,719,112)	(6,752,375)	(6,710,172)	(7,213,233)	(7,992,421)	(9,028,339)
Revenue											
Sale - Residential	0	0	0	0	0	0	0	0	0	0	0
Sale - Car Parking	0	0	0	0	0	0	0	0	0	0	0
Sale - Commercial Retail	0	0	0	0	0	0	0	0	0	0	0
Sale - Commercial Cafe	0	0	0	0	0	0	0	0	0	0	0
Sale - Affordable Housing AR	0	0	0	0	0	0	537,203	35,813	35,813	35,813	35,813
Sale - Affordable Housing SO	0	0	0	0	0	0	752,085	50,139	50,139	50,139	50,139
Disposal Costs											
Marketing	0	0	0	0	0	0	0	0	0	0	0
Sales Agent Fee	0	0	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	(21,645)	0	0	0	0
Acquisition Costs											
Residualised Price	(6,177,171)	0	0	0	0	0	0	0	0	0	0
Stamp Duty	(298,359)	0	0	0	0	0	0	0	0	0	0
Agent Fee	(74,126)	0	0	0	0	0	0	0	0	0	0
Legal Fee	(37,063)	0	0	0	0	0	0	0	0	0	0
Construction Costs											
Con. - Residential	0	0	0	0	0	0	(207,397)	(441,822)	(659,367)	(860,030)	(1,043,811)
Con. - Affordable Housing AR	0	0	0	0	0	0	(11,791)	(25,119)	(37,487)	(48,896)	(59,344)
Con. - Affordable Housing SO	0	0	0	0	0	0	(11,791)	(25,119)	(37,487)	(48,896)	(59,344)
Contingency	0	0	0	0	0	0	(11,549)	(24,603)	(36,717)	(47,891)	(58,125)
CIL	0	0	0	0	0	0	(4,437)	0	0	0	0
Professional Fees											
All Professional Fees	0	0	0	0	0	0	(18,478)	(39,365)	(58,747)	(76,626)	(93,000)
Miscellaneous Costs											
S106 Costs	0	0	0	0	0	0	(932,681)	0	0	0	0
Net Cash Flow Before Finance	**(6,586,719)**	**0**	**0**	**0**	**0**	**0**	**69,518**	**(470,076)**	**(743,853)**	**(996,385)**	**(1,227,673)**
Debit Rate 6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	(32,934)	(32,934)	(33,263)	(33,263)	(33,263)	(27,315)	(32,985)	(35,335)	(39,532)	(44,514)
Net Cash Flow After Finance	**(6,586,719)**	**(32,934)**	**(32,934)**	**(33,263)**	**(33,263)**	**(33,263)**	**42,203**	**(503,061)**	**(779,188)**	**(1,035,918)**	**(1,272,187)**
Cumulative Net Cash Flow Monthly	(6,586,719)	(6,619,652)	(6,652,586)	(6,685,849)	(6,719,112)	(6,752,375)	(6,710,172)	(7,213,233)	(7,992,421)	(9,028,339)	(10,300,526)

Former B&Q, Trafford
10% Affordable Housing
Continuum Assessment

Detailed Cash flow Phase 1

012:Jan 2021	013:Feb 2021	014:Mar 2021	015:Apr 2021	016:May 2021	017:Jun 2021	018:Jul 2021	019:Aug 2021	020:Sep 2021	021:Oct 2021	022:Nov 2021	023:Dec 2021	024:Jan 2022
(10,300,526)	(11,788,893)	(13,473,919)	(15,334,630)	(17,350,619)	(19,502,375)	(21,768,276)	(24,127,595)	(26,560,952)	(29,045,958)	(31,561,567)	(34,088,606)	(36,603,841)
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
35,813	35,813	35,813	35,813	35,813	35,813	35,813	35,813	35,813	35,813	35,813	35,813	35,813
50,139	50,139	50,139	50,139	50,139	50,139	50,139	50,139	50,139	50,139	50,139	50,139	50,139
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,210,711)	(1,360,730)	(1,493,868)	(1,610,124)	(1,709,499)	(1,791,992)	(1,857,604)	(1,906,335)	(1,938,185)	(1,953,153)	(1,951,240)	(1,932,445)	(1,896,769)
(68,833)	(77,362)	(84,931)	(91,541)	(97,191)	(101,881)	(105,611)	(108,382)	(110,192)	(111,043)	(110,935)	(109,866)	(107,838)
(68,833)	(77,362)	(84,931)	(91,541)	(97,191)	(101,881)	(105,611)	(108,382)	(110,192)	(111,043)	(110,935)	(109,866)	(107,838)
(67,419)	(75,773)	(83,187)	(89,660)	(95,194)	(99,788)	(103,441)	(106,155)	(107,928)	(108,762)	(108,655)	(107,609)	(105,622)
0	0	0	0	0	0	0	0	0	0	0	0	0
(107,870)	(121,236)	(133,098)	(143,456)	(152,310)	(159,660)	(165,506)	(169,848)	(172,686)	(174,019)	(173,849)	(172,174)	(168,996)
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,437,715)	**(1,626,512)**	**(1,794,064)**	**(1,940,371)**	**(2,065,433)**	**(2,169,250)**	**(2,251,822)**	**(2,313,149)**	**(2,353,232)**	**(2,372,069)**	**(2,369,661)**	**(2,346,008)**	**(2,301,111)**
6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(50,653)	(58,515)	(66,647)	(75,618)	(86,323)	(96,650)	(107,497)	(120,208)	(131,774)	(143,540)	(157,378)	(169,226)	(180,956)
(1,488,367)	**(1,685,026)**	**(1,860,711)**	**(2,015,988)**	**(2,151,756)**	**(2,265,901)**	**(2,359,319)**	**(2,433,358)**	**(2,485,006)**	**(2,515,609)**	**(2,527,039)**	**(2,515,235)**	**(2,482,067)**
(11,788,893)	(13,473,919)	(15,334,630)	(17,350,619)	(19,502,375)	(21,768,276)	(24,127,595)	(26,560,952)	(29,045,958)	(31,561,567)	(34,088,606)	(36,603,841)	(39,085,908)

Former B&Q, Trafford
10% Affordable Housing
Continuum Assessment

Detailed Cash flow Phase 1

025:Feb 2022	026:Mar 2022	027:Apr 2022	028:May 2022	029:Jun 2022	030:Jul 2022	031:Aug 2022	032:Sep 2022	033:Oct 2022	034:Nov 2022	035:Dec 2022	036:Jan 2023	037:Feb 2023
(39,085,908)	(41,515,875)	(43,869,630)	(46,125,490)	(48,264,758)	(50,262,448)	(52,096,560)	(53,748,576)	(55,192,693)	(56,406,594)	(57,838,191)	(44,608,304)	(33,097,528)
0	0	0	0	0	0	0	0	0	0	11,758,860	11,758,860	11,758,860
0	0	0	0	0	0	0	0	0	0	245,000	245,000	245,000
0	0	0	0	0	0	0	0	0	0	216,212	0	0
0	0	0	0	0	0	0	0	0	0	372,566	0	0
35,813	35,813	35,813	35,813	35,813	35,813	35,815	35,815	35,815	35,815	501,390	0	0
50,139	50,139	50,139	50,139	50,139	50,139	50,141	50,141	50,141	50,141	701,946	0	0
0	0	0	0	0	0	0	0	0	0	(188,890)	(180,058)	(180,058)
0	0	0	0	0	0	0	0	0	0	(125,926)	(120,039)	(120,039)
0	0	0	0	0	0	0	0	0	0	(32,468)	(32,468)	(32,468)
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,844,212)	(1,774,773)	(1,688,453)	(1,585,252)	(1,465,169)	(1,328,205)	(1,174,360)	(1,003,633)	(816,025)	(611,536)	0	0	0
(104,850)	(100,902)	(95,994)	(90,127)	(83,300)	(75,513)	(66,766)	(57,060)	(46,394)	(34,768)	0	0	0
(104,850)	(100,902)	(95,994)	(90,127)	(83,300)	(75,513)	(66,766)	(57,060)	(46,394)	(34,768)	0	0	0
(102,696)	(98,829)	(94,022)	(88,275)	(81,588)	(73,962)	(65,395)	(55,888)	(45,441)	(34,054)	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(164,313)	(158,126)	(150,435)	(141,240)	(130,542)	(118,339)	(104,631)	(89,420)	(72,705)	(54,486)	0	0	0
0	0	0	0	0	0	0	0	0	(466,340)	0	0	0
(2,234,968)	**(2,147,580)**	**(2,038,948)**	**(1,909,070)**	**(1,757,947)**	**(1,585,580)**	**(1,391,962)**	**(1,177,105)**	**(941,002)**	**(1,149,995)**	**13,448,691**	**11,671,296**	**11,671,296**
6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(195,000)	(206,175)	(216,913)	(230,198)	(239,743)	(248,533)	(260,053)	(267,013)	(272,898)	(281,603)	(218,803)	(160,520)	(105,468)
(2,429,968)	**(2,353,755)**	**(2,255,860)**	**(2,139,268)**	**(1,997,690)**	**(1,834,112)**	**(1,652,015)**	**(1,444,117)**	**(1,213,900)**	**(1,431,598)**	**13,229,887**	**11,510,776**	**11,565,828**
(41,515,875)	(43,869,630)	(46,125,490)	(48,264,758)	(50,262,448)	(52,096,560)	(53,748,576)	(55,192,693)	(56,406,594)	(57,838,191)	(44,608,304)	(33,097,528)	(21,531,700)

Former B&Q, Trafford
10% Affordable Housing
Continuum Assessment

Detailed Cash flow Phase 1

038:Mar 2023	039:Apr 2023	040:May 2023
(21,531,700)	(10,373,857)	1,297,439
11,758,860	11,758,860	11,758,860
245,000	245,000	245,000
0	0	0
0	0	0
0	0	0
0	0	0
(180,058)	(180,058)	(180,058)
(120,039)	(120,039)	(120,039)
(32,468)	(32,468)	(32,468)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
(466,341)	0	0
11,204,955	**11,671,296**	**11,671,296**
6.000%	6.000%	6.000%
0.000%	0.000%	0.000%
(47,112)	0	0
11,157,843	**11,671,296**	**11,671,296**
(10,373,857)	1,297,439	12,968,735

Former B&Q, Trafford
40% Affordable Appraisal
Continuum Assessment

Development Appraisal
Trebbi
31 August 2021

Former B&Q, Trafford
40% Affordable Appraisal
Continuum Assessment

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	199	134,076	361.05	243,259	48,408,614
Car Parking	98	0	0.00	15,000	1,470,000
Commercial Retail	1	1,550	139.49	216,212	216,212
Commercial Cafe	1	1,937	192.34	372,566	372,566
Affordable Housing AR	67	41,517	180.58	111,898	7,497,180
Affordable Housing SO	67	43,024	252.65	162,238	10,869,929
Totals	**433**	**222,104**			**68,834,501**

NET REALISATION				**68,834,501**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			3,092,917	
				3,092,917
Stamp Duty			144,146	
Effective Stamp Duty Rate		4.66%		
Agent Fee		1.20%	37,115	
Legal Fee		0.60%	18,558	
				199,818

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Residential	197,031	135.82	26,760,814	
Affordable Housing AR	61,012	135.82	8,286,694	
Affordable Housing SO	63,227	135.82	8,587,488	
Totals	**321,271 ft²**		**43,634,996**	
Contingency		5.00%	2,181,750	
CIL			4,437	
				45,821,183

PROFESSIONAL FEES				
All Professional Fees		8.00%	3,490,800	
				3,490,800
DISPOSAL FEES				
Marketing		1.50%	757,011	
Sales Agent Fee		1.00%	504,674	
Sales Legal Fee	333 un	650.00 /un	216,450	
				1,478,135
Additional Costs				
S106 Costs			1,865,362	
				1,865,362
FINANCE				
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)				
Land			487,115	
Construction			2,146,627	
Other			347,259	
Total Finance Cost				2,981,001
TOTAL COSTS				**58,929,216**
PROFIT				
				9,905,285

Performance Measures

Profit on Cost%	16.81%
Profit on GDV%	14.39%
Profit on NDV%	14.39%
IRR% (without Interest)	22.20%
Profit Erosion (finance rate 6.000)	2 yrs 7 mths

Former B&Q, Trafford
40% Affordable Appraisal
Continuum Assessment

Detailed Cash flow Phase 1

	001:Feb 2020	002:Mar 2020	003:Apr 2020	004:May 2020	005:Jun 2020	006:Jul 2020	007:Aug 2020	008:Sep 2020	009:Oct 2020	010:Nov 2020	011:Dec 2020
Monthly B/F	0	(3,292,736)	(3,309,199)	(3,325,663)	(3,342,291)	(3,358,920)	(3,375,548)	259,084	30,138	(473,028)	(1,229,860)
Revenue											
Sale - Residential	0	0	0	0	0	0	0	0	0	0	0
Sale - Car Parking	0	0	0	0	0	0	0	0	0	0	0
Sale - Commercial Retail	0	0	0	0	0	0	0	0	0	0	0
Sale - Commercial Cafe	0	0	0	0	0	0	0	0	0	0	0
Sale - Affordable Housing AR	0	0	0	0	0	0	2,008,172	133,877	133,877	133,877	133,877
Sale - Affordable Housing SO	0	0	0	0	0	0	2,911,587	194,104	194,104	194,104	194,104
Disposal Costs											
Marketing	0	0	0	0	0	0	0	0	0	0	0
Sales Agent Fee	0	0	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	(86,580)	0	0	0	0
Acquisition Costs											
Residualised Price	(3,092,917)	0	0	0	0	0	0	0	0	0	0
Stamp Duty	(144,146)	0	0	0	0	0	0	0	0	0	0
Agent Fee	(37,115)	0	0	0	0	0	0	0	0	0	0
Legal Fee	(18,558)	0	0	0	0	0	0	0	0	0	0
Construction Costs											
Con. - Residential	0	0	0	0	0	0	(141,886)	(302,263)	(451,091)	(588,370)	(714,100)
Con. - Affordable Housing AR	0	0	0	0	0	0	(43,936)	(93,598)	(139,684)	(182,193)	(221,127)
Con. - Affordable Housing SO	0	0	0	0	0	0	(45,531)	(96,995)	(144,754)	(188,807)	(229,153)
Contingency	0	0	0	0	0	0	(11,568)	(24,643)	(36,776)	(47,968)	(58,219)
CIL	0	0	0	0	0	0	(4,437)	0	0	0	0
Professional Fees											
All Professional Fees	0	0	0	0	0	0	(18,508)	(39,429)	(58,842)	(76,750)	(93,150)
Miscellaneous Costs											
S106 Costs	0	0	0	0	0	0	(932,681)	0	0	0	0
Net Cash Flow Before Finance	**(3,292,736)**	**0**	**0**	**0**	**0**	**0**	**3,634,632**	**(228,946)**	**(503,166)**	**(756,106)**	**(987,768)**
Debit Rate 6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	(16,464)	(16,464)	(16,628)	(16,628)	(16,628)	0	0	0	(725)	(4,506)
Net Cash Flow After Finance	**(3,292,736)**	**(16,464)**	**(16,464)**	**(16,628)**	**(16,628)**	**(16,628)**	**3,634,632**	**(228,946)**	**(503,166)**	**(756,832)**	**(992,273)**
Cumulative Net Cash Flow Monthly	(3,292,736)	(3,309,199)	(3,325,663)	(3,342,291)	(3,358,920)	(3,375,548)	259,084	30,138	(473,028)	(1,229,860)	(2,222,133)

Former B&Q, Trafford
40% Affordable Appraisal
Continuum Assessment

Detailed Cash flow Phase 1

012:Jan 2021	013:Feb 2021	014:Mar 2021	015:Apr 2021	016:May 2021	017:Jun 2021	018:Jul 2021	019:Aug 2021	020:Sep 2021	021:Oct 2021	022:Nov 2021	023:Dec 2021	024:Jan 2022
(2,222,133)	(3,429,727)	(4,832,487)	(6,410,007)	(8,141,846)	(10,007,798)	(11,986,870)	(14,058,302)	(16,201,954)	(18,396,127)	(20,619,744)	(22,852,806)	(25,072,835)
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
133,877	133,877	133,877	133,877	133,877	133,877	133,877	133,877	133,877	133,877	133,877	133,877	133,877
194,104	194,104	194,104	194,104	194,104	194,104	194,104	194,104	194,104	194,104	194,104	194,104	194,104
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(828,281)	(930,913)	(1,021,996)	(1,101,530)	(1,169,515)	(1,225,951)	(1,270,838)	(1,304,176)	(1,325,966)	(1,336,206)	(1,334,897)	(1,322,039)	(1,297,632)
(256,484)	(288,264)	(316,469)	(341,097)	(362,149)	(379,625)	(393,525)	(403,848)	(410,596)	(413,766)	(413,361)	(409,380)	(401,822)
(265,794)	(298,728)	(327,956)	(353,479)	(375,295)	(393,405)	(407,809)	(418,507)	(425,500)	(428,786)	(428,366)	(424,239)	(416,407)
(67,528)	(75,895)	(83,321)	(89,805)	(95,348)	(99,949)	(103,609)	(106,327)	(108,103)	(108,938)	(108,831)	(107,783)	(105,793)
0	0	0	0	0	0	0	0	0	0	0	0	0
(108,045)	(121,432)	(133,314)	(143,688)	(152,557)	(159,919)	(165,774)	(170,123)	(172,965)	(174,301)	(174,130)	(172,453)	(169,269)
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,198,149)	**(1,387,252)**	**(1,555,075)**	**(1,701,619)**	**(1,826,883)**	**(1,930,868)**	**(2,013,574)**	**(2,075,000)**	**(2,115,147)**	**(2,134,015)**	**(2,131,603)**	**(2,107,912)**	**(2,062,942)**
6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(9,445)	(15,509)	(22,445)	(30,220)	(39,069)	(48,204)	(57,858)	(68,652)	(79,027)	(89,602)	(101,459)	(112,117)	(122,656)
(1,207,594)	**(1,402,760)**	**(1,577,520)**	**(1,731,839)**	**(1,865,952)**	**(1,979,072)**	**(2,071,432)**	**(2,143,652)**	**(2,194,174)**	**(2,223,617)**	**(2,233,062)**	**(2,220,029)**	**(2,185,598)**
(3,429,727)	(4,832,487)	(6,410,007)	(8,141,846)	(10,007,798)	(11,986,870)	(14,058,302)	(16,201,954)	(18,396,127)	(20,619,744)	(22,852,806)	(25,072,835)	(27,258,434)

Former B&Q, Trafford
40% Affordable Appraisal
Continuum Assessment

Detailed Cash flow Phase 1

025:Feb 2022	026:Mar 2022	027:Apr 2022	028:May 2022	029:Jun 2022	030:Jul 2022	031:Aug 2022	032:Sep 2022	033:Oct 2022	034:Nov 2022	035:Dec 2022	036:Jan 2023	037:Feb 2023
(27,258,434)	(29,389,778)	(31,443,577)	(33,398,113)	(35,233,731)	(36,926,332)	(38,453,883)	(39,796,821)	(40,930,317)	(41,832,013)	(42,948,729)	(29,845,501)	(21,867,765)
0	0	0	0	0	0	0	0	0	0	8,068,102	8,068,102	8,068,102
0	0	0	0	0	0	0	0	0	0	245,000	245,000	245,000
0	0	0	0	0	0	0	0	0	0	216,212	0	0
0	0	0	0	0	0	0	0	0	0	372,566	0	0
133,877	133,877	133,877	133,877	133,877	133,877	133,885	133,885	133,885	133,885	1,874,295	0	0
194,104	194,104	194,104	194,104	194,104	194,104	194,115	194,115	194,115	194,115	2,717,482	0	0
0	0	0	0	0	0	0	0	0	0	(133,528)	(124,697)	(124,697)
0	0	0	0	0	0	0	0	0	0	(89,019)	(83,131)	(83,131)
0	0	0	0	0	0	0	0	0	0	(21,645)	(21,645)	(21,645)
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(1,261,676)	(1,214,171)	(1,155,117)	(1,084,515)	(1,002,363)	(908,662)	(803,412)	(686,613)	(558,266)	(418,369)	0	0	0
(390,688)	(375,978)	(357,691)	(335,828)	(310,389)	(281,374)	(248,783)	(212,615)	(172,871)	(129,551)	0	0	0
(404,869)	(389,625)	(370,675)	(348,018)	(321,656)	(291,588)	(257,813)	(220,333)	(179,146)	(134,254)	0	0	0
(102,862)	(98,989)	(94,174)	(88,418)	(81,720)	(74,081)	(65,500)	(55,978)	(45,514)	(34,109)	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
(164,579)	(158,382)	(150,679)	(141,469)	(130,753)	(118,530)	(104,801)	(89,565)	(72,823)	(54,574)	0	0	0
0	0	0	0	0	0	0	0	0	(466,340)	0	0	0
(1,996,692)	**(1,909,163)**	**(1,800,355)**	**(1,670,267)**	**(1,518,900)**	**(1,346,254)**	**(1,152,309)**	**(937,104)**	**(700,620)**	**(909,196)**	**13,249,466**	**8,083,630**	**8,083,630**
6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(134,652)	(144,636)	(154,182)	(165,351)	(173,702)	(181,296)	(190,629)	(196,391)	(201,076)	(207,520)	(146,238)	(105,893)	(67,773)
(2,131,344)	**(2,053,799)**	**(1,954,536)**	**(1,835,618)**	**(1,692,602)**	**(1,527,550)**	**(1,342,939)**	**(1,133,495)**	**(901,696)**	**(1,116,716)**	**13,103,228**	**7,977,737**	**8,015,856**
(29,389,778)	(31,443,577)	(33,398,113)	(35,233,731)	(36,926,332)	(38,453,883)	(39,796,821)	(40,930,317)	(41,832,013)	(42,948,729)	(29,845,501)	(21,867,765)	(13,851,908)

Former B&Q, Trafford
40% Affordable Appraisal
Continuum Assessment

Detailed Cash flow Phase 1

038:Mar 2023	039:Apr 2023	040:May 2023
(13,851,908)	(6,261,975)	1,821,655
8,068,102	8,068,102	8,068,102
245,000	245,000	245,000
0	0	0
0	0	0
0	0	0
0	0	0
(124,697)	(124,697)	(124,697)
(83,131)	(83,131)	(83,131)
(21,645)	(21,645)	(21,645)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
(466,341)	0	0
7,617,289	**8,083,630**	**8,083,630**
6.000%	6.000%	6.000%
0.000%	0.000%	0.000%
(27,355)	0	0
7,589,934	**8,083,630**	**8,083,630**
(6,261,975)	1,821,655	9,905,285

Former B&Q Site, Old Trafford

ADVICE

1. I am asked to advise Trafford Council on various matters arising from a dispute between the Council and Accrue, the applicant for planning permission to redevelop the former B&Q Site, Old Trafford with 333 apartments, as to whether a site specific viability study is required to be submitted by the Applicant in order for the Council to validate the application. The background facts and circumstances, which are set out in my Instructions dated 12th June 2020 and the documents referred to in them, are well-known to those who will read this and so there is no need for me to summarise them here.

2. I will address the fundamental issue that the Council and the Applicant disagree about first before then working my way through the specific questions asked of me in paragraph 10 of my Instructions.

What does the 4th bullet point of Policy L2.12 in the 2012 Trafford Local Plan Core Strategy mean?

3. Policy L2.12 concerns affordable housing and the relevant part of the 4th bullet point in the policy reads as follows, with emphasis added:
    - "…in areas where **the nature of the development** is such that, **in viability terms**, **it will perform differently to generic developments within a specified market location** the affordable housing contribution will be determined via a site specific viability study, and will not normally exceed 40%."

4. An email from Debra Harrison, Major Planning Projects Officer at the Council to the Applicant's planning consultant (Matt Hard) dated 20th April 2020 explains that the Council considers "generic development" (sic – the actual wording is "generic developments") refers to "the housing stock which existed at the time of the adoption of the Core Strategy".

5. An Opinion dated 28th May 2020 written by Alexander Booth QC on behalf of the Applicant disagrees and suggests instead that "generic developments" means "the typical, (i.e. "generic") development currently coming forward in that location."[1]

6. Thus, the dispute is whether "generic developments" means (1.) existing housing stock in the area as at 2012, or (2) typical developments that have come forward / are coming forward in the area.

7. The meaning of the policy is to be found in the words it contains. The supporting text in the Plan might help. Other documents, such as an SPD, and how the Council has construed the words in other cases, and what the Council thought at the time of writing the words were meant by them, are all beside the point. What matters is the meaning of the words used.

8. In my opinion, **the Council's interpretation** (as set out in paragraphs 4 and 6 (1) above) **is untenable**. The words used in the policy do not explicitly refer to existing housing stock in the area as at 2012 nor is there anything in the words used which convey this meaning by implication. The same can be said of paragraph 11.18 of the supporting text which refers to "sites that, in economic viability terms, appeared to out-perform their generic market location expectation." In my opinion, **the words used in the policy refer to development schemes in the area**; that this is so is reinforced by the reference in the policy to a comparison "in viability terms" which to my mind would be incomprehensible unless the comparison is between the viability of the proposed development and what has typically (or generally) been brought forward in the area in question.

9. With this in mind I will turn now to the questions asked in paragraph 10 of my Instructions other than <u>Qii</u> which I have already answered.

10. <u>Qi.</u> Given what I have said about the meaning of the policy, the Council was wrong not to validate the application. It would seem sensible for the Council to notify the

[1] Opinion paragraph 25

Applicant that having taken advice, the Council no longer requires a site-specific viability study to be submitted in order to validate the application. If the Applicant does send an Article 12 (1)[2] notice to the Council, I would advise the Council to notify the Applicant under Article 12(3)(i) that the Council no longer requires the Applicant to provide the study.

11. Qiii. I do not consider that the Council has treated the Applicant unfairly. The Council has simply relied on an interpretation of the policy in question; the Council's interpretation is wrong but being wrong is not the same as being unfair. I cannot see any basis for a legal challenge against the Council on any such ground and in any event the point would fall away entirely should the Council follow my advice in paragraph 10 above.

12. Qiv. I do not consider that the Council has sought to frustrate development on the site. I cannot see any basis for a legal challenge against the Council on any such ground and in any event the point would fall away entirely should the Council follow my advice in paragraph 10 above.

13. Qv. I do not consider that the Council should be concerned about its approach to considering the planning application on the Kellogg's site.

14. In my opinion, the points made by the Applicant alleging unfairness by the Council, that the Council is seeking to frustrate the redevelopment of the Site and that the Council acted differently in dealing with the Kellogg's site application are huff and puff and simply distract from the one point in the case, which is what does the policy mean. I have given my opinion on this.

Christopher Katkowski QC

16th June 2020

Landmark Chambers

180 Fleet Street, London EC4A 2HG

[2] T&CP (DMP) (England) Order 2015

Former B&Q Site, Old Trafford

ADVICE No. 2

1. My 1st Advice concerning the meaning of the 4th bullet point in Policy L2.12 of the Trafford Local Plan Core Strategy is dated 16th June 2020. By email dated 18th June, the Council has asked me 3 follow-up questions. I will answer each in turn.

2. Qi. raises the conundrum of how is the Council going to be able to tell whether a proposed development would "perform differently to generic developments" in the area in question without a site-specific viability study? To my mind, the question – which is a very good one – demonstrates how poorly worded this part of the policy is; it would have been easy to word the policy so that a site-specific viability study was required in all cases in order to demonstrate *whether* the proposed development would perform differently but the policy does not say this. The consequence of this is that given that applicants are hardly likely to volunteer a site-specific viability study, it falls to the Council to have some basis upon which to require one. What might that basis be? It seems to me that the only way in which the Council would be able to approach this would be by seeking advice from a viability expert appointed by the Council in any case in which the Council had reason to believe or suspected that the proposed development would perform differently[1]; any viability expert worth their salt should be able to give a view as to whether a proposed development would perform differently; if such advice was received, then the Council would have a sound basis upon which to require a site-specific viability study. This process would take time and so I consider that it would occur after validation of an application rather than as a pre-condition to validation.

3. The more I consider the point, the more it strikes me that it simply has to be acknowledged that whatever the author of the 4th bullet point meant to achieve, the author could have done a lot better in capturing the intention in words. Thus, I note

[1] And if the question is asked of me – how could the Council have such reason to believe or suspect? – I would answer that surely it isn't that difficult to see whether a proposed development is different to "generic developments" in the area; if it is, then the Council should seek advice as I have discussed. The alternative would be to seek advice in every case.

that the 4th bullet point refers to "the development" (i.e. the proposed development) performing differently, whereas paragraph 11.18 of the supporting text refers to "sites" "out-perform[ing] their generic market location expectation." The two concepts (of a development performing differently and of a site performing differently) are not the same however the supporting text cannot trump what is said in the policy itself and so we are left with having to do our best to make sense of and apply the language used in the 4th bullet point.

4. Qii. doesn't arise in the way it is asked of me because of what I have said in response to the 1st question however in any case in which a site-specific viability study is submitted and shows that the proposed development would perform differently, then the Council would be able to negotiate a higher affordable housing contribution up to 40%.[2] It has to be said though that the wording of the policy is a very clumsy way in which to achieve this objective.

5. Qiii. I am asked "how do we define perform differently" as in what do the words in the 4th bullet point "it will perform differently" mean? My answer is that the words which precede these, namely "in viability terms" tells the reader what to look for i.e. whether because of something about "the nature of the [proposed] development" it will produce a greater financial return (basically, make more money) than would be the case with "generic developments" that have come forward in the area; the logic being that if so then the proposed development should be able to make provision for more than the % contribution anticipated in the previous bullet points in the policy[3] without endangering the overall viability of the proposed development.

Christopher Katkowski QC

22nd June 2020

Landmark Chambers, 180 Fleet Street, London EC4A 2HG

[2] The 4th bullet says "will not normally exceed 40%" and so the norm would be to negotiate up to 40% but if the case was an exceptional one then the % could be higher. I also note that the 3rd bullet point already sets a 40% contribution in "hot" market locations and so the 4th bullet point seems to apply only to the 1st and 2nd bullet points – "cold" and "moderate" market locations.
[3] See previous footnote.

TRAFFORD COUNCIL

POLICY L2.12 – AFFORDABLE HOUSING REQUIREMENTS

ADVICE

1. I have been asked to advise Trafford Borough Council ("the Council") on the correct interpretation of policy L2.12 of the Council's Core Strategy 2012 ("the CS"). It provides for affordable housing ("AH") percentages in different areas and the fourth bullet states:

> ***"In those parts of Trafford Park identified for residential development, or in areas where the nature of the development is such that, in viability terms, it will perform differently to generic developments within a specified market location the affordable housing contribution will be determined via a site specific viability study, and will not normally exceed 40%".***

2. The central question which arises is how the Council should determine if any particular development will perform "differently to generic developments within a specified market location". That in turn requires an understanding of what a "generic development" means in this context.

3. I conclude that L2.12 sets generally applicable AH requirements at levels which it has been judged all of the assessed development typologies in a particular Market Location can sustain (subject to site specifics and abnormals). The fourth bullet covers sites and developments on them which depart from the norm in that Market Location which drove the relevant percentage (in Old Trafford 5 – 10%) in the first place. Thus, if development of a different scale, density, mix or value from the norm or in a particularly desirable location comes forward the 4th bullet may be triggered. Where and when it is triggered is a matter for expert judgment but against the benchmark I have set out below.

The Core Strategy and Viability Testing

4. For the purpose of affordable housing requirements and viability testing, Trafford's area is split into 3 categories – hot, moderate and cold market locations ("the Market Locations"): Core Strategy 2012 - Policy L2.9.

5. The viability testing underpinning policy L2[1] is incorporated into L2 by reference (L2.13) and is to be used "in the determination of individual applications". It considers each Market Location separately, considering a set of scenarios and "representative sample sites" for each (see para 1.14/3.15/4.4) and assumed density according to densities shown in the SHLAA for that Market Location (para 3.18). Three forms of housing scheme were considered – apartments only at a density of 140 units/ha; mixed at a density of 52 units/ha and houses only at a density of 40 units/ha (1.17). Case studies expressly assumed a "generic" form of development on 0.5ha in each Market Location (para 6.5ff). Whilst not in itself central to the analysis, in hot market locations, an apartment scheme was modelled (70 units), in moderate market locations a mixed apartment and housing unit scheme (26 units) and in cold market locations a housing only scheme (20 units)[2]. Around 80% of the sample sites were less than 0.8 ha with only about 18% (of whatever size) being judged capable of delivering more than 50 units (p26).

6. Across all the typologies, the viability testing then assessed what level of affordable housing was viable in that Market Location. Importantly it did not adopt a different approach to viability testing for the sites which may be able to accommodate dense, tall developments nor those in particularly desirable locations. The 140 unit/ha density was the top end of the range assessed and would equate to a relatively low (4 – 5 storey) apartment scheme with amenity space, car parking, a wide range of unit sizes to meet the required mix and relatively generous space standards – it did not

[1] The Trafford Economic Viability Study 2009 (GVA Grimley) – the 2011 Updates do not impact the issues in this Advice.
[2] At that time, the Lancashire County Cricket Club ("LCCC") Quarter strategic location did not include any housing and so it was not tested for affordable housing viability.

consider the tall, dense, small units only, limited amenity space and/or limited car parking that would generate higher densities and thus potentially higher values.

7. It was thus judging viability at a Market Location wide level for a range of generic developments of relatively low density. At that high level, in cold Market Locations, and good market conditions, only 10% affordable housing was judged to be viable against the borough wide ambition of 40%. Or to put it another way, all development typologies in that Market Location could sustain 10% affordable housing (subject of course to site specifics/abnormals).

8. However, it was clear that it was not appropriate to apply that high level approach to all sites. Para 11.18 of the supporting text states as follows:

> ***"The Viability Study considered a number of specific sites that, in economic viability terms, appeared to out-perform their generic market location expectation and therefore would be able to deliver significant proportions of affordable housing, even at future CfSH levels. However, given that the study was based upon broad development assumptions, such sites should be reappraised by the Council based upon further detailed site specific information, prior to negotiating affordable housing (and other) contributions."***

9. It can thus be seen that *even within* the representative sample sites used in the Study, there was a recognition that some sites may, by virtue of their specific circumstances or the nature of the development proposed out – perform thus justifying a different and "site specific" approach. The 4th bullet embodies that approach. In the case of Old Trafford there were, in particular, a number of possible sites which were then proposed at a higher density than that modelled in the viability work and to which the para 11.18 and bullet 4 would thus apply.

Meaning and Application of L2.12 fourth bullet

10. "Generic" means "characteristic of or relating to a class or group of things; not specific". A characteristic of all sites in the Cold Market Location was that they could sustain 10% affordable housing and that was thus required by policy.

11. However, that feature of *all* sites was judged by policy to be inadequate to capture the features of *some* sites hence the fourth bullet. A "generic development" is thus a development which it is judged will perform as for all sites in the Market Location in valuation terms. For the fourth bullet to apply there has to be some identifiable feature of the site itself or of the development proposed on it which takes it out of the norm for developments in that area in viability terms.

12. What then is the norm against which outperformance is to be judged? Given that the 10% is the level at which all development is judged viable, the norm is thus the small scale, low density developments included in the underlying typologies – thus up to around 140 d/ha. They will, in general, to be subject to the 10%. Any site which it is thought will outperform that in viability terms would be subject to the fourth bullet.

13. Whether "it will perform differently" is a matter for expert judgment. Any reasonably competent valuer or viability expert would be able to reach a judgment as to whether a particular development on a particular site would be expected to perform differently from the basic performance on which the 10% is based.

14. It is important that the fourth bullet is not used to disapply the first bullet. The default position in Old Trafford would remain 10% (5% under L2.12 first bullet plus the uplift for hot market conditions). It is not possible to revisit that starting point. However where the development exhibits features which render that generic position inapplicable then the fourth bullet must be applied.

15. The process should be as follows (this applies in Moderate and Cold Market Locations but I have been asked to focus on Old Trafford):

    a. on receipt of an application a view must be taken as to whether L2.12 fourth bullet is triggered on the above logic – to this end the view of a viability consultant or in house expert should be sought – and the views recorded;

b. this would only be expected to generally be the case for more dense, taller, schemes beyond the 140d/ha maximum density typology modelled. It would be plainly relevant in high density, high schemes, with small units (predominantly one and two bed and those which do not meet the mix requirements in the Plan) with limited amenity space and/or parking especially if they create a different product for a different market or a new destination;

c. if it is considered that the fourth bullet is triggered, then an FVA should be requested/required with reasons;

d. at that stage the applicant can explain why the development is within the ambit of generic development or would not be expected to outperform generic developments; but

e. more likely would provide a FVA which would then go through the normal processes.

f. If the developer refuses to provide such a FVA, a broad assessment could be undertaken to test whether 10% remains appropriate or what other percentage would be required and the application determined accordingly.

16. I recognise that the language of L2.12 is not ideal but when read with the Viability Study which is incorporated by reference and with para 11.18 in mind it is clear what was the policy intent. The Courts and Inspectors can be expected to give effect to that policy intent even though the wording could have been clearer. I do not consider that the wording is "inoperable" or incapable of being given effect to. No doubt difficulties may emerge at the margins and some contrary interpretations could be put forward but having read all the material in total I conclude the policy is effective, its aim clear and its breadth capable of being understood when it is understood in its context.

17. The Council could have applied a 40% requirement across the board and required site specific viability testing to depart (downwards) from this. The fact that it has started

at the other end of the spectrum but provided for upward variation where appropriate is somewhat unusual but does not invalidate the policy or make it impractical to apply.

David Forsdick QC

Landmark Chambers

23rd June 2021