

# **FORMER B&Q SITE, GREAT STONE ROAD, STRETFORD M32 0YP**

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## **STATEMENT OF COMMON GROUND POSITION STATEMENT**

**DATED**

**28th January 2022**

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**SPECIALIST FIELD: VIABILITY IN PLANNING**

Appeal by Accrue (Forum) 1 LLP

Former B&Q Site, Great Stone Road, Stretford, M32 0YP

PINS Ref: APP/Q4245/W/20/3258552

LPA Ref: 100400/OUT/20

Produced jointly by:

Cushman and Wakefield – appointed by Accrue (Forum) LLP

Trebbi Continuum – appointed by Trafford Council

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## 1. Introduction

- 1.1. This Position Statement provides an update to the Statement of Common Ground (SOCG) on viability matters relating to the planning inquiry (ref: APP/Q4245/W/20/3258552) regarding proposals by Accrue (Forum) LLP (the “Appellant”) pursuant to the Former B&Q site, Great Stone Road, Stretford (the “site”), which is in the administrative area of Trafford Council.
  - 1.2. The Inspector has requested that viability consultants (Mr Miles and Mr Lloyd) review, consider and identify whether there are any other areas of common ground that can be agreed prior to evidence in chief and cross examinations taking place.
  - 1.3. More information has now been provided in regard of the viability assessment for the proposed scheme by the Appellant via the viability and cost proof of evidence documents (Mr Miles and Mr Latham) and subsequent rebuttals. There are now no assumptions made, or inputs used by either the Appellant or the Council that are unknown. This has allowed for the agreement of a number of further areas between consultants since the SOCG was issued. The table included at **section 3** sets out in detail the areas of common ground agreed and those that still remain in dispute.
  - 1.4. Unless expressly stated within this Position Statement the areas of common ground that were agreed in the viability SOCG submitted on 29<sup>th</sup> November remain.
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## 2. Viability Position – January 2022

- 2.1. During discussions to inform the viability SOCG there were a number of elements that were not discussed as the information has not been presented by the Appellant namely: build costs, sales values (GDV) and benchmark land value (BLV). All of this information has now been provided in the viability proof of evidence (Mr Miles), cost proof of evidence (Mr Latham) and subsequent rebuttals.
  - 2.2. Given all the assumptions and inputs to the financial viability appraisal prepared by the Appellant are now known, this Position Statement provides an update regarding what can and has been agreed between parties and thus what the outstanding matters of dispute are to be discussed through the Inquiry.
  - 2.3. The vast majority of inputs have been agreed as is shown in the table at **section 3**. The matters of the financial viability assessment not to be agreed, or where assumptions are not within a tolerance, can be summarised as follows:
    - Application of Policy L2.12 (Trafford Core Strategy (2014));
    - Efficiency of the proposed scheme based on gross to net ratio;
    - S106 Contributions; and
    - Build costs.
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### 3. Common Ground Schedule of Financial Viability Assessment Inputs

3.1. The following schedule provides the updated agreed position between viability consultants at January 2022:

Item	C&W	Continuum	Common Ground
Policy			
Application of Policy L2.12	Support Appellant's position as regards interpretation of Policy	The fourth bullet of adopted Policy L2.12 is engaged, and it is considered that the proposed scheme performs differently in viability terms to "generic" development in the Old Trafford market location by virtue of density, type, location and design. As such, the viability should be assessed by a site-specific financial viability appraisal and the affordable housing contribution should not usually exceed 40% of the net additional dwellings.	No common ground
Methodology			
Viability methodology	Residual development appraisal utilising period by period cashflow, with viability determined via reference of residual land value against benchmark land value.  Compliance with National Planning Practice Guidance and RICS Financial Viability in Planning 2021.	Methodology must not identify a land value deficit  BLV cannot be greater than RLV when there are no contributions (AH or S106)	Common Ground
Indexing	Current day costs and values	Current day costs and values	Common ground
Scheme design / development, area schedule and unit numbers			
Scheme design. development appraisal	<ul style="list-style-type: none"> <li>332 residential units (116 units in phase 1, 216 units in phase 2)</li> <li>Total net sales 217,782 sq ft (20,232 sq m)</li> <li>Retail unit 1,647 sq ft (153 sq m)</li> <li>Café 1,938 sq ft (180 sq m)</li> </ul>	Continuum have requested further information in regard of the gross to net ratio (currently 68%).  Gross to net ratio for apartments generally 80-85% depending on the efficiency of the build.	No common ground

	<ul style="list-style-type: none"> <li>• 98 car parking spaces</li> <li>• Total gross floor area 318,934 sq ft (29629 sq m)</li> </ul> <p>Floor schedule and phasing plan attached.</p>	<p>RICS guidance note (2021) seeks for developments to be optimal i.e. not designed inefficiently to the detriment of adopted planning policy.</p> <p>Continuum consider the scheme to be inefficient based on the 68% gross to net,</p>	
Appraisal inputs			
Residential revenue OMV	<p>Original viability appraisal from June 2020 applied OMV revenue of £340 psf / £222,854 per unit</p> <p>Mr Miles adopts a sales value of £380 psf built up through analysis of evidence.</p>	<p>Continuum viability review September 2020 adopted an open market sales value of £360 psf for the purposes of the sensitivity analysis. For clarity this assumption was not updated in Continuum's viability report to support Trafford's statement of case in August 2021.</p> <p>Mr Lloyd through a sensitivity analysis demonstrates that £385 psf is an achievable value</p>	Mr Miles and Mr Lloyd have agreed for the purposes of the Inquiry to agree £382.50psf, therefore this is now common ground
Affordable revenue	All affordable units at blended transfer value of 60%	All affordable units at blended transfer value of 60%	Common ground
Car parking revenue	<p>Original viability appraisal from June 2020 assumed £10,000 per space.</p> <p>C&amp;W have reviewed in light of changes to the market and the delivery of apartment developments in Old Trafford with a view to establishing common ground position.</p> <p>C&amp;W have confirmed £20k per space</p>	<p>Continuum viability review, September 2020, adopted £15,000 per space.</p> <p>Continuum adopt a sales value of £20k per space.</p>	Common ground
Retail revenue	Update based on review of evidence	Further information provided	Common ground
Café	Update based on review of evidence	Further information Provided	Common ground

Purchaser's costs on land	Agent 1.2% Legal 0.6% SDLT	Agent 1.2% Legal 0.6% SDLT	Common ground
Build cost	Build cost being updated by Edmund Shipway cost specialists. Costs increased from previous 2020 report.	Build cost previously adopted by CW and accepted by Continuum equated £136 psf (Edmund Shipway cost plan).  Costs will be assessed by applying indexation to the agreed assumptions made in Edmund Shipway cost plan (June 2020).  Following review of appellants case through proof of evidence and subsequent rebuttals there remains considerable difference between parties.	No common ground
Contingency	5%	5%	Common ground
CIL	£4,513 (indexed to 2021)	£4437	Common ground
S106 costs	<ul style="list-style-type: none"> <li>Spatial green infrastructure £252,837</li> <li>Sports facility £121,100</li> <li>Off-site highways £30,000</li> <li>Total <b>£403,937</b></li> </ul>	<p>Trafford Council required S106 contributions, understand the applicant is disputing the requirement to contribute towards education:</p> <ul style="list-style-type: none"> <li>Primary ed £739,639</li> <li>Local Open Space £251,593.63</li> <li>Sports provision £121,110</li> <li>Highways £30,000</li> <li>Total <b>£1,142,342</b></li> </ul>	No common ground
Professional fees	8%	8%	Common ground
Disposal fees	<p>Marketing 1.5% Sales agent 1% Sales legal £650 per unit</p> <p>Commercial</p> <ul style="list-style-type: none"> <li>Letting agent 10%</li> <li>Letting agent 5%</li> <li>Sale 1% agent</li> </ul>	<p>Marketing 1.5% Sales agent 1% Sales legal £650 per unit</p> <p>Commercial</p> <ul style="list-style-type: none"> <li>Letting agent 10%</li> <li>Letting agent 5%</li> <li>Sale 1% agent</li> </ul>	Common ground

	<ul style="list-style-type: none"> <li>• Sale 0.5% legal</li> </ul>	<ul style="list-style-type: none"> <li>• Sale 0.5% legal</li> </ul>	
Finance	6% debit / 0 % credit	6% debit / 0 % credit	Common ground
Profit	17.5% on market units 6% on affordable units Commercial element of profit to be confirmed as part of common ground discussion.	17.5% on market units 6% on affordable units 15% of cost for commercial elements and parking	Common ground
Benchmark land value	<p>C&amp;W original viability study:</p> <ul style="list-style-type: none"> <li>• EUV = £2.4m + 50% premium = £3.6m</li> <li>• AUV = £3.5m</li> </ul> <p>CW have now adopted a BLV range of £1.56 mil to £1.69 mil.</p>	<p>EUV £1,219,973+30% = £1,585,965</p> <p>Planning condition restricting use to DIY operator needs to be accounted for. Understand from Trafford Council that sequential test and RIA would be required.</p> <p>Existing building is in poor state of repair and has been described as dilapidated and in need of repair, cost of refurbishment needs to be accounted for in establishment of BLV</p> <p>Parties agree that the BLV is £1.58mil. Though Continuum do not support the methodology used by CW</p>	Common ground (within tolerance)
<b>Cashflow assumptions</b>			
Phasing	<p>To be delivered in two phases in accordance with attached plan and floor area schedule</p> <p>Timescales: Phase 1 20 months Phase 2 23 months Based on BCIS construction programme calculator</p>	<p>RICS viability guidance (2021) states that developments should be optimal. Should CW retain the assertion that the optimal delivery of the scheme is in 1 phase this will need to be substantiated by evidence.</p> <p>Continuum request that if CW are seeking to amend their assessment to a 2 phased approach that this is confirmed prior to proofs of evidence being issued.</p>	Common ground (within tolerance)

		Continuum note that the BCIS construction programme calculator should be as follows: Phase 1 – 19 months Phase 2 – 22 months	
Construction costs	S curved	The cash flow of the build costs will be contingent on the approach to phasing which is yet to be determined by CW	Common ground
Market sales	<p>C&amp;W original viability assessment:</p> <ul style="list-style-type: none"> <li>• Market homes sold on flat line over five months from 1 month post pc</li> <li>• Commercial elements sold 1 month post pc</li> </ul> <p>On the basis of further market advice propose the following assumptions for residential unit sales:</p> <ul style="list-style-type: none"> <li>• 50% sold pre-construction (paid for 1 month after pc)</li> <li>• 25% sold during construction (paid for 1 month after pc)</li> <li>• 25% after PC at rate of 8 units per month</li> </ul> <p>Therefore 75% of OMV income 1 month after PC, with the 25% spread on flat line over period to allow 8 unit sales per month.</p>	The impact of pre-selling 50% prior to the construction phase upon sales risk should be considered within the assumptions made by CW.	Common ground
Affordable sales	<ul style="list-style-type: none"> <li>• 25% on commencement of construction</li> <li>• 50% at throughout construction period</li> <li>• 25% practical completion</li> </ul>	<ul style="list-style-type: none"> <li>• 25% on commencement of construction</li> <li>• 50% throughout construction period</li> <li>• 25% practical completion</li> </ul>	Common ground

S016 costs	The following based on advice from Trafford Council: <ul style="list-style-type: none"><li>• 50% on commencement of development</li><li>• 50% before first occupation</li></ul>	The following based on advice from Trafford Council: <ul style="list-style-type: none"><li>• 50% on commencement of development</li><li>• 50% before first occupation</li></ul> Continuum note that second S106 payment should be at PC of phase 2 (50% of occupation) not PC of phase 1 as CW have assumed.	Common ground (within tolerance)
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## 4. Signatures

Signed on behalf of the Appellant.....Stephen Miles, 28/01/2022.....

Signed on behalf of Trafford Council.....Murray Lloyd, 28/01/2022.....