



# Response to Trebbi Viability Synopsis:

## Land at Warburton Lane, Trafford

REDROW HOMES NW LTD

STRICTLY PRIVATE AND CONFIDENTIAL

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## Response

- 1.1. In May 2019, Cushman & Wakefield submitted a robust financial viability assessment (FVA) to Trafford Borough Council for the residential development of the two parcels of land of Warburton Lane, Trafford (hereinafter referred to as 'the subject site'). The FVA was prepared on behalf of the applicant as part of their justification for the appropriate level of affordable housing provision and Section 106 contributions that can be supported by the proposed development at the subject site.
- 1.2. This response document is written to respond to an Independent Assessment of the development undertaken by the Council's viability advisor, Trebbi. Trebbi has queried the viability assessment but has not provided a response that provides a difference of opinion of inputs or a position that allows for further discussions or indeed negotiations.
- 1.3. We do not feel that Trebbi have provided a satisfactory response to the Cushman & Wakefield viability assessment. No figures have been provided and no difference of opinion or justification with evidential base has been set out. Without Trebbi setting out their opinion with supporting and reasonable justification we are unable to resolve our differences.
- 1.4. We would draw your attention to the following professional statement guidance provided by the RICS on how differences of opinion, reviews and negotiations should be conducted in FVA's.

### Financial Viability in Planning

- 1.5. The *Financial Viability in Planning: Conduct and Reporting (1<sup>st</sup> edition)* RICS Professional Statement dated May 2019 sets out mandatory requirements on conduct and reporting in relation to FVAs for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at. It also aims to support and complement the government's reforms to the planning process announced in July 2018 and any subsequent updates.
- 1.6. Sections 2.6 and 2.8 of the Professional Statement sets out the requirements for differences of opinion, reviews and negotiations. We confirm that this response has been carried out in accordance with this section as detailed below:

#### 2.6: Justification of evidence and differences of opinion

- 1.7. *All inputs into an appraisal must be reasonably justified. Where a reviewer disagrees with a submitted report and/or with elements in it, differences must be clearly set out with supporting and reasonable justification. Where inputs are agreed, this must also be clearly stated. Where possible, practitioners should always try to resolve differences of opinion.*
- 1.8. As detailed above, the Cushman & Wakefield report clearly provides reasonably justified inputs. Trebbi, the reviewer, disagrees with elements of this report but does not clearly set out what these differences are or provide any supporting or reasonable justification. We are therefore unable to agree inputs or resolve differences of opinion as we do not have any to review.

#### 2.8 FVA origination, reviews and negotiations

- 1.9. *During the viability process there must be a clear distinction between preparing and reviewing a viability report and subsequent negotiations. The negotiations, which take place later and separately, commonly relate to section 106 agreements. This distinction is to retain the objectivity and impartiality of the origination and review of an FVA and to clarify where respective parties, or their practitioners, are seeking to resolve differences of opinion by comparison with subsequent negotiations.*

- 1.10. We would also note guidance from the Financial viability in planning, 1st Edition GN94/2012 which states:  
*Practitioners should be reasonable, transparent and fair in objectively undertaking or reviewing financial viability assessments. Where possible, practitioners should seek to resolve differences of opinion.*
- 1.11. Further to the comments above we are attempting to resolve differences of opinion by comparison but Trebbi have provided nothing for us to compare to allow for subsequent negotiations.

## Conclusion

- 1.12. To conclude, we believe that the Viability Assessment issued to the Council in May clearly illustrates that the viability appraisal inputs are robust and have been assessed in an objective and impartial manner based on all relevant market evidence.
- 1.13. Trebbi have not provided any justification of suitable figures to begin a negotiation process and without this information we are unable to begin discussions to continue this process. We request that Trebbi provide a justified position that outlines their opinion of the scheme's inputs before we commence with negotiations to resolve differences of opinions and inform subsequent negotiations.
- 1.14. If Trebbi are unable to provide their opinions supported by market evidence and as they state their "*report offers a number of suggestions with respect to areas worthy of debate between the developer and the LPA*" we would welcome a response from the LPA that states their opinion to conclude this matter.