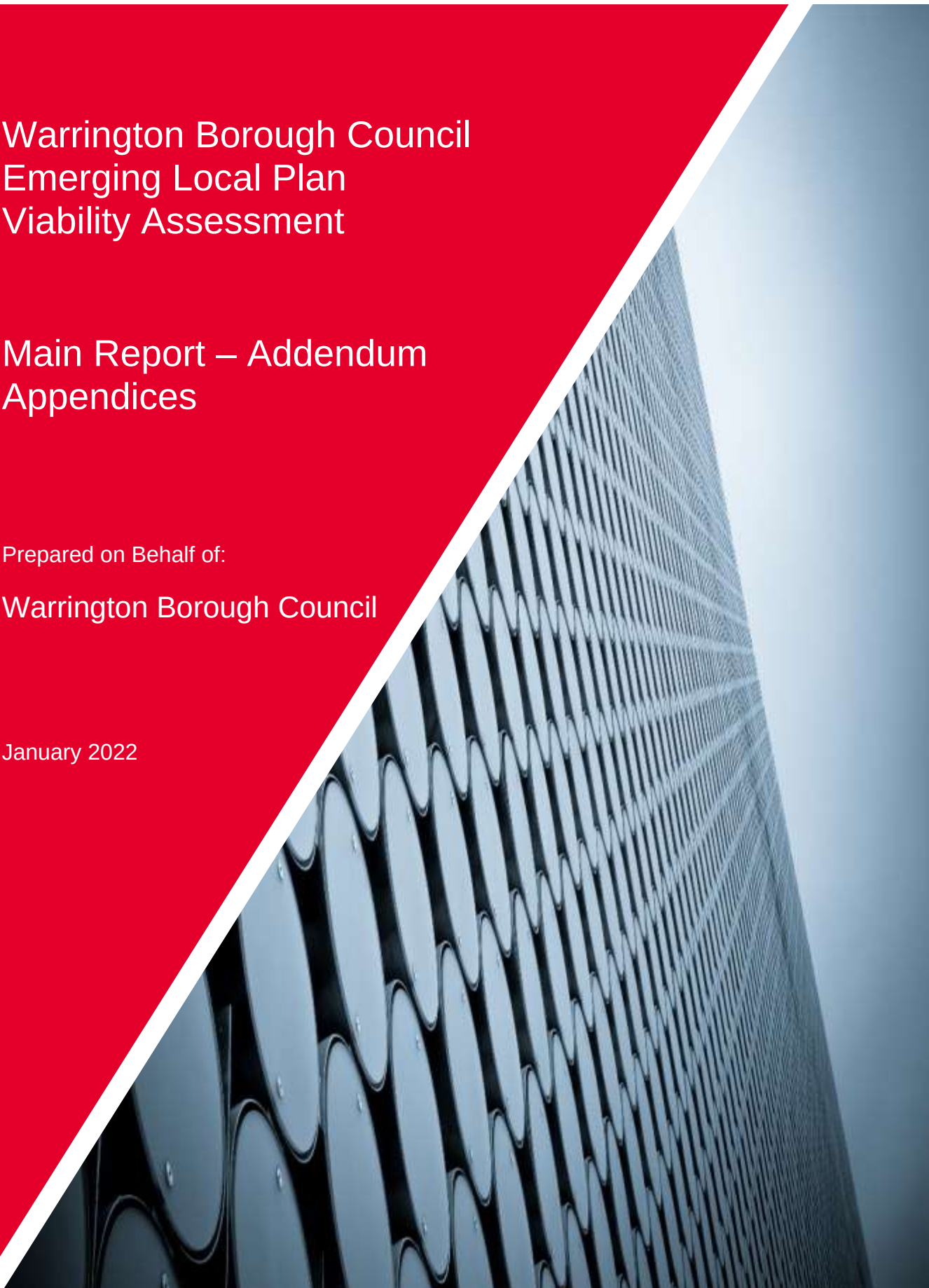
Warrington Borough Council Emerging Local Plan Viability Assessment

Main Report – Addendum Appendices

Prepared on Behalf of:

Warrington Borough Council

January 2022



APPENDIX 1: CONSULTATION COMMENTS AND RESPONSE NOTE

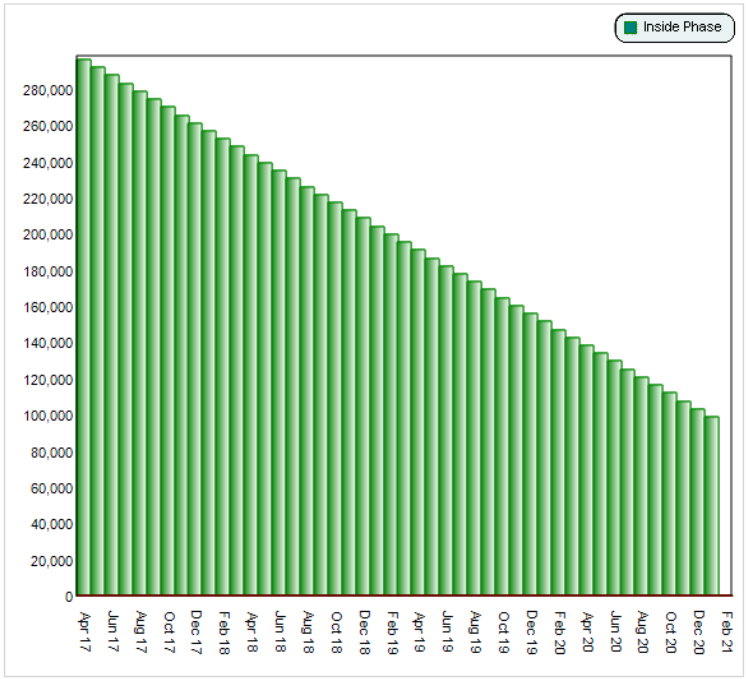
Warrington Local Plan Viability Assessment – Consultation Review and Response Note

Stakeholder Comment	C&W / WBC Response
CBRE on behalf of Peel L&P Holdings (UK) Limited	
Additional viable sites need to be allocated for housing delivery to meet the planned housing requirement, given lack of viability in the town centre and low value areas.	Subject to the comments in the LPVA and the main body of this Addendum, it is considered that sufficient deliverable sites are included in the planned supply to meet local housing need over the plan period, and further that the draft policies contain sufficient flexibility to permit a relaxation in policy requirements where robustly justified on viability grounds to enable sites in lower value areas and/or more constrained sites to come forward.
SEWUE density / coverage of 15 units per net acre / 15,570 sq. ft. per net acre is excessive given the higher value location. A coverage of 15,250 sq. ft. is regarded as the maximum reasonable level.	This assumption was formulated in dialogue with the relevant stakeholders of the SEWUE allocation who put forward the higher proposed density and their site-specific justification for this. C&W carefully reviewed the site-specific information provided for this allocation, as well as the policy requirement which sets a minimum density of 35 dph and relevant market evidence as detailed in the LPVA. We are satisfied with the assumption on the basis of this review and analysis. CBRE note that *"purchaser expectations in this location must be assumed to generate a requirement for larger than average homes and gardens".* Larger house types have been included in the hypothetical housing mix for this allocation but it is considered that the SEWUE will be suitable for a broad mix of house types rather than just larger homes for the reasons detailed in Section 7 of the LPVA. Notwithstanding this, the provision of larger homes would increase the overall site coverage (sq. m. / sq. ft. per net ha / acre) hence although CBRE may regard the assumed density as slightly high, the overall coverage – which is of greater influence in terms of viability – is likely to be similar. Indeed, CBRE's suggested coverage of 15,250 sq. ft. per net acre is within **2%** of the LPVA assumption. We consider that this represents a more than reasonable degree of tolerance for site coverage. Further, the LPVA assumption is supported by the more recent consent at the Barratt David Wilson scheme in Appleton (see Appendix 3 of the LPVA) and is informed by the site promotor's own due diligence and evidence. The assumption is considered reasonable and justified.
Garage costs should be accounted for separately from the 15% external works allowance. A cost allowance is requested at the following rates, in line with our understanding of current costs: £5,000 for integral garages; £8,000 for single detached; and £15,000 for double detached.	It is accepted that garage costs should be included in the testing based on stakeholder comments. Please see main body of the Addendum for further comments on this cost item.

Part L costs should be accounted for separately.	We set out the reasoning as to how we felt we had accounted for Part L costs in Section 7 of the LPVA. CBRE do not account for Part L costs within their appraisal of the South West Urban Extension submitted as part of their representations. That said, after further review, it is considered that the Part L costs should be accounted for separately in the testing. Please see main body of the Addendum for further comments on this cost item.
A breakdown of site-specific infrastructure / abnormals within the IDP is not provided.	The Council considers that the level of detail provided in the IDP is reasonable and proportionate at this stage of the process.
Assumed BLVs are regarded as the absolute minimum levels, leaving no scope for reduction if abnormal costs are assessed at higher levels than those adopted in the LPVA. BLVs must be fixed, and any increase in costs, from those set out in the LPVA must be anticipated to generate a requirement for site specific viability assessments upon submission of planning applications.	We consider that the adopted BLVs represent a fair, reasonable and balanced assessment at the plan-making stage based on the adopted sales values and the total assumed costs in the LPVA, including the abnormal, infrastructure and policy costs (see further comments later in this table). We disagree that the BLVs should be "fixed" at the plan-making stage and it is important to reinforce that the BLVs assumed in the LPVA are not necessarily appropriate for every site which comes forward. We agree that site-specific circumstances will need to be accounted for at the application stage and, subject to the comments in the LPVA, we consider that the draft policies contain sufficient flexibility to permit site-specific financial viability assessments ('FVAs') at the application stage where necessary, provided that the applicant fully justifies the need for the site-specific assessment and demonstrates "what has changed" when compared to the LPVA in accordance with the PPGV requirements. In these instances, the Council may need to consider the application of policy flexibility on a site-specific basis having regard to all the circumstances of the case including the robustness of the applicant's submitted viability evidence.
The UPSVLP provides no clarity in respect of the number of dwellings that are anticipated to be delivered in town centre or Inner Warrington North locations which are shown to be unviable in the base testing.	Please see the main body of the Addendum for further comments on the geographical distribution of the anticipated supply and its deliverability.
LPVA paragraphs 9.17 and 9.18 make reference to the potential need for Registered Providers to provide housing with the support of Homes England grant funding or public sector funding support. Any Local Plan development delivery that is reliant upon grant funding is not regarded as sound as it not consistent with	We disagree that alternative delivery mechanisms and potential funding sources cannot be relied on to assist in supporting delivery of an element of the planned supply. This principle has been clearly recognised in the recent Liverpool Local Plan Examination (October 2021) for example, where the Inspector noted that there are challenging sites in the area but referred to the potential funding sources including Homes England and LCR grant funding to assist delivery[1]. The Inspector also referred to "the substantial pipeline of consented supply" which suggests that "there has been a healthy market appetite to deliver in Liverpool"[2]. Please see the main body of the Addendum for further comments on this point.

[1] Paragraph 272, Liverpool City Council, Liverpool Local Plan 2013-2033, Inspector's Report October 2021
[2] Ibid.

NPPF requirements where deliverable sites need to be shown to be viable.	
The LPVA makes no reference to the WLR and confirmation of the proposed approach to WLR delivery is requested.	Please see the Council's separate response to the key issues raised in response to Policy INF2.
Development typologies – testing of generic typologies at 10/50/250 dwellings and site-specific assessments of allocated sites. Approach regarded as reasonable.	Noted.
The wording on Figure 7.1 is blurred and not readable, and higher resolution mapping is requested to aid understanding of the adopted approach.	The typology map is attached at Appendix 5.
Larger allocated sites assessed on the basis of a 300 unit scheme, with infrastructure and other costs applied on a pro-rata basis in comparison to the whole scheme. Approach regarded as reasonable.	Noted. As part of our earlier consultation in 2020, other stakeholders (including Story Homes and Ashall Property (as previously represented by Turley) and Satnam Planning Services) also previously agreed that this approach was reasonable and pragmatic as set out in their 2020 representations. A summary of the previous stakeholder comments and the C&W / WBC responses is provided at Appendix 2 of the LPVA.
Sales values – the level of value uplift and range of comparable evidence is regarded as reasonable.	Noted. Please see the main body of the Addendum for further comments on sales values.
The cost assumptions are regarded as reasonable save for garages, Part L and IDP cost breakdown.	Noted. Please see comments above relating to garages, Part L and IDP cost breakdown.
The weighted abnormal cost profiling should be provided.	An Argus extract of the weighted cash flow profiling from one of the appraisals is shown below. Please disregard the dates on the X axis which are irrelevant for the purposes of the LPVA; the Argus software had automatically set the "start date" as April 2017. This has no impact whatsoever on the appraisal cash flows or outputs.

	
LPVA paragraph 7.287 states that SEWUE is assessed with additional contributions towards off-site motorway works, but no further information is provided.	These are listed in the appendix to the IDP.
Reduction in BLVs for sites with higher infrastructure / abnormal costs is justified.	Noted.
The reliance upon sensitivity testing to improve viability results is not regarded as a reasonable approach for the creation of a sound plan and delivery must be supported by a sufficient level of deliverable and viable sites.	The purpose of the sensitivity testing is to provide the Council with a holistic view of viability to inform their decision-making and forms part of the “stand back” exercise and the application of professional judgement, in accordance with current RICS guidance and the PPGV. The LPVA does not “rely” on sensitivity testing to improve the results; the sensitivity scenarios are to provide the Council with an indication as to how the viability position could change if certain key assumptions were adjusted within reasonable parameters at the application stage. Given that we have adopted what we consider to represent

	a robust position for the key appraisal inputs in the base testing as at April 2021, we consider that weight can be attributed to the sensitivity testing (albeit we note that construction market conditions have now changed and less weight can be attributed to the scenario with reduced build costs). This would not be the case where the LPA consultant has adopted unrealistic inputs in the base testing, with the sensitivity testing then stretching these inputs to an even more unreasonable position. Please see the main body of the Addendum for further comments on the geographical distribution of the anticipated supply and its deliverability.
SWUE should be allocated in order to address the deficiency in supply which must be assumed to result from the lack of viability of town centre and low value development in Warrington.	Subject to the comments in the LPVA and the main body of this Addendum, it is considered that sufficient deliverable sites are included in the planned supply to meet local housing need over the plan period, supported by flexibility in policy where necessary to enable sites in lower value areas and/or more constrained sites to come forward through a relaxation in policy requirements where robustly justified on viability grounds.
Site-specific appraisal for SWUE provided. Most appraisal assumptions mirror the LPVA. RLB cost report provided for updated infrastructure costs. BLV of £100,000 per gross acre / £220,000 per net acre which falls slightly below that which is adopted in the LPVA for the SEWUE site, reflecting the lower sales values that are assessed as achievable on the SWUE site in comparison to SEWUE. The appraisal shows the scheme is viable and could make a financial contribution to the Warrington link road.	The assumed unit mix and sizes are similar to the LPVA and are based on C&W evidence. The assumed sales values would also mirror the C&W position based on our previous work. Based on the CBRE appraisal, there is implicit agreement to the BLV assumptions and all other key assumptions in the LPVA including: • Base build costs • External works • Contingency • Professional fees • Accessibility standards • Site-specific abnormal costs • Sales and marketing costs • Legal fees • Finance • Developer's profit
Stakeholder Comment	**C&W / WBC Response**
Roger Hannah / Brookbanks on behalf of Developer/Landowner Consortium	
LPVA typology map is illegible and unclear where particular parts of the borough fall and where the value areas are.	The typology map is attached at Appendix 5. This defines the Town Centre area and the Inner Warrington area, with the Inner Warrington North and South value areas identified by the maps in Appendix 7 of the LPVA. Please see the main body of the Addendum for comments on the approach to defining value areas.

Town centre densities regarded as excessive.	No market evidence is provided to substantiate this comment. Please see paragraphs 2.51 to 2.53 of the SHLAA 2020 Report and the associated Appendices 3 and 4 which set out the justification for the densities applied. Whilst there have not been a significant number of higher density schemes, there is evidence of larger scale sites coming forward at or in excess of the densities proposed in the LPVA, particularly the lower densities for Town Centre 1 and 2 typologies. As shown at Appendix 4 of the SHLAA, the two larger sites at Winwick Street and Bank House have proposed densities of 466 and 630 dph respectively which is broadly in line with, or exceeds, the assumed density of 480 dph for Town Centre 3.
No form of greenfield typologies are tested.	This is incorrect. Greenfield typologies have been assessed across a wide range of site sizes in different locations through the site allocations. The allocations cover a range of value profiles and comprise schemes from 75 units in size up to substantial strategic sites such as the SEWUE which will provide in excess of 4,000 new homes. Please see further comments on this point later in this table in response to a similar comment made by RH.
Town centre and Inner Warrington values regarded as overstated. Analysis of the IW South second hand average price compared to the Edgewater Park scheme suggests a new build premium of c. 15%. LPVA applies a further premium of c. 40% for IW South above Edgewater Park values.	We do not agree with RH's comments and analysis. We consider that the adopted values for all typologies and allocations were set at a very fair level as at April 2021. In fact, upon further review, the assumed values are regarded as too cautious in many instances as set out in the main body of this Addendum. We address RH's specific comments on the Town Centre and Inner Warrington values below. Edgewater Park / New Build Premium RH's comparison of the Edgewater Park ('EP') achieved values and the second hand values in Inner Warrington South is not accurate. RH are comparing achieved values from H1 2019 at EP to achieved second hand values in Inner Warrington over H2 2020 and H1 2021. This means that the new build "premium" asserted by RH will be falsely reduced as the second hand values will be higher as at late 2020/early 2021 in comparison to H1 2019. This is a particularly relevant consideration in the context of the rapid and substantial house price growth over the previous 18 months. The same principle applies in relation to the analysis of the EP new build values and the assumed revenues in the LPVA; the LPVA assumptions are taken as at April 2021, some two years after the EP sales. We consider that realistic achievable prices would be higher as at April 2021 in comparison to the values achieved in H1 2019 at EP. Secondly, we note that the EP scheme is a former gas works site which is situated in Latchford and is largely surrounded by social housing. When approaching the site, the access is through a large quantum of social stock which would impact on purchaser perceptions of the site and realistically achievable values in this location. In addition, EP is the only new build scheme in Inner Warrington with achieved sales over the past 3 years but even then the most recent sales are from 2019 and are therefore somewhat dated. In summary, EP represents a single new build scheme only and it is not appropriate to benchmark achievable values for the whole of Inner Warrington South to one individual scheme in the weaker Latchford location with somewhat dated evidence. We consider that the majority of Inner Warrington South would be regarded as superior when compared to EP.

	Spectra Park We would also note that we have had sight of the site-specific FVA prepared by Grasscroft Development Solutions ('GDS') (who are now part of RH) for the Spectra Park scheme in Inner Warrington. GDS assumed average sales values of £242 psf in April 2020 although the Council's reviewer considered these values to be too low. GDS' previously adopted figures would be higher as at April 2021 in any case, when accounting for house price growth over the 12 month period. Indeed, in April 2021, this scheme achieved planning consent for 513 dwellings including 10% affordable housing and S106 contributions totalling £703,000. This provides clear evidence that new development is coming forward in what could be regarded as one of the less affluent areas in Inner Warrington South, whilst still providing substantive contributions towards planning obligations. Other Evidence The strength of values in Inner Warrington is further supported by the second hand data as referenced in the LPVA, where there is clear evidence of higher values being achieved for the better quality schemes in the better locations across both the North and South areas. Rather than focusing solely on the overall average values as RH have done, which are skewed by the varied quality of the stock within the samples of evidence, there needs to be focus on the more modern and better quality stock in each location which is most relevant and comparable for the purposes of determining new build pricing. This is the approach which many other consultants have adopted, including RH, when pricing new build development in accordance with identified best practice. By way of example, at Appendix 6 we have attached two site-specific FVAs prepared by RH for new build schemes in Trafford obtained from the Council's planning portal. Based on the information in each assessment, RH applied a premium of c. **30%** above modern re-sale stock in the Link House FVA (£297 psf vs. £228 psf), and a premium of c. **60%** above modern re-sale stock in the Trafford Bar FVA (£294 psf vs. £184 psf). In light of the RH comments, we have undertaken additional analysis in order to further sense check and verify our assumptions. We have obtained a refined sample of second hand transactional evidence up to April 2021 (the date at which revenues were assessed) which covers both Inner Warrington North and Inner Warrington South and we have focused our analysis on the better quality stock which is the most relevant data for the purposes of informing new build pricing. On this basis, it is deemed appropriate to compare to the overall average values across each sample. This evidence is attached at Appendix 7 and the overall average achieved pricing for each location is shown below: • Inner Warrington North – **£163,738 / £216 psf** • Inner Warrington South – **£205,553 / £237 psf**

	It is noted that some of the transactions at Appendix 7 are from early 2020 and the achieved values may therefore have been higher as at April 2021. That said, at the same time the sample for Inner Warrington South does include some bungalows which typically achieve higher rate psf values. This may offset the impact of price growth over the 12-14 month period from early 2020 up to April 2021. As set out in the LPVA, we have adopted a fair and reasonable differential between Inner Warrington North (£230 psf) and Inner Warrington South (£270 psf) to reflect the generally weaker market profile in the northern outskirts of the town centre. On the basis of the further evidence, the values reflect a new build premium of only c. **6%** in Inner Warrington North and c. **14%** in Inner Warrington South. Having reviewed this further information, we consider that the new build premium is understated and could be increased. Please see the main body of the Addendum for comments on the revised sales values assumptions for all typologies and allocations. <u>Town Centre</u> It is noted that there is no directly comparable new build sales evidence for apartments in the town centre which makes the assessment of values more difficult and more reliant on professional judgement. For the purposes of the Inner Warrington revenues, we have been able to draw on the better quality second hand properties to inform the pricing assumptions, but much of the re-sale stock in the town centre is dated and of lower quality which is reflected in the low values and limits the comparability of the data. That said, we have a very detailed local market understanding with approximately 40 years' experience in Warrington and the immediate surrounding markets. Based on this first-hand knowledge and insight, we believe that the adopted values for the town centre were set at a realistic attainable level as at April 2021 when considering both the rate psf values and the end capital values generated by the assumed rate psf values, which RH appear to have had no regard to. Their analysis is focused solely on rate psf values. In our view, the pricing is realistic given the scarcity of new build product in Warrington town centre, the strong accessibility of Warrington to key employment hubs including Manchester and Liverpool, thus providing an accessible and more affordable alternative to established city centre markets, and the continued development of the town centre to improve the leisure / commercial offer. Indeed, we consider that Warrington is now better regarded and more established as a residential location with the ongoing public and private sector investment in the town centre including the new Time Square mixed-use scheme and the delivery of new build rental schemes by private sector developers. We have seen similar situations in emerging markets such as Stockport for example, where there are no directly comparable new build schemes and much of the existing stock is lower quality, but private sector developers are still drawn to invest in the town centre and are seeking to set new benchmark levels of pricing. This is driven by similar strong fundamentals such as scarcity of new build stock and supply/demand imbalance, connectivity to key employment hubs and market confidence generated by public sector investment in initial infrastructure and development. In fact, we have seen the new build pricing in these locations set at much higher levels above the

	local re-sale stock based on site-specific FVAs for schemes including Royal George Village and Weir Mill, where values are in the order of c. £300 – £310 psf. Finally, we would emphasise that we fully acknowledge that not every scheme which comes forward in the Town Centre, Inner Warrington North and Inner Warrington South geographical areas will achieve the same average level of values as assumed in the LPVA. The revenues will inevitably vary on a localised basis having regard to site-specific factors. This is particularly the case in more urban locations where values can change on a street-by-street basis owing to the nature of the immediate surrounding environment, adjacent uses/buildings, proximity of amenities etc. It is not possible to reflect every such eventuality at the plan-making stage and we consider that we have adopted fair and realistic revenues which generally err on the side of caution. At the application stage, if a site-specific FVA is justified, we would expect a detailed assessment of individual unit values to be undertaken for every scheme. Where the achievable revenues for a particular site are lower than those assumed in the LPVA, the Council may need to consider the application of policy flexibility on a site-specific basis having regard to all the circumstances of the case including the robustness of the applicant's submitted viability evidence. On the contrary, there are likely to be circumstances when the achievable values are higher than those assumed in the LPVA, which would lead to an improvement in the viability position.
Affordable housing values regarded as reasonable with the variation by value area, but this variation is not reflected in the higher value typology assumptions. Shared Ownership values may reduce in light of the recent changes to the model which needs to be recognised.	We do not follow the first comment as we believe that the transfer values stated in the LPVA have been applied to the relevant typologies, with the differentiation by value area. The second comment on the potential reduction of Shared Ownership values due to the recent changes to the model is noted and agreed. We consulted local RPs on the adopted transfer values between April – June 2021 (after the new model had been implemented) to sense check the assumptions which were previously agreed in the 2020 consultation but it is acknowledged that some RPs may still be working through the implications of the changes. The actual impact is not yet fully known. We recommend that the Council is mindful of this and monitor the potential influence on viability as the impact of the changes becomes clearer.
No input from a specialist cost consultant in respect of the adopted costs which contradicts best practice. Cost assumptions should be supported by a specialist QS.	The cost assumptions were previously tested with the industry as part of the 2020 consultation and the assumptions were generally considered as reasonable by stakeholders as can be seen from the responses at Appendix 2 of the LPVA. Indeed, members of RH's consortium including Story Homes and Ashall Property previously submitted representations to the 2020 consultation (as prepared by Turley) where they considered the vast majority of the cost assumptions as acceptable and did not recommend or request any "specialist" cost input. This is why the methodology and assumptions were generally carried forward (and uplifted for inflation where relevant) for the purposes of the 2021 LPVA. For this reason and the other circumstances as detailed below, in this instance we do not agree that "direct" specialist cost input is required in respect of the standard build costs and the hypothetical average abnormal cost assumptions at this stage of the viability process, although we have utilised a considerable amount of internal cost data which we have access to and advice from expert QS' to inform our assumptions in any case hence the assumptions are supported by indirect specialist cost input. We have relied on the costs provided by the Council

	for the strategic infrastructure costs which we understand have been assessed by relevant technical specialists as explained later in this sub-section. The purpose of an area-wide FVA is to provide a broad overview of development viability across the district based on a series of hypothetical assumed typologies, using reasonable assumptions and a level of detail which is proportionate to the task at this stage of the process. This accords with the PPGV which advocates the use of "average costs and values" when making assumptions about viability. This is the approach which we have adopted for the standard build costs and the hypothetical average abnormal cost assumptions. At this stage, there are no detailed site layouts, floor plans or technical due diligence for any of the hypothetical assumed schemes which a specialist QS would require to enable a more detailed site-specific cost assessment. In fact, there is not even a fixed housing mix for each hypothetical typology; all of these assumptions are hypothetical in accordance with standard practice for plan-wide viability testing. We provide further comment on the approach to standard build costs and abnormal costs under the sub-headings below. <u>Standard Build Costs</u> Based on our extensive experience of preparing and reviewing area-wide and site-specific FVAs across the North West, the appointed viability consultant typically derives the base build costs from BCIS data as this represents the only independent, nationally recognised and publicly available database which is maintained by the RICS. Both the PPGV and The Harman Report (2012) state that build costs should be based on "appropriate data" such as the BCIS. The use of the BCIS has also been confirmed and supported in numerous recent appeal decisions[3] and even where a QS has assessed the build costs in an LVPA, in our experience the BCIS is still often utilised. In addition, recent research by Lichfields (August 2021) (Appendix 8), whom produced the representations to which RH's report is appended, analyses the key assumptions adopted in a wide range of recent LPVAs across the country in order to identify consistencies in terms of best practice. In respect of build costs, Lichfields identified that **95%** (77 studies) of area-wide studies relied on the BCIS and indeed we have seen a large number of LPVAs prepared without specialist cost input. Lichfields highlight the accessibility and transparency of the BCIS database in endorsing its use for the purposes of viability testing. As set out in the LPVA, we have assessed the standard build costs by referring firstly to the BCIS database in accordance with standard industry practice, and then by adopting market-facing assumptions based on our widespread experience of residential build costs on other development sites gained through previous viability, consultancy, Red Book valuation and expert witness instructions. We have also utilised our dialogue with a wide range of active regional and national volume housebuilders in respect of standard build costs to further inform the assumptions, as well as the advice of expert QS' and our analysis of build costs in developer land bids submitted for site acquisitions. In addition, C&W's Cost Consultancy Team have considerable residential experience including monitoring new build schemes for Homes England where

[3] See for example: Land North of Coventry Road, Long Lawford – APP/E3715/W/21/3268629 (01/09/21), Land next to School Lane, Milford on Sea, Lymington – APP/B1740/W/18/3209706, 08/04/19. Land at Strode Farm, Lower Herne Road, Herne, Kent – APP/J2210/W/15/3141444, 25/09/17.

	they have access to “live” standard build cost data from a range of sites. Again, this information has been shared with us (on a strictly confidential basis) and we sense-check cost assumptions in FVAs with our internal QS’ to inform our assumptions. We therefore have access to a wide range of robust and market-facing standard build cost data from multiple sources including QS’ assessments for other site-specific FVAs, expert QS’ submissions in expert witness reports, actual build costs from live sites and developer land bids, and Red Book valuations. We have utilised and referred to all of this information to inform the cost assumptions. On this basis, provided that the appointed plan-wide viability consultant has extensive and demonstrable relevant local market experience in the local authority area, as C&W do in Warrington and the immediate surrounds, and also has access to robust build cost data and expert advice from a range of sources to inform and benchmark their assumptions, as C&W do in this instance, we do not agree that a specialist cost consultant is required to directly advise on the average standard build cost assumptions in this area-wide FVA. <u>Roger Hannah Site-Specific FVAs</u> It is noted that RH are suggesting that high level average build cost assumptions in a <u>plan-wide FVA</u> based on hypothetical schemes require direct specialist cost input yet they appear to have contradicted their own recommended approach in recent <u>site-specific FVAs</u> elsewhere. For example, RH have recently submitted a site-specific FVA to Trafford Council in July 2021 for a 126-unit apartment scheme in Old Trafford where full detailed plans and drawings were available as appended to the submitted FVA (Appendix 6). Within this assessment, RH provided extremely brief comment on the build costs and, based on the submitted report, it appears that they proceeded to assess all of the standard build costs themselves without obtaining any direct specialist cost input or detailed cost assessment. RH utilised the BCIS for the base build costs, applied their own external works allowance and relied on abnormal costs provided by the applicant but it is not clear which technical specialist assessed the abnormals. RH advise that the abnormal costs are “entirely reasonable” which appears to be their own opinion rather than that of a qualified cost consultant. RH’s approach in Trafford would appear to contradict their comments on the LPVA and best practice in preparing site-specific FVAs for mid/high-rise apartment schemes. RH are requested to explain this contradiction. Based on our extensive experience in preparing and reviewing site-specific FVAs for developers and local authority clients, it is often the case for estate housing schemes that, where the viability consultant has sufficient local market and sector experience as well as access to robust standard build cost benchmarking data, the consultant may assess the standard build costs by utilising the BCIS and adopting reasonable market-facing assumptions for external works, contingencies and professional fees, and then cross-checking the assessment to relevant benchmark data and QS advice to ensure that the assumptions are reasonable. This is possible because estate housing schemes do not typically vary substantially on a site-by-site basis when considering the actual standard house type designs and form of construction. However, seldom is this the case for apartment schemes where the designs are much more bespoke and complex based on the specific form of construction and specification for each apartment block. This, in turn, necessitates

	detailed site-specific cost assessments. It would therefore be entirely reasonable and proportionate to expect specialist cost input on a 126-unit apartment scheme at the application stage where full detailed design and technical information is available, and not in a high level study at the plan-making stage provided that the Council's appointed viability consultant has sufficient and demonstrable local market experience and access to relevant cost data to inform their assumptions, as C&W do in this instance. We would also note that GDS, now part of RH, have prepared a substantial number of site-specific FVAs across the North West and we have had sight of multiple submissions including in Warrington, where it appears that GDS have assessed all standard build costs, contingencies and professional fees without any specialist QS input. For the standard build costs in the FVAs which we have had sight of, GDS have typically utilised the BCIS for the base build costs plus a percentage allowance for external works in line with the approach which we have adopted in the LPVA. Moreover, in GDS' response to the previous 2020 consultation, GDS stated that the build costs should be based on the BCIS and supported the methodology, as well as the variation in the costs by value area. We are therefore satisfied that the approach to standard build costs in the LPVA represents a reasonable, balanced and proportionate approach at this stage of the process. The methodology is in line with a substantial number of other plan-wide FVAs. No stakeholders questioned the principles of the methodology or recommended "specialist" cost input as part of their responses to the 2020 consultation. We believe this reflects the fact that the approach is reasonable at this stage of the process. CBRE and Aspinall Verdi have also confirmed agreement to the vast majority of the costs in their 2021 viability representations. <u>Abnormal Costs</u> In respect of the abnormal costs, we have emphasised that the high level average assumptions of £15,000 per plot for estate housing and £2,500 per plot for apartments are approximate average provisional estimates only for the purposes of the plan-wide testing. As stated above, the generic typology assumptions are hypothetical and detailed site layouts together with full technical due diligence and associated technical solutions are not available for every site at this stage of the process which a cost consultant would require to accurately assess abnormal cost allowances. No plan-wide assessment can realistically provide this level of detail as it is not practical to undertake full site due diligence at the plan-making stage. This principle is enshrined in the Harman Report (2012, page 18) which advises that, in respect of Local Plan viability testing: *"The role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage.* *Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan".*

	The adoption of a provisional high level "average" allowance for abnormal costs is therefore considered reasonable and proportionate at this stage of the process. The approach also accords with the recent RICS guidance[4] (paragraph 4.4.3) which confirms that an assessor *"can make generic assumptions about abnormal costs"* at the plan-making stage. The PPGV further endorses the use of "average costs and values" as noted above. In addition, the approach has been previously tested with the industry and was supported by stakeholders during the 2020 consultation including members of RH's consortium as detailed in our response to the next comment. In particular, we would highlight the following comment in RPC Planning's February 2020 representation which we understand was submitted on behalf of Metacre: *"Broadly the approach undertaken is supported on the basis that any evidence base that is seeking to forecast viability for developments that remain several years away must include a degree of estimation and generalities".* We would emphasise again that the assumed abnormal costs are provisional average assumptions and are not necessarily reflective of the actual site-specific abnormal costs for each site / typology which comes forward. At no point have we ever implied that this is the case and the costs will vary between individual sites. Ultimately, the abnormal costs will only be known once full due diligence has been carried out at the application stage for each site and it is likely that certain sites will have higher costs. This represents one inevitable tension associated with the government aspirations to "frontload" viability to the plan-making stage. Nevertheless, we consider that we have adopted a pragmatic approach and that the assumptions are robust particularly when compared to the nominal or nil abnormal cost allowances that are often included in LPVAs which results in a falsely overstated viability position. We comment on this point in more detail in our response to the next comment. <u>Strategic Infrastructure Costs</u> The strategic infrastructure costs for the four larger sites (which are crucial to delivery of the plan) are site-specific and are more complex with substantial sums for certain items. For these costs, we have therefore relied on the technical cost assessments provided by the Council and we have clearly stated in the LPVA where we have relied on third party information. We understand that the strategic infrastructure costs have been assessed by relevant technical consultants and transport specialists within the Council in dialogue with the site promoters and their appointed cost consultants/technical teams. We also relied on the advice of Turner & Townsend in respect of the energy costs as set out at Appendix 12 of the LPVA. These cost assumptions have therefore been informed by direct specialist cost input. Again, we are satisfied that the approach is reasonable and proportionate.
The abnormal cost database referenced at paragraph 7.273 should be provided on a	The abnormal cost database has to be based on in-house evidence as there is no publicly available database for abnormal costs, as there is for base build costs with the BCIS. We have reviewed and updated our internal database and we have anonymised the information to satisfy the request for disclosure as the majority of the

[4] Assessing viability in planning under the National Planning Policy Framework 2019 for England

confidential basis or published in an appropriate format for wider review. The assumed abnormal costs are considered insufficient. Based on the Brookbanks review and refence to our own professional experience, we would expect an abnormal cost allowance of £20,000 - £25,000 per plot to be more appropriate as a typology average. RH's example greenfield appraisal recommends a cost of £20,000 per unit.	abnormal cost detail has been provided on a confidential basis in the form of land bids, expert witness submissions, developer internal appraisals and site-specific FVAs. This schedule is attached at Appendix 9. We would mention again that the PPGV supports the use of "average costs and values". The PPGV also states that comparing data from existing case study sites will help to ensure that assumptions relating to costs are realistic and broadly reasonable (paragraph 4). The evidence which we have obtained from other new build estate housing schemes shows an average abnormal cost of c. **£22,000 per plot**. As set out in the LPVA, there is no clear trend to suggest that greenfield sites have lower abnormal / extra over costs than brownfield sites with both site types having a range of total costs, nor any clear trend that smaller sites have substantially higher or lower abnormal costs per plot in comparison to larger sites. It is noted that the overall average across the database is above the provisional allowance in the LPVA and we would agree with RH that abnormal costs for estate housing schemes can often be in the order of £20,000 – £25,000 per plot or more particularly in site-specific FVAs which is reflected in our dataset. However, the adoption of the provisional £15,000 per plot assumption was deliberate in this particular instance, and we do not feel that an adjustment to the provisional assumption is warranted for the following reasons: • The internal database comprises information from site-specific FVAs including some challenging sites with significant technical complexities. When the site-specific abnormal costs are at the level of the costs as incurred in the site-specific FVAs, this is when we would expect a site-specific FVA to be required as viability will evidently be more constrained due to the greater abnormal costs. It may be that in these instances, full policy requirements cannot be satisfied depending on the results of the site-specific FVA. It is not the purpose of the LPVA to seek to fully eliminate site-specific FVAs by adopting abnormal costs at the same level as we often see in viability submissions at the application stage. This could result in policy requirements being set too low so as to accommodate more marginal sites. However, this is why it is crucial that the policies in the Local Plan contain sufficient flexibility as currently drafted (and subject to the comments in the LPVA), to enable viability to be revisited at the application stage where the abnormal costs are higher and this is not offset by higher sales values and/or a lower BLV for example. • Notwithstanding the above, we consider that we have adopted a far more reasonable provisional average abnormal cost allowance when compared to other plan-wide studies, almost all of which either exclude abnormal costs altogether and suggest that any such costs will be "deducted" from the BLV (which does not accord with the PPGV), or adopt a nominal cost allowance of say £1,000 – £8,000 per plot or less. • To demonstrate this point, at Appendix 10 we have compared the C&W Warrington LPVA assumptions to the abnormal costs adopted in 10 other recent North West LPVAs, including studies which have been found sound or are currently subject to examination. We have also included BNP's previous Warrington LPVA (March 2019) to illustrate how we have enhanced the robustness of the assumption when compared to BNP.

	• As this analysis demonstrates, the abnormal costs adopted in the 10 other LPVAs range from **£0 – £9,000 per unit** with most studies adopting allowances towards the lower end of this range. Based on our analysis of other LPVAs, the average abnormal costs for most sites have been c. £5,000 per plot or less. The C&W LPVA assumption is comfortably above the other studies. It is further noted that a number of the LPVAs adopt a nil abnormal cost allowance particularly for greenfield sites and the consultants did not increase the BLVs for the relevant sites to reflect the reduced/nil abnormal cost impairment. • RH are requested to acknowledge these key principles particularly as they refer to many of these LPVAs in supporting their comments on developers profit yet they seem to have disregarded the studies when advocating a higher abnormal cost allowance. The approach to abnormal costs which has been adopted in other studies is inappropriate in our view, as this will inevitably defer viability to the application stage for the majority, if not all sites, as most schemes will have greater abnormal costs in reality, and may therefore be unable to support the policy requirements which were formulated on the assumption of nil or nominal abnormal costs. • In addition, it is crucial to recognise that the provisional abnormal cost assumptions in the LPVA need to be considered in the context of the other assumptions, notably the BLVs, strategic infrastructure costs, S106 contributions and other policy costs relating to accessibility, energy requirements and BNG as explained below. • Firstly, if we had included a higher provisional abnormal cost allowance, the BLVs would have been reviewed to reflect the greater cost impairment in accordance with the PPGV. • Secondly, the BLVs have been formulated based on the following costs: o The adopted provisional plan-wide average abnormal costs of £15,000 per plot for estate housing and £2,500 per plot for apartments; o The adopted strategic infrastructure costs as provided by the Council which range from £15,000 – £30,000 per plot across the 4 MDAs; and o The adopted S106 contributions which range between c. £8,000 – £15,000 per plot across the allocations and c. £5,000 – £6,000 per plot across the generic typologies save for the Town Centre where the contributions are slightly lower. • The total combined abnormal/S106 cost impairment is therefore c. **£39,000 – £60,000 per plot** across the 4 MDAs, c. **£26,000 per plot** across the other allocations and c. **£20,000 – £21,000 per plot** across the majority of the generic typologies. • When compared to the 10 other studies at Appendix 10, the total combined abnormal/S106 cost impairment in these LPVAs equates to c. **£0 – £10,000 per plot** or less in the majority of the studies, with only the Fylde and Cheshire East LPVAs having a total combined allowance in excess of £10,000 per plot. However, as alluded to above, we have found that the average combined abnormal/S106 costs have been c. £6,000 per plot or less for many sites. This provides clear evidence to demonstrate that we have adopted

	a much more robust approach to the provisional average abnormal costs, S106 contributions and importantly, the BLVs when compared to these other studies. • We have now also included additional Part L costs at c. £4,850 per plot as recommended by RH (please see the main body of this Addendum for further comments on Part L). The allocations in the higher value areas have an additional cost of 6% of base build costs for complying with the decentralised energy requirements. The 6% allowance equates to c. £7,000 per plot. • Therefore, the total abnormal / extra over costs would equate to c. **£44,000 – £65,000 per plot** across the 4 MDAs, c. **£31,000 – £38,000 per plot** across the other allocations and c. **£24,000 – £26,000 per plot** across the majority of the generic typologies. • In addition to these costs, we have included further costs relating to accessibility standards and BNG which would increase the above figures to an even greater sum. We reinforce that the BLVs have been formulated based on this already substantial combined cost impairment across average abnormal costs, S106 contributions and policy costs. We therefore do not agree that additional abnormal costs should be included in the testing as the total cost impairment is already significant and the BLVs have been formulated on this basis. Importantly, we would also note that members of RH's consortium including Story Homes and Ashall Property previously submitted representations to the 2020 consultation (as prepared by Turley) where the £15,000 per plot allowance for abnormal costs was regarded *"as reasonable and in line with market expectations"* (paragraph 2.32, Turley representation, February 2020). Clearly the LPVA cannot reflect the full realities of every site through a single average abnormal cost assumption at the plan-making stage. We have adopted a necessary provisional average high level assumption which is subject to change once full detailed due diligence has been carried out for each site at the application stage to confirm the abnormal costs. Where the actual cost impairment for a particular site is in excess of the provisional allowance adopted in the LPVA, this represents one reason as to why viability may need to be assessed at the application stage on a site-specific basis. In these instances, we would expect the applicant to consider a potential reduction in BLV as part of their submission in accordance with the PPGV, having regard to all of the site-specific circumstances relevant to that particular case. We would stress that additional abnormal costs cannot simply be deducted from the BLV on a pound-for-pound basis, but a careful balance will need to be struck between all stakeholders (landowner, developer and LPA) as emphasised in the LPVA.
Base build costs appear low when compared to our suggested benchmarking and recent BCIS data. Lower Quartile costs should be used at 150 units not 75 units. The 5% adjustment based on the revenues is not justified by any data, build costs on a site of	The costs are based on the relevant BCIS data as at the date of the assessment (April 2021), uplifted for build cost inflation as explained in Section 7 of the LPVA. Brookbanks benchmark the estate housing costs to the BCIS figures for mixed developments which is flawed as the comparison is not like-for-like. The mixed developments category includes housing and apartments, the latter of which have higher base build costs. It is also not clear which BCIS figures Brookbanks are referring to in terms of date and if they have been rebased to the Warrington

£230/£240 psf are likely to be the same. It is not considered appropriate to reduce the costs by 5% for the lower value areas.	location. It is therefore not possible to comment any further on the benchmarking exercise. No other market evidence is provided to substantiate their comments. RH have implicitly accepted the base build cost assumptions for Mid Value areas in their example appraisal yet Brookbanks are suggesting that the costs are too low hence the stakeholder representations are inconsistent. We would further note that RH adopted base build costs of £128 psf for 4/5 storey apartments in Trafford as at July 2021 (3 months after the LPVA assumptions were finalised) as shown in the FVA at Appendix 6. The adopted base build costs in the LPVA equate to c. £127 – £139 psf for 3-5 storey apartments. This would suggest that the LPVA assumptions are reasonable. <u>Site Size and Revenue Adjustment</u> In terms of the size adjustment, it is noted that this approach is subjective and the LPVA is caveated accordingly. We have clearly stated that the standard build cost assumptions are considered to be broadly appropriate for the purposes of the LPVA however, due to the nature of the study on an area-wide basis, relatively high level assumptions have to be made in respect of the appraisal inputs. It is noted that in reality, strict boundaries in terms of site size, value area and standard cost assumptions cannot be drawn. For example, clearly the standard build costs for a 24-unit site will not be c. £7 psf higher than the standard build costs for a 25-unit site. It is also recognised that not all sites with revenue expectations under £240 psf will have the same standard build costs, whilst a 5% increase to the assumed base build costs for all sites with revenues in excess of £285 psf will not be appropriate in every instance. Whilst we have attempted to account for this variation through differentiating the build costs by site size and value area – which is a more refined approach than adopted in many other LPVAs – the cost categories are still relatively broad and it is not possible to fully reflect the likely build costs on every different size of site for every different profile of development and in every different value area in a plan-wide study of this nature. Consideration was given to introducing more typologies and cost categories in terms of site size and value areas however this would require further subjective adjustments to be made to the BCIS figures, and a line had to be drawn in respect of the range of assumptions adopted. This accords with the national guidance in that a proportionate approach has been adopted using a reasonable range of typologies and generic average testing assumptions to profile the likely viability of development across the district. As previously stated, the standard build costs (and the abnormal costs) have also been previously tested with the industry and formulated taking into account the stakeholder feedback received during the earlier consultation periods. It is noted that other stakeholders have agreed with the cost assumptions and that GDS (now part of RH) previously supported the adjustment by value area. We would also highlight in particular that four of the seven members of RH's consortium (Satnam, Story Homes, Ashall Property and Metacre) submitted representations to the 2020 consultation through different consultants (or directly in the case of Satnam) and did not previously raise any issue with the build cost assumptions including for sites in the lower value areas.

	In addition, prior to the "formal" public consultation in October 2021, we consulted on the build cost assumptions (and all other assumptions) for the Peel Hall site with one of the members of RH's consortium (Satnam, represented by Gerald Eve) where revenues of £240 psf have been assumed. Gerald Eve advised that: *"We have reviewed these with our own records and advise and whilst we do differ in some respects I confirm that none of these are materially different assumptions in respect of any of the key inputs".* In respect of the application of the Lower Quartile to sites of 150+ units or more rather than 75+ units, we would not disagree with this suggestion and if a generic typology comprising 150 units was tested, this cost could be used. However, the reason we adopted the Lower Quartile for sites of 75+ units was deliberate in this particular instance as the only sites/typologies which would actually be affected are Croft, Hollins Green, Lymm Rushgreen Road and Winwick. We carefully analysed the size and location of each site and, based on our extensive market understanding, we considered that the realistic purchasers of the sites would be larger established housebuilders who could potentially benefit from the cost efficiencies to deliver at the lower build costs. We have had careful regard to the overall 'all in' standard build costs for each typology and we are satisfied that the total standard build costs are reasonable for each of the allocations as at the date of the assessment. When including contingency and professional fees, the total standard build costs for Croft, Hollins Green and Winwick equate to c. **£128 psf,** and c. **£134 psf** for Lymm Rushgreen Road. For estate housing sites with revenues of less than £240 psf, the total standard build costs including contingency and fees equate to c. **£120 – £135 psf.** Based on the extensive build cost benchmarking data and expert QS advice which we have access to as outlined earlier in this table, including cost evidence from recent developer land bids / internal appraisals submitted to us in November 2021 from mid-sized regional developers, we consider that the adopted costs are more than reasonable as at April 2021. For the above reasons, however, if site viability is assessed at the application stage, the specific circumstances of that site and the nature of the proposed scheme will need to be considered and appropriate adjustments made to the assumptions adopted in the LPVA where necessary. This is clearly stated in Section 9 of the LPVA and is relevant for the build costs but also other assumptions in the LPVA, such as the BLV and the assumed revenues where more detailed assessments would be required. This is particularly the case for the sales values where we would expect a full scheme pricing assessment in any site-specific FVA rather than the application of an average revenue figure to the entire scheme.
The Commercial build cost of £49/ft2 for industrial and £104/ft2 for retail accords with our recent experience for these typologies.	Noted.

External works cost for estate housing and commercial (15%) considered reasonable but allowance of 10% for apartments deemed too low. We would expect a minimum of 12.5 – 15%.	No market evidence is provided to substantiate the comments. Please note that the term "external works" is referring to plot externals, standard estate roads, sewers and plot service connection costs as set out in the LPVA. It is considered reasonable and in accordance with standard industry practice to apply a lower percentage for the external works for apartments. This is because the percentage allowance is applied to a much higher base build cost which produces a greater capital sum and, more importantly, the cost of the external works is typically lower for apartment schemes in comparison to estate housing where there are no gardens, driveways and a much reduced proportion of estate roads and drainage which account for the greater costs in the overall external works allowance. Based on Brookbanks' comments, they are suggesting that external works on a flatted scheme are higher than housing as the 12.5 – 15% figure would be applied to a much higher base build cost. This is highly inconsistent with our experience and the external works costs we typically see on flatted schemes based on our review of a wide range of cost plans which we have been provided with for site-specific FVAs and Red Book valuations in areas such as Manchester and Trafford. In fact, RH's/Brookbanks' comments again contradict the assumptions adopted by RH on recent site-specific FVAs in Old Trafford (Appendix 6) where RH apply 7.5% of base build costs in the Link House FVA and state that *"a standard assumption would be 5-10%",* whilst in the Trafford Bar FVA, RH apply external works equating to 3.91% of build costs. The allowance in the LPVA is above both allowances in the RH assessments. We are aware of several other area-wide FVAs where an external works allowance of 5 – 10% has been adopted for apartment schemes. By way of example, RH reference the Halton LPVA in their representation, where 5% external works were applied to the flatted typology. Again, our allowance is above this. We would also note that a stakeholder representation to this consultation on behalf of retirement developers has assumed an external works cost of 6% for flatted extra care accommodation. In summary, the allowance is regarded as reasonable, robust and in line with relevant market evidence. No credible evidence has been submitted to justify a change.
Garage costs should be stated separately. In our experience, a mix of single and double garages are typical across 20 – 40% of units on larger housing led schemes, and an average cost of between £7,500 - £10,000 per garage would be appropriate on this basis. RH's example greenfield appraisal recommends a cost of £8,500 per garage across 20% of units.	This comment is noted and it is accepted that garages should be costed separately. An average cost of £8,500 per garage across 20% of units has been adopted in line with the recommendation. Please see main body of the Addendum for further comments on this cost item.
Part L should be separately costed at a cost of £4,847 per plot, as per the most up to date government guidance.	We set out the reasoning as to how we felt we had accounted for Part L costs in Section 7 of the LPVA. That said, after further review, it is considered that the Part L costs should be accounted for separately in the testing. Please see main body of the Addendum for further comments on this cost item.

	We do not agree with RH's suggestion that the cost should be applied in addition to the allowance of £2,250 per plot for renewable/low carbon energy sources. The government guidance (paragraph 3.9) confirms that the average cost allowance of £4,847 per plot *"is likely to encourage the use of low-carbon heating and/or renewables"* and are based on a specification which includes PV panels[5]. We have sought further clarification from the Council who have confirmed that based on the government guidance, it would be double-counting to include £4,847 per plot in addition to £2,250 per plot. This is corroborated by a recent site-specific FVA which we have worked on in Oldham which was reviewed by another consultant in November 2021 where the applicant's PV costs of £2,000 per plot were removed from the FVA as the LPA's appointed QS suggested that this would have been a double count with the assumed Part L cost of £4,600 per plot.
The 6% for a decentralised energy network appears to be low for a new system. Typical costs on this basis are more in the order of 10% of base build costs.	No market evidence is provided to substantiate the comments. It is not possible to properly comment on this issue as the 10% figure is not translated into a cost per plot to assess how this benchmarks to the costs adopted in the LPVA. It is accepted that there is a lack of evidence relating to this particular input and a provisional high level assumption has been adopted for the purposes of the testing. It is therefore crucial that the policy includes sufficient flexibility as currently drafted to enable a relaxation in the requirements where justified once there is more clarity on the extent of the costs. We would further note that this allowance has only be applied to the allocations in the higher value areas which can support the additional 6% cost but in reality, these sites are likely to be too small to sustain a decentralised energy network and it may therefore be impractical for the Council to actually seek such requirements. The Council has acknowledged this position.
The cost of Future Homes Standards should be included in the LPVA, particularly in the sensitivity testing. The exact nature of the impending changes are unknown at this stage but many developers are allowing an additional £8,000 per plot for zero gas requirements.	This comment is noted and although not an existing policy requirement, it is accepted that FHS will come into effect during the plan period. Please see the main body of the Addendum for comments on further sensitivity testing.
The allowance for accessibility standards accords with our view on similar schemes.	Noted.

[5] The Future Homes Standard: 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings – October 2019.

There could be substantial additional costs associated with EV charging points if on-site and/or off-site infrastructure improvements are required. These costs are difficult to quantify and can exceed hundreds of thousands dependent on site size and current service capacity. This scenario is untested in the LPVA and should be considered further.	We note and agree with the principle relating to the potential for additional costs. RH highlight the significant uncertainties in assessing these costs and it is considered inappropriate to speculate or include an arbitrary allowance for a specific unquantified item at the plan-making stage which will not be required on every site. We have recommended that additional flexibility may need to be applied in respect of this specific issue as set out at paragraph 7.280 of the LPVA: *"We further note that our viability testing is based on the assumption that EV charging points on new developments would not require new connections, reinforcements or upgrades to the grid. If new supporting infrastructure is required, this could significantly impact on the viability of development and would require consideration on a site-specific basis. We therefore recommend that a flexible approach is adopted by the Council (i.e. subject to viability and site-specific considerations) in respect of the application of this policy requirement".* We suggest that the Council consider amending the policy wording so as to acknowledge such circumstances and where additional flexibility may need to be applied particularly on larger sites.
The LPVA states that BNG costs have been calculated as a per unit cost and added to the S106 contributions. No details are provided as to how this has been calculated.	The BNG allowance for the generic typologies was calculated by applying the advised cost per hectare to the assumed site area and then dividing this total sum by the number of units to calculate a cost per plot for each typology. This sum was then added to the total S106 contributions (per plot) for each typology. For the allocations, the inputted figures are shown in the appraisal print outs.
At this stage we would expect to see a contingency allowance of 10%, with a reduction down to 5% only being made at Reserved Matters stage.	A 10% allowance is considered excessive and inconsistent with the contingency assumptions adopted in other area-wide FVAs including the following studies where a 5% contingency allowance was adopted in line with our assumption: • Cheshire East (2017) • Wyre (2017) • Cheshire West (2017) • Liverpool (2018) • St Helens (2018) • Fylde (2020) • Rossendale (2021) We also seldom see 5% contingencies on standard build costs at the application stage and indeed RH have submitted site-specific FVAs with a lower contingency allowance on many occasions. By way of example, the two appended FVAs recently prepared by RH include contingency at 2.4% and 3% respectively. The 5% allowance is fair and reasonable at the plan-making stage and is consistent with other similar studies.

Professional fees can rise to 8 - 12% for brownfield sites.	In our experience, 7% is a reasonable minimum assumption at the plan-making stage. It is not clear if RH are suggesting that a higher allowance should be applied. The assumption was regarded as acceptable by stakeholders during the 2020 consultation and again at this stage of the process. RH produce their own appraisal for Fiddlers Ferry which mirrors the LPVA assumptions for many inputs including professional fees.
Should additional S106 costs be identified above the allowances in the LPVA, we would expect the LPVA to recognise that additional site specific testing may be required at the application stage	We note and agree with this principle which is acknowledged by the Council.
Many of the construction cost assumptions are provided without any supporting evidence and are based on an in-house database with no opportunity to comment on and review the data. We would therefore request that the supporting in-house cost data is published in a format that protects client confidentiality but encourages transparency and enables a full review of the evidence.	As far as we are concerned, all of the cost assumptions are based on supporting evidence and only one of the assumptions is based on an in-house database which is the abnormal costs. This assumption has to be based on in-house data as there is no publicly available database for abnormal costs as noted above. RH's comments are inaccurate and misleading.
The LPVA does not consider the Western Link Road costs. We would therefore expect site specific viability assessments to be allowed should a development be expected to contribute towards this at the application stage as it is not considered in the LPVA.	We note and agree with this principle which is acknowledged by the Council.
Developer's profit of 7% on affordable housing is "artificially low" and inconsistent with other LPVAs. The typology testing should therefore be based on a return of 20% on GDV across both the private and affordable housing.	Whilst it may previously have been acceptable to assess plan-wide viability on the basis of a 20% blended margin, the revised PPGV advises that a lower profit can be appropriate for affordable housing. In addition, recent research by Lichfields (Appendix 8), whom produced the representations to which RH's report is appended, recommends a profit of 6% of GDV for affordable housing which is lower than the figure in the LPVA. The adopted profit levels were considered reasonable by stakeholders during the previous 2020 consultation including members of RH's consortium (Story Homes and Ashall Property) where, in their previously submitted representations (as prepared by Turley), it was stated that *"the proposed market housing and affordable housing profit levels are in line with expectations and are regarded as acceptable"* (paragraph 2.38, Turley representation, February 2020). In addition, CBRE have not raised issue with the developer's profit assumptions in their 2021 representation.

IRR should be considered for the larger typologies and site allocations where the time value of capital is increasingly important to the viability of a development.	The IRR is reported in the Argus appraisals for the site allocations. Across all typologies save for the sites which are unviable in the base testing (Peel Hall and Waterfront), the IRR ranges from c. 22% – 59%, with the majority of schemes have an IRR of 30% or more. The excel model for the generic typologies does calculate an IRR which can be provided if necessary however the profit on GDV has been utilised as the primary measure of scheme performance and return.
Considered that the results will be worse when accounting for the additional costs and reduced revenues recommended by RH for certain typologies.	Please see the comments above and in the main body of the Addendum which address each of the relevant points raised by RH.
The sensitivity testing should be based on increased build costs not decreased costs as the recent evidence points to cost inflation. The results are therefore misleading.	Please see the comments in the main body of the Addendum which respond to the cost inflation issue.
We would expect sales value increases to be offset by cost increases therefore rendering the results of a sensitivity test on this basis neutral, in that the base testing results are likely to largely remain the same when the cost increases go up by the same percentage as the sales value increases.	This comment is incorrect. As a high level benchmark, build costs typically comprise 40-60% of GDV. Indeed if build costs comprised 100% of GDV, no site would ever generate any land value. Therefore, if build costs increase by the same percentage as sales values, viability will improve not remain neutral. This is confirmed in paragraph 4.1.5 of the RICS guidance note which states that "*where residual development values are positive, equal growth in both values and costs will always increase current residual land value".*
Reduced contingency and professional fee sensitivity analysis are not considered realistic as additional costs relating to energy efficiency and climate change are likely to increase contingencies and fees.	We disagree. Such costs have been factored into the testing elsewhere and the contingency / professional fee allowances should not be increased in addition as this would represent double-counting. The purpose of these sensitivity tests is to demonstrate a potential position at the application stage and/or where an applicant may take an alternative view on the assumptions to support the deliverability of the site. This wider testing forms part of the "stand back" and holistic assessment of site viability which we are required to provide to the Council in order to inform their decision making.
Reduced profit sensitivity analysis not considered realistic and testing the margins of viability. The sensitivity testing should be re-assessed based on more realistic assumptions. Developers generally target a minimum margin of 20% on GDV on a blended basis.	Please see comments above; these sensitivity tests are deliberately included as sensitivities and not in the base testing assumptions. In this particular instance, we do not consider it appropriate to report to the Council that no single developer will proceed with a site at a margin which is anything less than 20% of GDV. Warrington is regarded as one of the stronger markets in the North West where appetite for development land is very strong which has been reflected in the prices paid for residential land in the locality over the past 12 – 24 months. It follows, therefore, that a developer may be willing to flex on their return in certain site-specific circumstances. We are not suggesting that this will be the case on every site but are presenting potential scenarios to inform the Council's decision-making.

	We note that RH recently adopted what they term an "*industry accepted 18% on GDV for open market sales products*" in their Trafford Bar FVA and at no point did they suggest that this was marginal. A blended profit of 17.6% across market and affordable housing was adopted in RH's Link House FVA (see Appendix 6). We are aware that personnel at RH have adopted a profit below 20% of GDV in site-specific FVAs on various other occasions and note the inconsistencies in their comments which we feel undermines the credibility of their arguments. As we have adopted what we consider to represent a robust position for the key appraisal inputs in the base testing as at April 2021, we consider that weight can be attributed to the sensitivity testing. This would not be the case where the LPA consultant has adopted unrealistic inputs in the base testing, with the sensitivity testing then stretching these inputs to an even more unreasonable position.
Affordable housing is not deliverable in the town centre as evidenced by the LPVA.	We note and agree with this comment based on the base testing as reported in the LPVA. We have however undertake further sensitivity testing to demonstrate potential viable scenarios and we have provided wider commentary on the potential deliverability of the town centre sites to inform the Council's decision-making. Please also see the main body of the Addendum for further comments on the geographical distribution of the anticipated supply and its deliverability.
Overall, the results of the brownfield generic typology testing are likely to be overstated as the GDVs are too high and certain costs are too low.	We do not agree with all of the comments relating to revenues and build costs and RH's subsequent conclusions, which we have addressed where relevant throughout this response note.
Given that the LPVA base testing concludes that most of the development typologies cannot deliver a policy compliant level of affordable housing whilst meeting other policy requirements, more comprehensive typology testing should be undertaken to assist plan makers with the identification of viable development types and ensure that housing needs are met. Additional typology testing needs to be undertaken for housing schemes in the higher value areas because this type of development can deliver policy compliance. In particular: • There is no testing of sites sized between 50 – 250 dwellings	<u>Results</u> The first statement regarding "most" of the typologies being unviable is misleading. Within the LPVA, all but two of the allocations were shown to be viable, as were 11 of the 24 typologies. Therefore, 21 of the 36 typologies were viable (58%). The BTR typologies were considered separately as it is fully acknowledged that the economic dynamics of such schemes often do not as yet "stack up" in secondary locations such as Warrington but the Local Plan is not reliant on delivery of such schemes. Similarly, it is acknowledged that development in the Town Centre and Inner Warrington North is more challenging from a viability perspective but this is entirely expected; open market sale schemes in prime Manchester city centre locations seldom support any affordable housing and it is only over the past 12 – 24 months that we are now starting to see *some* schemes make <u>modest</u> contributions towards S106 planning obligations. Where the economics of development are challenging in a much stronger market, it is unreasonable to expect an emerging secondary market to outperform. Nevertheless, in our view this does not mean that the Council should simply neglect the delivery of new homes in these locations as this would compromise choice and would not satisfy local housing need for different products in different locations across the district.

• There is no testing of any greenfield typologies • There is no testing of additional viable typologies to offset the viability issues across the proposed brownfield site delivery RH provide an example greenfield typology of 150 units Suburb Mid Value location which utilises many of the LPVA assumptions. Additional testing in higher value areas is needed.	Please see the main body of the Addendum for further comments on the geographical distribution of the anticipated supply and its deliverability. In particular, we have identified that certain typologies do not actually exist based on the planned supply, meaning that a greater proportion of the typologies are viable. <u>Range of Typologies</u> A total of 12 greenfield typologies have been assessed across a wide range of site sizes through the site allocations, a number of which are in the mid and high value areas in line with the RH recommendations. The allocations cover both the suggested example greenfield typology and numerous other greenfield site sizes and locations as previously stated. The Council has confirmed that they are satisfied that the greenfield testing is sufficiently representative of the types of site and locations in which development is expected to come forward. As demonstrated in RH's example appraisal, the S106 contributions for generic greenfield sites would likely be lower than the contributions for the allocations which could open up further headroom. The range of testing across the greenfield and brownfield sites is regarded as sufficiently comprehensive for the purposes of the LPVA and provides the Council with a wide-ranging overview of development viability across the district. The additional testing is therefore not deemed necessary.
Fiddlers Ferry	
Concerns that there is a conflict of interest in relation to the Fiddlers Ferry appraisal and recommend that an independent third party is appointed to assess this site.	C&W and WBC do not consider that there is any conflict of interest. C&W were appointed by WBC considerably before Fiddlers Ferry was even identified as a draft allocation in the Local Plan. When WBC advised C&W's Manchester/Leeds offices that Fiddlers Ferry was being proposed as an allocation, the involvement of C&W's London Team in an advisory capacity was fully disclosed to the Council who confirmed that they were happy for us to proceed, with Aspinall Verdi independently appointed by SSE to prepare an independent FVA for Fiddlers Ferry. This FVA was then thoroughly scrutinized and challenged by WBC and C&W throughout the preparation of the draft LPVA assumptions. C&W engaged with Aspinall Verdi in reviewing their assumptions whilst WBC's technical teams reviewed the infrastructure cost information provided by the site promoter. WBC subsequently provided C&W with the key infrastructure cost assumptions upon which we were to rely. The other key assumptions in the Fiddlers Ferry appraisal mirror those adopted in the LPVA (many of which have been accepted by CBRE and RH) and those put forward by Aspinall Verdi when they were previously promoting the Garden Suburb allocation. There has been no contact whatsoever between C&W Manchester/Leeds offices and the London office with respect to the viability assumptions or evidence for the site.
BLV has been assessed at £150k per acre based on GF values when the site is BF but agree with the assumption as representing the minimum level of return.	This comment is noted, as is the in principle agreement to the BLV. The BLV has been assessed based on the market evidence, the site characteristics, the assumed costs and revenues including the provided infrastructure / abnormal costs and the S106 contributions, on the same basis as the other strategic sites in the LPVA.

See earlier comments regarding standard cost assumptions in Section 4.3.	Please see comments throughout this note which address these points.
Unclear how FF infrastructure costs have been apportioned in the LPVA from the IDP allowance and LPVA does not appear to have correctly apportioned the residential and commercial costs. It appears that there is no allowance in the LPVA FF appraisal for the commercial abnormal costs, which is a significant underestimation of cost based on the information in the IDP.	There are no errors in the costs in the appraisals which were confirmed as correct by WBC prior to finalising the assumptions. The total of £90,174,299 is comprised of the site-wide highways costs (£17,800,000), demolition and remediation (£35,059,532), utilities and drainage (£2,580,000), commercial abnormals (£30,000,000) and professional fees (£4,734,767). There is a minor error in the IDP where professional fees have been double-counted in the highways costs. We were advised by WBC that fees were already included in the figure of £17,800,000. RH have misinterpreted the IDP figures and appraisals. Their comments are not correct as the commercial abnormals have not been excluded and a total of £123,038,799 is not the correct figure to apportion as this figure includes costs for Phase 1 and Phase 2. The LPVA appraisals are based on the Phase 1 total quantum of development. This is clearly stated in the report. These appraisals therefore include the Phase 1 infrastructure and abnormal costs, as well as the site-wide highways costs which totals £90,174,299 as summarised above. The appraisals do not include the Phase 2 infrastructure and abnormal costs. If this approach was adopted, the Phase 2 quantum of development would also need to be included.
S106 contributions in IDP differ from LPVA.	The figures in the IDP include the contributions from Phase 2. As above, the LPVA appraisals are based on Phase 1.
The c. £37.5m of demolition/remediation costs will be incurred up front for this phase of the development and will therefore need to include as an upfront sum in any appraisal. The additional commercial abnormal/extra over costs would however be expected to be incurred throughout the development period and could therefore be apportioned on a per sqft basis across the proposed development. It is therefore possible to apportion the relevant costs for Phase 1 to the proposed residential and commercial developments based on the information in the IDP, but the LPVA has not done this.	This comment is incorrect and the suggested approach has been adopted in the modelling with the demolition / remediation costs split out separately in the appraisal and incurred upfront in the development period. Please see the cash flow print outs at Appendix 11 for both the phased appraisal (c. one third of the total development on Phase 1) and the full Phase 1 appraisal.

Despite recognising that the residential and employment development in Phase 1 would come forward separately, the LPVA then goes to appraise the site on the basis of a mixed use development in one indicative phase with residential and commercial progressing simultaneously. The costs and cash flows should be split to reflect the anticipated phasing; with the residential costs / abnormals coming forward first, and the demolition/remediation costs and the commercial abnormal costs would then be incurred as part of the employment development.	Again, the first statement is incorrect. Within the phased appraisal (c. one third of the total development on Phase 1), we have clearly split the residential and commercial elements of the scheme. We have assumed that the demolition / remediation is carried out upfront in the development period, with the residential commencing construction part way through the demolition / remediation in line with the approach adopted by the independent viability consultant (Aspinall Verdi) acting on behalf of the site promotor. We have then assumed that the employment development commences construction approximately two years after the demolition / remediation works which is a slightly more cautious approach than the promotor assumptions, as they seemed to allow 1-1.5 years of demolition / remediation prior to employment commencing. We have then phased the delivery of the housing and employment over the development period. For the other strategic infrastructure / abnormal costs, we have adopted the weighted profiling approach where the costs are highest at day 1 and taper off throughout the development period to reflect the greater upfront cost burden, in line with the approach we have adopted for all other strategic sites. Further, as set out in the LPVA, for completeness we also undertook an additional appraisal for the full proposed Phase 1 scheme based on the total quantum of residential units and employment floorspace and the total infrastructure / abnormal costs provided by the Council. The full appraisal is based on the assumption that the demolition and remediation works take place over the first 3 years of the development period in line with the assumptions advised by the site promoter, with the delivery of the housing again commencing earlier on and the employment construction and delivery phased to commence later in the development period on the remediated power station land. The assumptions are shown in the cash flows at Appendix 11. This reflects that the receipts from the residential development can be utilised to help cross-subsidise the upfront costs associated with the demolition and remediation of the commercial land. RH's comments are misleading as they have implied that the residential and commercial are assumed to progress simultaneously. We would also note that we have adopted a slightly "harsher" cash flow profiling than recommended by RH in terms of the commercial abnormals as these are assumed to be incurred from day 1 as part of the strategic infrastructure costs.
Consider that the viability of FF should be reassessed based on the residential element only to identify if the land receipts are sufficient to deliver policy compliance, the demolition / remediation of the site, the associated employment development and Phase 2 of the planned scheme.	We do not agree with RH's approach which appears to be based on <u>all</u> of the residential development coming forward prior to any of the employment development. This does not reflect the anticipated phasing assumptions as provided by the promotor and delays the delivery of the employment land to an extended date. We understand that the employment development can commence once the power station land has been remediated. The income from the employment development is crucial in helping to fund the costs together with the additional upfront cross-subsidy from the residential development.
Brookbanks Technical Review sets out a range of comments on technical constraints and	Brookbanks' total abnormal cost allowance of £35,000 – £50,000 per plot is speculative and not based on any detailed cost build up or due diligence. Brookbanks' Technical Review has been passed to the promoters of

associated potential abnormal costs. In summary, Brookbanks consider that the residential abnormal costs and some of the highways costs are underestimated. The gross:net area discount is also considered too low based on the site constraints which would reduce the developable area.	Fiddlers Ferry who have provided a response to the Council, confirming that they have undertaken detailed due diligence and have detailed knowledge of their site conditions on the northern site. On the basis of this due diligence and their detailed site-specific knowledge, the promoters have confirmed that they do not expect any significant abnormal costs on the greenfield part of the site and that there is no cross-contamination from the former power station nor the chemical works which is even further from the greenfield part of the site. The promoters have further advised that there is no evidence to suggest that most of the houses would require non-standard foundations as suggested by Brookbanks. The promoters note the infrastructure and land remediation costs for the other parts of the site and that the landowner will need to work in partnership with public sector organisations to support delivery, with funding programmes such as the Housing Infrastructure Fund and the Brownfield Land Fund available to provide grant (or loan) funding to overcome any viability challenges should they arise following further due diligence and design progression. In respect of the gross:net area, we are advised by the Council that SSE's consultants undertook a masterplanning exercise which took full account of the site constraints.
FF standalone resi appraisal shows the site is unviable and, by consequence, FF is wholly unviable as there is no surplus to assist in cross-subsidising the demolition/remediation and commercial abnormals.	As above, the abnormal cost allowance of £40,000 per plot for the residential greenfield land is not based on any detailed build up or evidence. It is inevitable that RH's check appraisal will show a much worse position if based on abnormal costs of c. £40,000 per plot as they have assumed.
Comment	**Response**
Emery Planning on behalf of Majornet Ltd & Bellway Homes	
The appraisal does not appear to take into account the requirement for a 1,500sqm new primary health care centre. It is not clear why this has been omitted from the appraisal. The S106 contribution assumes £11,340 per dwelling. It is not clear whether this includes a contribution towards a new health care facility and, if so, what size of health centre this would equate to.	The S106 contributions of £11,340 per plot include a health contribution of £711 per dwelling (with indexation added on in addition) in line with the Council's Planning Obligations SPD. It has been assumed that the land for the health centre is accounted for in the gross:net land take and that this land is provided at nil cost to the Council to facilitate delivery of the health centre.
The appraisal does not appear to reflect any requirement for self-build/custom-build provision.	The draft policy states that self-build/custom-build provision at the site is subject to demand and not a mandatory requirement which is why provision was not factored into the base viability testing. Further, in a location such as Lymm, we would expect the provision of self-build/custom-build units to have a neutral impact on viability at worst as we believe that the likely achievable plot values would offset the cost of provision.

The appraisal does not appear to reflect any requirement for Green Belt compensatory measures and potential financial contributions as set out in Draft Policy OS5.	It is very difficult to estimate a cost for the compensatory measures as this will be site-specific and full details will not be known until detailed designs have been progressed. This is why a speculative contribution was not factored into the testing. The LPVA demonstrates that this site generates a considerable surplus using the base testing assumptions and as such, there is ample headroom for any further required financial contributions towards these measures. The evidence in the main body of this Addendum also demonstrates that we have adopted very conservative sales values for the Lymm sites, hence the actual surplus is likely to be higher than shown in the LPVA.
It is not clear how the fee for biodiversity net gain and energy requirements has been arrived at.	The cost assumptions for these items and the associated evidence/justification are clearly explained in Section 7 of the LPVA (see paragraphs 7.235 – 7.236 and 7.282 – 7.285).
Professional fees and development finance appear to be low.	The adopted professional fees and finance rate are reasonable standard assumptions for the purposes of assessing viability at the plan-making stage in line with the assumptions we see adopted in other studies carried out across the North West. The assumptions have been accepted by other stakeholders as reasonable, both in this consultation and the previous 2020 consultation.
A minimum 20% profit margin should be adopted on all schemes, including affordable housing provision.	Please see our comments above relating to developer's profit and the full detailed justification in the LPVA. We would only advocate a 20% blended profit across market and affordable housing where there is insufficient headroom in the other appraisal assumptions. This is evidently not the case here as demonstrated in the LPVA and this Addendum, with the conservatism in multiple key inputs.
Comment	**Response**
McCarthy & Stone and Churchill Retirement Living	
No extra care / sheltered housing typologies included in the testing. Two appraisals for each typology have been prepared, contending that any planning obligations are unviable.	The two retirement specialist developers have submitted a review for Sheltered and Extra Care Housing with detail of their methodology to their inputted viability model, to respond to the BNP LPVA. They do not refer to the C&W LPVA and it is unclear why the BNP study has been referenced given that this work is superseded by the 2021 LPVA. To respond to the LPVA, the developers have undertaken viabilities for Sheltered and Extra Care Housing in Warrington and have taken their Older Person Housing sales values pricing as per the RHG methodology, which is a review of the semi-detached achieved pricing for 12 months prior to their FVA. The developers have obtained this pricing data from Home.co.uk as at November 2021 for Warrington. The Home.co.uk website advises that the pricing for "Warrington" is based on a 2 mile radius from the centre of Warrington. The values achieved for 3 bed semi-detached properties were £227,500 to £232,500. The developers adopt a mid-point of £230,000. We do not agree with this approach. The two mile radius from the centre of Warrington covers the lowest value areas in Warrington and does not fully reflect all the higher values for locations such as South Warrington e.g.

	Stockton Heath, Appleton, Grappenhall, Lymm and to the west and east in Great Sankey, Penketh, Padgate and Bruche etc which have higher values. If the WA4 postcode is used for semi-detached housing, the average figure would increase to £294,200 and the median figure is £313,500. For Lymm, the figure increases to £620,000. When we undertake any analysis of Sheltered Housing values, we mirror what we believe MC&S utilise for their pricing analysis which is a 1 mile radius from their subject site covering semi-detached housing. This would bring higher values for their 1 and 2 bedroom apartments for the higher value locations in Warrington. Nevertheless, the developers have utilised the Home.co.uk pricing from 2 miles from the centre of Warrington to undertake their viability analysis for their review which understates viability. The developers have then adopted other assumptions such as BCIS build costs, developer profit, finance and so on, and show a considerable negative position. The developers advise at paragraph 3.1.5 that they *"have struggled to bring forward specialist older persons housing within Warrington historically as we have been unable to make development viable"*. Yet there are existing MC&S schemes in Stockton Heath, Grappenhall and Lymm which they have developed historically. Reviewing both developers' respective current websites shows that they develop schemes in largely high value locations. For example, Churchill are building in Timperley, Handforth and Formby and MC&S in Knutsford, Bramhall and Handforth, as well as other high value locations outside the NW. The developers' actual own delivery model does not support development in the lower value locations as evidenced by the areas in which they are currently building. Therefore, to utilise a low sales/pricing assumption in their FVA which does not reflect the higher value locations where they would acquire sites is not representative of the Sheltered Housing market that they would actually develop in. Both developers need to target higher value locations due to their higher build costs and development profile and when the average semi-detached pricing within one mile radius of their preferred locations is taken (i.e. those being high value markets), we suspect that the viabilities would actually be positive. It is also noted that within the viability models, the developers have assumed additional costs for Part M4 (2) and (3) yet they adopt the BCIS costs for Supported Housing which assumes Accessible and Adaptable dwellings. The BCIS definition for Supported Housing is *"any housing scheme where housing, support and sometimes care services are provided as an integrated package. ... Supported housing services include homelessness hostels, refuges, sheltered housing and long-term accommodation for people with ongoing support needs".* Therefore, it is assumed that M4(2) and (3) would be included in the BCIS cost figures and there is no need to add any further costs into the modelling as this would appear to represent a double count in our view. The total cost is some c. £55,000 for M4(2) and c. £474,000 for M4(3). In addition, the costs adopted for Energy Requirements are too high at 6% of build costs which equates to c. £300,000. For the reasons explained in the LPVA and the main body of the Addendum, we consider a cost of £2,260 per plot should be applied to apartments which is c. 1.3% of build costs.

	We have undertaken a check appraisal of the tested scheme (Appendix 12) and have applied similar assumptions to the developers but have taken the base sales value at an average of £265,000 for 1 bed apartments and £330,000 for 2 bed apartments to reflect the higher value locations where the two developers would realistically develop. We have also made the adjustments for Part M4(2) and (3) and the energy requirements as outlined above. According to our calculations, the appraisal produces a surplus when compared to the adopted BLV of £308,750. It is accepted that viability would be constrained for this type of product in the lower value locations in Warrington when delivering at the level of specification that is expected. Further, in our experience, the delivery of Extra Care schemes in low value locations is primarily by RPs with the benefit of grant funding to support delivery and close the viability "gap". We therefore consider that such product is not likely to be sought on a market basis in low value locations, but that development should be viable in the higher value areas where developers are likely to target building this product.

APPENDIX 2: NEW BUILD COMPARABLE SALES EVIDENCE

New Build Achieved Sales Evidence

Address	House Type	NSA (sq. ft.)	Achieved Value (£ / £ psf)		Date
Sandstone Brook, Lymm, WA13 9PR (Bellway Homes)					
3, Little Meadow, Lymm, Warrington WA13 9EB	Semi-detached	775	£309,995	£400	18/12/2020
17, Woodyatt Way, Lymm, Warrington WA13 9DF	Semi-detached	775	£313,995	£405	26/03/2021
7, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	958	£379,995	£397	11/12/2020
5, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	958	£374,995	£391	09/10/2020
9, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	958	£389,995	£407	19/03/2021
1, Little Meadow, Lymm, Warrington WA13 9EB	Detached	990	£391,995	£396	16/12/2020
1, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	1,216	£469,995	£386	11/12/2020
2, Little Hey, Lymm, Warrington WA13 9EF	Detached	1,292	£494,995	£383	25/09/2020
4, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	1,313	£489,995	£373	27/11/2020
3, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	1,539	£554,995	£361	30/10/2020
6, Woodyatt Way, Lymm, Warrington WA13 9DF	Detached	1,808	£629,995	£348	22/01/2021
Scheme Average		**1,144**	**£436,450**	**£382**	
Saviours Place / Kings Quarter, Stretton Road, Stretton, WA4 4NT (Barratt Homes)					
18, Fulford Close, Appleton, Warrington WA4 5GQ	Semi-detached	818	£256,995	£314	16/10/2020
8, Coombe Hill Gardens, Appleton, Warrington WA4 5GX	Detached	818	£277,995	£340	15/01/2021
15, Camberley Heath Drive, Appleton, Warrington WA4 5GP	Detached	904	£290,995	£322	19/02/2021
14, Fulford Close, Appleton, Warrington WA4 5GQ	Detached	1,044	£298,995	£2	26/02/2021
24, Fulford Close, Appleton, Warrington WA4 5GQ	Detached	1,119	£340,995	£305	25/09/2020
3, Perranporth Close, Appleton, Warrington WA4 5GN	Detached	1,206	£359,995	£299	11/09/2020
6, Coombe Hill Gardens, Appleton, Warrington WA4 5GX	Detached	1,302	£404,995	£311	15/01/2021
5, Coombe Hill Gardens, Appleton, Warrington WA4 5GX	Detached	1,302	£409,995	£315	26/02/2021
16, Fulford Close, Appleton, Warrington WA4 5GQ	Detached	1,528	£455,995	£298	19/02/2021
8, Swinley Forest Drive, Appleton, Warrington WA4 5GJ	Detached	1,528	£496,495	£325	04/12/2020
45, Henbury Gardens, Appleton, Warrington WA4 5GH	Detached	1,550	£439,995	£284	16/10/2020
22, Seacroft Avenue, Appleton, Warrington WA4 5GT	Detached	n/a	£345,995	n/a	20/11/2020
20, Seacroft Avenue, Appleton, Warrington WA4 5GT	Detached	n/a	£439,995	n/a	30/10/2020
8, Seacroft Avenue, Appleton, Warrington WA4 5GT	Detached	n/a	£388,995	n/a	16/10/2020
26, Seacroft Avenue, Appleton, Warrington WA4 5GT	Detached	n/a	£439,995	n/a	18/12/2020
Scheme Average		**1,193**	**£366,677**	**£307**	
Primrose Meadow, Liverpool Road, Great Sankey, WA5 3LW (Bellway Homes)					
3, Redmires, Great Sankey, Warrington WA5 3UR	Detached	926	£263,995	£285	19/10/2020
6, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	926	£267,995	£290	29/01/2021
8, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	926	£267,995	£290	09/02/2021
10, Carsington Water, Great Sankey, Warrington WA5 3UP	Detached	969	£265,995	£275	23/04/2021
6, Redmires, Great Sankey, Warrington WA5 3UR	Detached	1,012	£266,995	£264	18/09/2020
4, Redmires, Great Sankey, Warrington WA5 3UR	Detached	1,012	£266,995	£264	29/09/2020
2, Redmires, Great Sankey, Warrington WA5 3UR	Detached	1,012	£266,995	£264	09/10/2020
26, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,012	£269,995	£267	14/10/2020
16, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,012	£269,995	£267	01/12/2020
14, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,012	£269,995	£267	04/12/2020
24, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,012	£271,995	£269	04/12/2020
4, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,012	£271,995	£269	10/02/2021
2, Carsington Water, Great Sankey, Warrington WA5 3UP	Detached	1,012	£273,995	£271	31/03/2021
7, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,119	£259,995	£232	11/09/2020
1, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,119	£263,995	£236	16/03/2021
5, Redmires, Great Sankey, Warrington WA5 3UR	Detached	1,130	£299,995	£265	14/10/2020
6, Carsington Water, Great Sankey, Warrington WA5 3UP	Detached	1,130	£305,995	£271	26/03/2021
1, Redmires, Great Sankey, Warrington WA5 3UR	Detached	1,216	£339,995	£280	18/02/2021
22, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,281	£337,995	£264	25/09/2020
28, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,281	£337,995	£264	06/11/2020
3, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Detached	1,281	£342,995	£268	26/11/2020
40, Carsington Water, Great Sankey, Warrington WA5 3UP	Detached	1,281	£359,995	£281	29/01/2021
12, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Semi-detached	850	£219,995	£259	01/02/2021
10, Ravensthorpe, Great Sankey, Warrington WA5 3UQ	Semi-detached	850	£219,995	£259	05/02/2021
18, Carsington Water, Great Sankey, Warrington WA5 3UP	Semi-detached	850	£219,995	£259	12/02/2021
16, Carsington Water, Great Sankey, Warrington WA5 3UP	Semi-detached	850	£219,995	£259	19/02/2021
12, Carsington Water, Great Sankey, Warrington WA5 3UP	Semi-detached	850	£219,995	£259	26/02/2021
14, Carsington Water, Great Sankey, Warrington WA5 3UP	Semi-detached	850	£219,995	£259	04/03/2021
Scheme Average		**1,028**	**£273,709**	**£266**	
Taylor's Chase, Sophia Drive, Great Sankey, WA5 3UA (Redrow Homes)					
21, Membury Drive, Great Sankey, Warrington WA5 3YB	Detached	1,033	£281,995	£273	30/10/2020
1, Welford Gardens, Great Sankey, Warrington WA5 3YL	Detached	1,410	£419,995	£298	11/09/2020
3, Attlebridge Gardens, Great Sankey, Warrington WA5 3YD	Detached	1,507	£435,995	£289	25/09/2020
8, Rackheath Crescent, Great Sankey, Warrington WA5 3YJ	Detached	1,528	£431,995	£283	25/09/2020
9, Welford Gardens, Great Sankey, Warrington WA5 3YL	Detached	1,528	£434,995	£285	20/11/2020

11, Membury Drive, Great Sankey, Warrington WA5 3YB	Semi-detached	947	£255,995	£270	01/09/2020
15, Membury Drive, Great Sankey, Warrington WA5 3YB	Semi-detached	947	£255,995	£270	18/09/2020
7, Membury Drive, Great Sankey, Warrington WA5 3YB	Semi-detached	947	£253,995	£268	04/09/2020
9, Membury Drive, Great Sankey, Warrington WA5 3YB	Semi-detached	947	£255,995	£270	09/09/2020
Scheme Average		**1,200**	**£336,328**	**£280**	
Beamish Place, Wharford Lane, Sandymoor, WA7 1QU (Bloor Homes)					
17, Duxford Close, Runcorn, Halton WA7 1WD	Detached	850	£249,995	£294	13/10/2020
4, Abbotsley Road, Runcorn, Halton WA7 1WE	Detached	850	£250,995	£295	09/12/2020
15, Duxford Close, Runcorn, Halton WA7 1WD	Detached	969	£264,995	£274	27/10/2020
18, Duxford Close, Runcorn, Halton WA7 1WD	Detached	969	£264,995	£274	05/11/2020
21, Orwell Road, Runcorn, Halton WA7 1JB	Detached	1,109	£295,995	£267	30/11/2020
16, Duxford Close, Runcorn, Halton WA7 1WD	Detached	1,130	£294,995	£261	20/10/2020
7, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,173	£294,995	£251	09/02/2021
13, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,173	£296,995	£253	23/02/2021
2, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,216	£309,995	£255	09/03/2021
10, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,216	£309,995	£255	23/03/2021
27, Duxford Close, Runcorn, Halton WA7 1WD	Detached	1,249	£299,995	£240	26/11/2020
19, Orwell Road, Runcorn, Halton WA7 1JB	Detached	1,249	£307,500	£246	18/12/2020
5, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,270	£309,995	£244	29/01/2021
15, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,270	£312,995	£246	23/02/2021
8, Hardwick Grove, Runcorn, Halton WA7 1UX	Detached	1,270	£324,995	£256	20/04/2021
7, Hardwick Grove, Runcorn, Halton WA7 1UX	Detached	1,270	£326,995	£257	20/04/2021
33, Duxford Close, Runcorn, Halton WA7 1WD	Detached	1,292	£359,995	£279	29/01/2021
28, Duxford Close, Runcorn, Halton WA7 1WD	Detached	1,313	£329,995	£251	20/11/2020
13, Orwell Road, Runcorn, Halton WA7 1JB	Detached	1,410	£332,995	£236	16/10/2020
4, Comberton Close, Runcorn, Halton WA7 1WB	Detached	1,410	£349,995	£248	09/03/2021
23, Duxford Close, Runcorn, Halton WA7 1WD	Semi-detached	850	£219,995	£259	04/09/2020
24, Duxford Close, Runcorn, Halton WA7 1WD	Semi-detached	850	£214,995	£253	04/09/2020
20, Duxford Close, Runcorn, Halton WA7 1WD	Semi-detached	850	£220,995	£260	27/10/2020
19, Duxford Close, Runcorn, Halton WA7 1WD	Semi-detached	850	£217,500	£256	29/10/2020
6, Orwell Road, Runcorn, Halton WA7 1JB	Semi-detached	850	£214,995	£253	30/10/2020
9, Comberton Close, Runcorn, Halton WA7 1WB	Semi-detached	850	£214,995	£253	29/01/2021
6, Hardwick Grove, Runcorn, Halton WA7 1UX	Semi-detached	850	£222,500	£262	13/04/2021
11, Comberton Close, Runcorn, Halton WA7 1WB	Semi-detached	850	£214,995	£253	16/02/2021
1, Hardwick Grove, Runcorn, Halton WA7 1UX	Semi-detached	872	£224,000	£257	01/04/2021
21, Duxford Close, Runcorn, Halton WA7 1WD	Semi-detached	926	£224,995	£243	16/09/2020
2, Abbotsley Road, Runcorn, Halton WA7 1WE	Semi-detached	926	£214,995	£232	18/12/2020
Scheme Average		**1,070**	**£274,012**	**£256**	

Sources: Land Insight, EPC Register, Rightmove, Land Registry

APPENDIX 3: BREAKDOWN OF ANTICIPATED SUPPLY

Urban Capacity Breakdown - Based on 2021 SHLAA Data

Town Centre

Site size	Number of sites	Number of units	% of supply
Less than 10	18	92	1%
10 to 49	25	513	3%
50 to 249	14	1672	10%
250+	3	1466	9%
Total	**60**	**3743**	**23%**

Inner Warrington

Site size	Number of sites	Number of units	% of supply
Less than 10	38	124	1%
10 to 49	18	350	2%
50 to 249	9	807	5%
250+	3	1543	10%
Total	**68**	**2824**	**18%**

Suburban Warrington

Site size	Number of sites	Number of units	% of supply
Less than 10	61	159	1%
10 to 49	22	574	4%
50 to 249	9	1050	7%
250+	4	2346	15%
Total	**96**	**4129**	**26%**

Settlements

Site size	Number of sites	Number of units	% of supply
Less than 10	36	77	0.5%
10 to 49	4	74	0.5%
50 to 249	0	0	0%
250+	0	0	0%
Total	**40**	**151**	**1%**

Note:

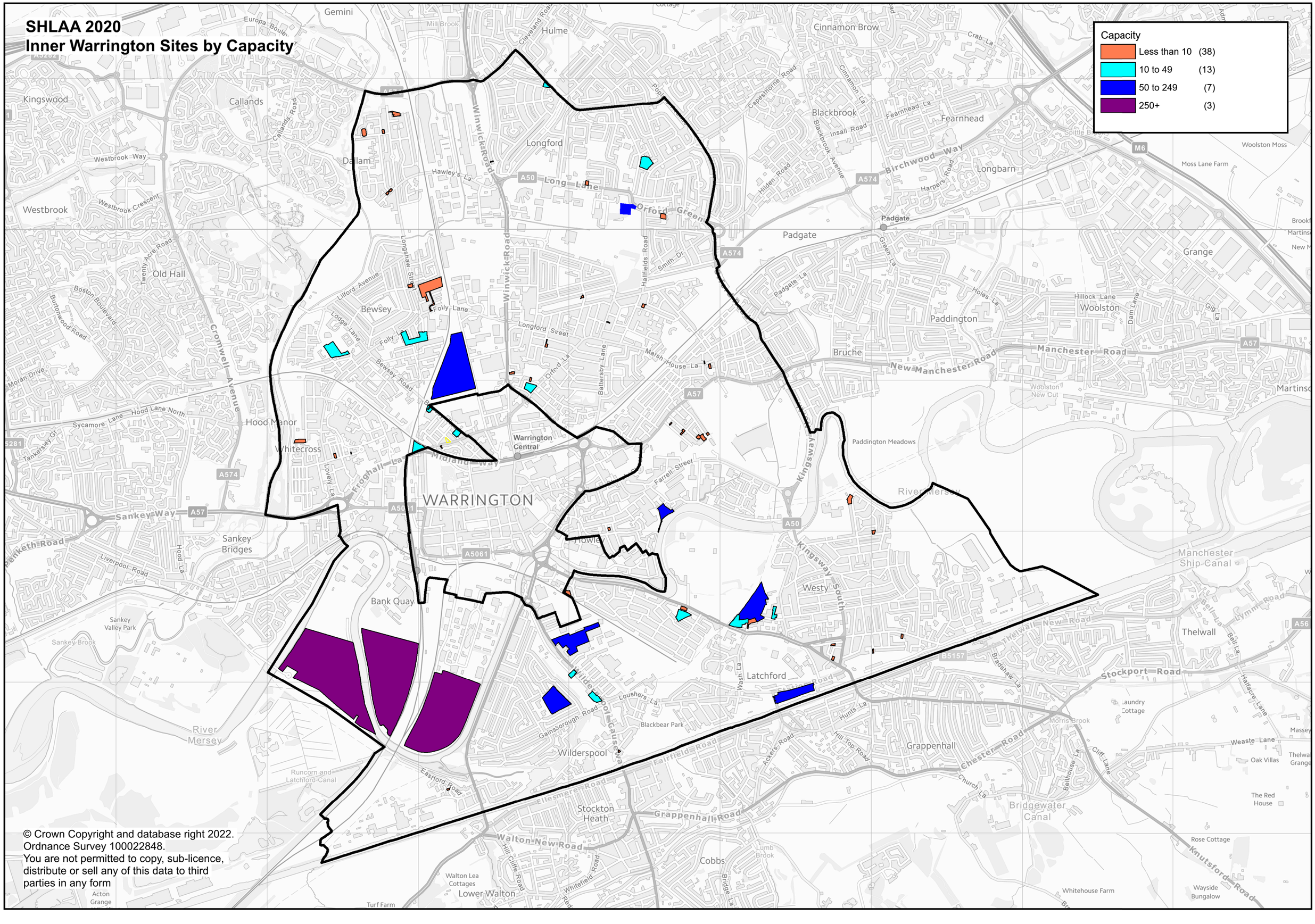
The proportion of supply for each typology has been calculated based on the total dwelling numbers of 15,936 in the anticipated supply which includes PDL sites in the Green Belt and the allocations in the Settlements which are not shown in the above tables. This is why the total in the four tables does not equal 100%.

APPENDIX 4: MAPS OF ANTICIPATED SUPPLY

SHLAA 2020
Town Centre Sites by Capacity

Capacity
- Less than 10 (11)
- 10 to 49 (30)
- 50 to 249 (13)
- 250+ (3)

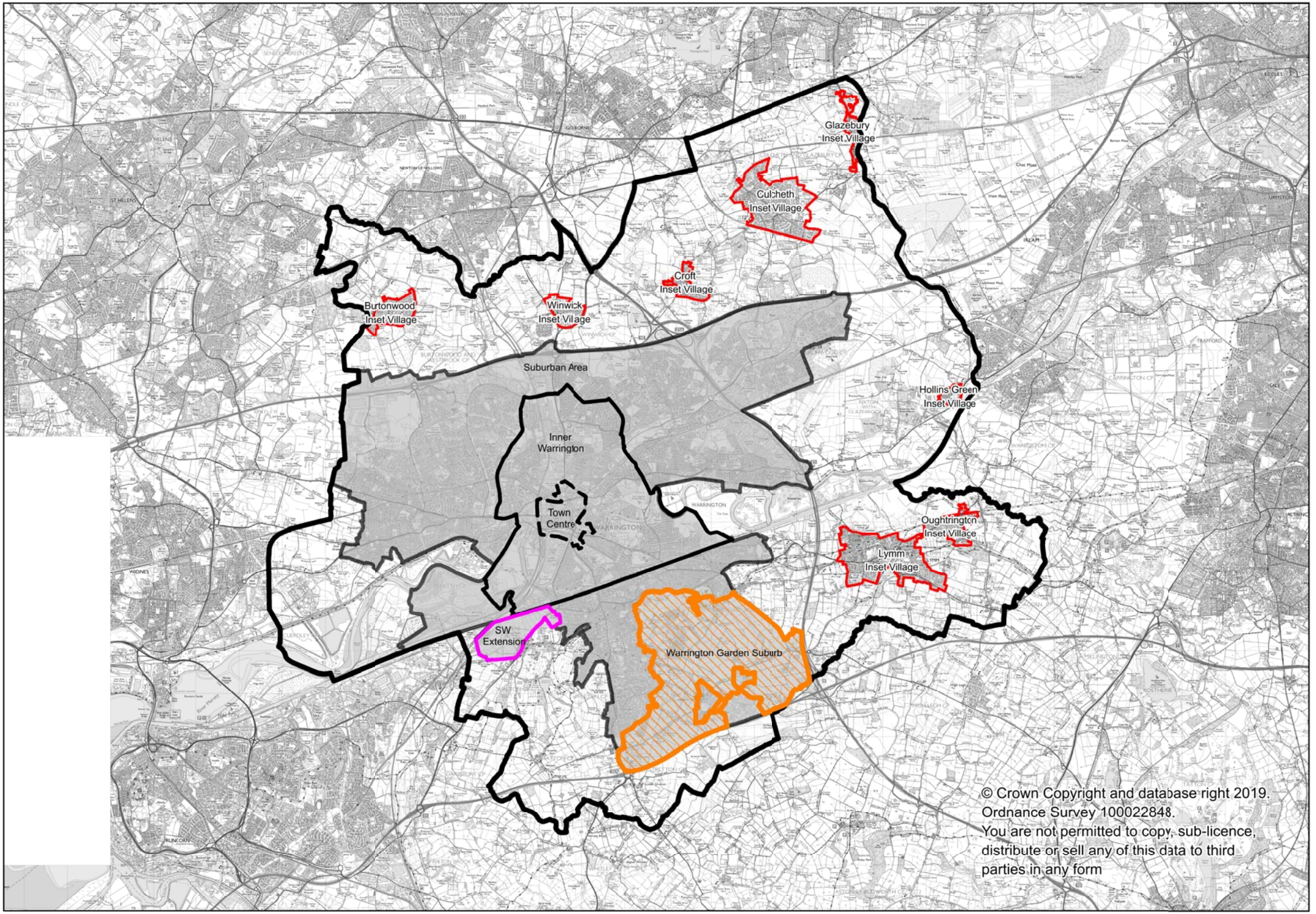
SHLAA 2020
Inner Warrington Sites by Capacity



SHLAA 2020
Suburban Sites by Capacity

Capacity
- Less than 10 (32)
- 10 to 49 (18)
- 50 to 249 (4)
- 250+ (2)

APPENDIX 5: TYPOLOGY MAP


Glazebury
Inset Village
Culcheth
Inset Village
Croft
Inset Village
Burtonwood
Inset Village
Winwick
Inset Village
Suburban Area
Hollins Green
Inset Village
Inner
Warrington
Town
Centre
Oughtrington
Inset Village
Lymm
Inset Village
SW
Extension
Warrington Garden Suburb
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APPENDIX 6: ROGER HANNAH SITE-SPECIFIC FVAS

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

Prepared on behalf of:

Victor Old Trafford

[redacted]

July 2021

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

Introduction

Roger Hannah (hereafter "RH") has been instructed by Victor Old Trafford (hereafter "VOT") to provide a financial viability assessment in respect of its proposed development at the 1-7 and Link House, Warwick Road South, Old Trafford. The report has been prepared to support a planning application for a 126no. apartment scheme and considers the financial impact of the proposed planning obligations.

We understand Trafford Council is seeking the following planning obligations:

- 10% on site affordable housing (reduced to 8.6% based on Vacant Building Credit)
- Education Contribution - £310,474
- Public Open Space - £62,807

In addition to the above, we also understand further contributions may be sought relating to sports facilities, green infrastructure and health facilities.

In relation to planning obligations associated with a particular development, paragraph 57 of the National Planning Policy Framework (NPPF) and the accompanying Planning Policy Guidance (PPG) paragraph 007, states it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the decision-making stage. The weight to be given to a viability assessment is a matter for the decision maker having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any changes in site circumstances since the plan was brought into force.

The Trafford Core Strategy was adopted by Trafford Council in January 2012 and is the principal development plan document that guides development and controls decision making in Trafford. Given the time since adoption of the Core Strategy, planning policy in Trafford is considered dated.

PPG para 008 states "*the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date*".

As Trafford Council's adopted planning documents pre-date the changes to the NPPF and accompanying PPG, there is no evidence based assessment to underpin the plan.

In addition, there are significant site-specific costs (PPG para 007) which were previously unknown and which could not have been viability tested at the plan making stage.

For the above reasons, we are of the opinion that considering viability at the decision making stage in this instance is fully justified and in full compliance with the revised NPPF and PPG.

Accordingly, this report considers the economic impact that Section 106 contributions would have on the viability of the proposed residential development.

We have structured the report as follows:

1. **Executive Summary & Conclusion**
2. **Terms of Engagement & Conflict Check**
3. **Location** – regional location analysis
4. **Situation** – locality review and how the site sits within the context of the surrounding area
5. **The Site** – background of the site itself
6. **Proposed Scheme** – overview of the proposed development
7. **Planning Context** – summary of the planning consent and development obligations
8. **Gross Development Value** – calculation of the assumed GDV
9. **Appraisal Methodology** – overview of NPPF and RICS guidance
10. **Development Appraisal & Conclusions** – assumptions and outputs for potential development

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

In testing the viability, it should be noted that we have had reference to the relevant guidance – including the adopted National Planning Policy Framework (updated as at June 2019), National Planning Practice Guidance (PPG) on Viability, the RICS Financial Viability in planning: conduct and reporting (May 2019) and RICS Guidance Note 94/2012 (GN94), which sets out a framework for undertaking viability appraisals of this nature.

This report has therefore been prepared in accordance with agreed industry methodology which has been tested by stakeholders in both the public and private sectors. It is based on up to date, local information which will stand up to public scrutiny.

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

1. Executive Summary & Conclusion

Report Summary	We summarise the report's key findings and conclusion below: • **Location** – Located in Old Trafford, approximately three miles to the south west of Manchester city centre. • **Situation** – The subject site fronts the junction of Warwick Road South and Ayres Road, and is adjacent to Old Trafford Tram Stop. • **Site** – Comprises a 0.9 acre site comprising two industrial buildings and a former veterinary hospital. • **Proposed Development** – 126 apartments delivered across three buildings, which range in height from four to five storeys. The three buildings are centred around an inner courtyard with internal overlooking balconies. The development provides 25 car parking spaces. • **Planning Context** – The subject site is a brownfield site and fully represents sustainable development, which is in line with national policy and therefore characterises favourable development. The development is eligible for vacant building credit, which lowers the required level of affordable housing to 8.6%. • **Gross Development Value** – Based on a local market review we have adopted an overall GDV of £21.667m, equating to £293per sq ft. The GDV includes for 8.6% affordable provision. • **Appraisal methodology –** This report and the use of the residual approach is in accordance with the adopted NPPF (June 2019) and RICS guidance on viability reporting. We have adopted a benchmark land value of £1,505,400, based on its existing use plus a 30% premium for being released as residential development. • **Development appraisals and conclusion –** We have run two residual development appraisals, one which incorporates no S106 and one to show the impact of the S106 on the residual value.
Conclusion	This scheme, based on the assumed costs, delivers a residual land value of £227,288, given the residual land value is some £1,278,112 below the benchmark land value, this demonstrates that viability is a material consideration at the site. Notwithstanding the viability constraint at the site, Victor Old Trafford are still committed to delivering an onsite provision of 8.6% affordable housing. For completeness we have undertaken a further appraisal including the S106 contribution. With the added cost of the £372,561 contribution, the residual land value is -£136,092 making a deficit of £1,641,492 against the BLV.

2. Terms of Engagement & Conflict Check

Terms of Engagement	Enclosed at Appendix 1 is a copy of our signed terms of engagement.
Conflict of Interest	We confirm that no conflict of interest exists that would preclude Roger Hannah from undertaking this instruction.
Contingent Fee	We confirm that no performance related or contingent fees have been agreed with our instructing client.
Objectivity	In carrying out this review exercise the surveyor has acted: • Objectivity • Impartially • Without interference • With reference to all appropriate available sources of information

3. Location

Location	• Located in Old Trafford, approximately three miles to the south west of Manchester city centre. • The surrounding area comprises a mix of uses with existing residential and commercial uses, along with Old Trafford cricket ground and Seymour Grove Allotments. • The site benefits from good public transport connectivity – adjacent to Old Trafford Metrolink Station. • White City Circle Junction of the A56 is located approximately one mile north of the site, providing good access Manchester's arterial road and motorway network. • The site benefits from its proximity to Old Trafford's amenities along with good access to city centre.
Source: **Google Maps**	
Economy	Trafford has a strong economy, being home to Trafford Park Industrial Estate, Europe's largest industrial estate with over 1,400 occupiers employing between 40,000 and 50,000 people. Trafford is also home to the Trafford Centre, the northwest's largest indoor shopping centre with over 30 million visitors per year.

4. Situation

Overview	• The subject site fronts the junction of Warwick Road South and Ayres Road. • The site is a mixed used area, with the area to the north defined by Old Trafford Metrolink Station / Trafford Metrolink Depot and Old Trafford Cricket Ground. • The eastern boundary is formed predominately by the Seymour Grove Allotments with existing industrial accommodation to the northern tip. • The southern boundary is formed by an existing apartment development whilst there is traditional residential accommodation to the west. • Included below is a plan showing the site's positioning within the locality:
Source: **Google Maps**	
Amenities	• Located in Old Trafford, benefitting from proximity to amenities including restaurants, cafes and pubs. • Tesco, Aldi and Lidl all within walking distance. • Old Trafford Metrolink Station adjacent to site, providing regular services to Manchester city centre and Altrincham. • Benefits from Trafford Council's excellent education provision.

5. The site

Tenure	We have assumed the site is held Freehold and is unencumbered in terms of potential development.
The Site	We have taken approximate measurements only of the site area, which we understand to be 0.9 acres (0.36 hectares). The approximate site boundaries are outlined on the plan below.
Source: **Google Maps**	
Surrounding Properties	The site is tightly bordered by existing industrial units to the north western boundary. The proximity of these neighbouring properties presents a challenging construction at this section of the site for the proposed development.

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

Historic Use	The site comprises 24,242 sq ft of existing floorspace across the following buildings: 1 Warwick Road South A single storey warehouse incorporating office space and parking / loading area to the front. The building extends to approximately 10,177 sq ft and is currently used as industrial and storage accommodation. Whilst we have not inspected the property, we understand it is a condition commensurate with its age and specification. 7 Warwick Road South A two storey building that extending to approximately 5,121 sq ft. The building was most recently used as a veterinary hospital and has been vacant for several years. Whilst we have not inspected the property, we understand it is a condition commensurate with its age and specification. Link House A single storey industrial unit comprising workshop, office, and storage space. The building extends to approximately 8,944 sq ft and has been vacant for several years. We understand that the building is in a very poor condition and during an assessment of the specification of works in order to have the property removed from the VOA rating list concluding the cost of putting it into repair outweigh the benefit of future rental income.
Flood Risk Analysis	We have investigated the site on the Environment Agency Website and note that the whole site is located in Flood Zone 1 (i.e. lowest risk of flooding).
Abnormal Development Costs	The following abnormal cost estimate has been provided by VOT: • Demolition - £105,000 • Contaminated Ground - £140,000 • Embodied Carbon - £50,000 • Ground Water - £30,000 • Buried Obstructions - £20,000 • Services - £150,000 • Asbestos - £20,000 • Section 278 Works - £20,000 • High Pressure Gas - £95,000 The above equates to a total abnormal cost budget of £650,000, which equates to approx. £5,150 per plot. In our experience this is entirely reasonable for a site of this nature.

6. Proposed Development

Proposed Scheme	The development will comprise a high quality development of 126 apartments delivered across three buildings, which range in height from four to five storeys. The three buildings are centred around an inner courtyard with internal overlooking balconies. The development provides 25 car parking spaces.
Gross : Net	The overall gross internal area is measured at 9,483 sq m (102,075 sq ft), with a net internal sales area of 6,878 sq m (74,041 sq ft). This equates to a gross to net ratio of 73%.
Unit Mix	The development will provide a mix of 80no. 1 bedroom apartments and 46no. 2 bedroom apartments. Below shows an indicative schedule of the dwelling types to be delivered. Notwithstanding this, there are small variances in the individual units at the proposed development. A full breakdown of the proposed accommodation across each floor can be found at Appendix 2 along with floorplans at Appendix 3.

Unit Mix

Ref	Type	No. Beds	Sq M	Sq Ft	No
Corner	Apartment	1	40.4	435	2
30-101	Apartment	1	56.1	604	15
30-102	Apartment	1	45.6	491	42
30-103	Apartment	1	44.5	479	8
30-104	Apartment	1	49.9	537	4
30-105	Apartment	1	42.1	454	9
30-106	Apartment	2	86.3	929	4
30-107	Apartment	2	63.6	685	34
30-108	Apartment	2	73.4	790	8

Construction Cost

We have considered BCIS lower quartile rates for 3-5 storey apartments, re-adjusted to the Trafford Locality. Given the proposed design quality of the development, we have adopted the BCIS median quartile rates for 3-5 storey apartments in Trafford is £128 per sq.ft.

BCIS cost data does not include any costs associated with connection to mains service and external works. We have therefore applied an allowance of 7.5% for external works. The proposed scheme is based around a central courtyard with parking facilities and landscaped areas and should arguably require a higher rate to reflect this.

7. Planning Context

Introduction	We have considered below the prospect of the subject site being brought forward for residential development, which is relevant for this report in respect of forming a view on the Benchmark Land Value to be adopted within the appraisal – see Section 9 of this report. We have considered national and local planning policies. As noted below, all point towards the site being suitable for residential development, with a relatively high degree of probability.
Current National Planning Policy	All development is regulated by the National Planning Policy Framework (NPPF), which was updated in February 2019 and promotes sustainable development that is in line with local policy – it states that: *"Plans and decisions should apply a presumption in favour of sustainable development".* One of the key objectives of the NPPF, where residential development is concerned, is to meet the needs of the present without compromising the ability of future generations to meet their own needs. The presumption in favour of sustainable development includes approving development proposals that accord with the development plan without delay. The subject site, as a brownfield site, fully represents sustainable development, which is in line with national policy and therefore characterises favourable development.
Current Local Planning Policy	The Development Plan for the site comprises the Trafford Core Strategy which was adopted in January 2012, and relevant saved policies of the Revised Trafford Unitary Development Plan (UDP), which was adopted June 2006 along with other Supplementary Planning Documents (SPDs). The application site is currently allocated as a main industrial area (Policy E7).
Planning Obligations	Trafford Council has advised that the development will be subject to the following Section 106 contribution: • 10% on site affordable housing • Education Contribution - £310,474 • Public Open Space - £62,807 In addition to the above, we also understand further contributions may be sought relating to sports facilities, green infrastructure and health facilities.
CIL	Trafford is a CIL charging authority with CIL payable on all new development in the Borough in line with the adopted Charging Schedule which came into force in July 2014. The subject scheme is situated within a Cold charging zone, where private market housing attracts a charge of £20 per sq.m and apartments attract a charge £0 per sq.m. As the proposed developments comprises purely apartments, there is no CIL charge applicable.
Vacant Building Credit	The Vacant Building Credit (VBC) was introduced by the Government to encourage redundant buildings being brought forward for residential development by off-setting the normal affordable housing requirement by the amount of vacant commercial floorspace being replaced by residential floorspace. The critical point is that such space should not have been 'abandoned' – ie made vacant for the purposes of redevelopment.

	Both 7a Warwick Road South and Link House are vacant, and have been for several years. The buildings have not been vacated for the purpose of the proposed development. The two buildings have a combined footprint of 14,065 sq ft which is eligible for vacant building credit. The vacant building credit is as follows - *(Difference between proposed and existing floorspace / proposed floorspace) * policy requirement.* For the proposed development, the calculation would is as follows: • Difference between proposed and existing floorspace: 102,075 – 14,065 = 88,010 • Divided by proposed floorspace: 88,010 / 102,075 = 0.86 • Multiplied by affordable housing requirement: 0.86 * 10% = 8.6% Based on the vacant building credit eligible at the site, the sought affordable housing contribution should be 8.6%.
Viability at the decision-making stage	The Trafford Core Strategy was formally adopted in January 2012. The council has since begun to prepare a new local plan, to replace the 2012 Core Stragegy. The plan can now be considered out of date. PPG para 008 states *"the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date"*. As Trafford Council's adopted planning policy document pre-dates the changes to the NPPF and the accompanying PPG, there is no evidenced based viability assessment to underpin the plan. As the adopted plan is now out of date, there is no evidence base to underpin the plan and the proposal is for a substantially different use to that which currently exists we are of the opinion that considering viability at the decision making stage in this instance is fully justified and is in full compliance with the revised NPPF and PPG.

8. Gross Development Value

Market Research Approach	Within this section we have undertaken a headline review of the national, regional and local residential markets, which informs the context of a potential new build scheme at the subject site. We have then undertaken a review of values being achieved within the locality of our site. We have had regard to both new build prices and existing apartment stock within the nearby surrounding areas.
National Residential Context	The April 2021 RICS UK Residential Survey results point to buyer demand remaining fi rm across the market, while the flow of properties being listed for sale has lost impetus of late. As a result, respondents to the survey frequently highlight this mismatch between supply and demand to be a critical factor in driving up house prices, with growth reportedly accelerating further across all parts of the UK. In terms of new buyer demand, a headline net balance of +44% of contributors cited a pick-up in enquiries during April. This is virtually unchanged from a reading of +43% previously and therefore remains indicative of a solid uptick in buyer demand. What is more, the new buyer enquiries series is positive, to a greater or lesser degree, across all areas of the UK. Alongside this, newly agreed sales also rose over the month, evidenced by a net balance of +34% of respondents noting an increase (a slight easing on +48% last time). Looking ahead, near term sales expectations remain comfortably positive at the national level, posting a net balance of +23%. With regards to the twelve month view, contributors anticipate a cooling in sales growth further ahead, with the headline net balance standing at just +12%. When disaggregated, sales expectations for the coming year are significantly stronger than the national average in Northern Ireland, Scotland and London. A widely cited theme in the comments left by survey participants is that the number of fresh listings arriving on the market is insufficient to match the current levels of demand. Indeed, the net balance for new instructions fell to -4% in the latest results, down from +21% previously. Moreover, stock levels have dropped in recent months, with the average number of properties on estate agents' books now at just 40, having briefly stood at 46 back in December. The survey's headline measure of house price growth rose again over the month, with a net balance of +75% of respondents noting an increase in prices during April. This is up from a reading of +62% back in March and has now become successively more elevated in each of the last three reports. Furthermore, all UK regions/countries are now seeing a sharp pick-up in house price inflation. Looking ahead, the near term price expectations net balance came in at +47%, marginally higher than the reading of +43% posted last time, and still consistent with strong house price growth being maintained over the coming three months. Further ahead, respondents also foresee upwards pressures on prices remaining fi rm at the twelve month time horizon, with the latest net balance standing at +68%. In the lettings market, tenant demand growth accelerated markedly in the three months to April (seasonally adjusted quarterly series), registering a net balance reading of +60% across the UK as a whole. This is up from a balance of +14% back in January, with the latest pick-up likely aided by the general improvement in the Covid situation across the UK since then, as well as the recent easing in lockdown restrictions. Nevertheless, a tight supply backdrop is also evident across the rental market, as new landlord instructions were more or less stagnant over the latest survey period. Near term rental growth expectations also rose sharply, returning a net balance of +55% in April, compared to a reading of +15% over the previous quarter. Over the next twelve months, respondents envisage rents rising by 3% on average across the UK. Although near term expectations remain marginally negative across London, the twelve month view on rents moved slightly into positive territory for the first time since early 2020.

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

The Trafford Market

The Old Trafford market should be considered as a sub-market when looking at performance at a local authority level.

As a location which forms part of the ring that surrounds the main regional centre the market is considered to be relatively poor in terms of value when compared with locations further south or on the fringes adjacent to the centre. As in most locations such as this within Greater Manchester structural changes are leading to an improvement in market conditions.

Looking to the local picture the Land Registry produces data for the entire local authority area which is diverse in terms of market performance and pricing.

For Trafford the Land Registry records show an increase of 11.1% in values for the year to March 2021. In the past year, sales in Trafford reflected an average price of £614,061 for detached properties, £368,372 for semi-detached, £279,824 for terraced and £206,107 for flats.

Old Trafford Market

In terms of location the subject site sits within the M16 postcode area. Properties in M16 had an overall average price of £247,487 over the last year. Most sales in M16 during the last year were flats, selling for an average price of £167,562. Terraced properties sold for an average of £278,954, with semi-detached properties averaging £325,557.

This demonstrates that the M16 postcode perform below the average for Trafford. Overall, this data clearly highlights that this is an underperforming residential sales area, which points toward the viability challenges associated with the proposed development.

Comparable Transactions

Detailed below are a number of new build apartment developments, which have been completed or are under construction within close proximity to the subject site.

Novus, Chester Road

Miller Homes

Novus comprises a development of 191 apartments and 91 houses located in Stretford, approximately 1 mile to the west of the subject site. Current apartment asking prices are listed below:

Novus, Chester Road, Stretford, M32 0YA					
Type	**Description**	**Asking price**	**m2**	**sq ft**	**Price psf**
Type E Apartment	1 bed with parking	£174,995	58	619	£283
Type C Apartment	2 bed with parking	£190,000	63	683	£278
Type D Apartment	2 bed with parking	£235,000	74	801	£293

Kinetic, Talbot Road

Cert Property

Kinetic comprises an office to residential conversion with an additional two storey extension. Providing 62 apartments across a mix of studios, one, two and three bed flats. Located approximately 500 metres to north east of Subject Site on Talbot Road.

Asking prices for one bedroom flats at Kinetic currently range from £140,000 to £175,000, with a two bedroom duplex apartment listed at £235,000.

In addition to the above asking prices, there are 47no. recorded sales at the development from March 2020 to August 2020 with sales ranging from £85,000 to £277,500. The sales reflect £273 - £416 psf, with an average sales rate of £338 psf. Of the sales listed, 31no. relate to small studio flats (below 355 sq ft).

When considering the sales of flats in line with the units to be provided at the subject site, there are 16no. relevant sales. Prices range from £124,500 to £277,500, reflect £273 - £324 psf, with an average sales rate of £308 psf.

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

Manchester Waters, Pomona Strand **X1**	Landmark development adjacent to the River Irwell on Pomona Island comprising 330 studio, one, two and three bed apartments. Located next to Pomona Metrolink Station, approximately 1 mile to north east of subject. A 786 sq ft fourth floor two bedroom flat is currently being marketed for £250,000, equating to £318 per sq ft. There are 38no. recorded sales at the development from June 2020 to August 2020 with sales ranging from £139,995 to £319,995. The sales reflect £223 - £442 psf, with an average sales rate of £294 psf.
Celestia Court, Upper Chorlton Road	Celestia Court comprises a new build scheme of 20no. two bed apartments. Located approximately 1 mile to east of Subject site in Whalley Range. There are four recorded sales at the development from July 2019 to May 2020 with sales ranging from £230,000 to £245,00. The sales reflect £278 - £301 psf, with an average sales rate of £288.
Resales	Approximately 500 metres to the north of the site is Warwickgate House, an apartment development dating from c.2004. There are six recorded sales at the block from August 2020 to December 2020 with sales ranging from £143,000 to £192,500. The sales reflect £168 - £263 psf, with an average sales rate of £228.
Open Market Sales GDV	New build sales evidence surrounding the subject site shows average sales values in the range of £288 to £308, whilst asking prices for apartments at Novus reflect values in the range of £278 to £293 per sq ft. It should be noted all the Novus asking prices benefit from allocated parking. Novus and Kinetic also benefit from their prominent positions on major roads linking to Manchester city centre. Manchester Waters comprises a major landmark development on Pomona Island, which also benefits from its closer to proximity to both Manchester city centre and Media City. Based on the comparable evidence, our GDV for the open market sales at the site is £20,197,500, which reflects an overall average of £297 per sq ft.
Affordable Housing GDV	VOT propose to provide 8.6% affordable housing at the site (based on 10% with reduction based on Vacant Building Credit as per Section 7). This provides for 11affordable units to be delivered on site, with a mix of six one bedroom units and five two bedroom units.
Total Scheme GDV	Our overall GDV for the scheme is £21,667,500, which reflects an overall average of £293 per sq ft. A detailed breakdown of the sales values adopted is contained at Appendix 4.

9. Appraisal Methodology

Financial Viability	The purpose of the report is to test the viability of VOT's scheme and demonstrate the financial impact of the proposed planning obligations.
Planning Policy Guidance	The National Planning Policy Framework (NPPF), originally published in March 2012, has been updated in June 2019. In the previous NPPF, it explicitly set out that the level of affordable housing / Section 106 contributions should not be burdensome to the point of prohibiting a developer from making a reasonable return (Para 173). The underlying theme is that planning obligations should not render development unviable and therefore compromise the deliverability of local authority development plans. The updated NPPF (June 2019) carries forward this underlying theme, which is stated in Para 2 of the National Planning Practice Guidance (PPG) on Viability (also published in July 2018). It states that: *"Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan".* The key difference with the revised NPPF (June 2019) is that it envisages viability assessments should be undertaken at the plan making stage by the relevant local authority, and tailoring planning obligations accordingly. The NPPF para 57 states *"where up to date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be give to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force."* The PPG para 007 expands on this and states *"such circumstances could include, for example where a development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required …."*
RICS Guidance	The RICS has published the Financial Viability in Planning Guidance Note (GN 94/2012), which sets out accepted good practice in relation to advising on financial viability. The Guidance Note defines financial viability for planning purposes as follows: *"An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering the project."* In terms of the method of assessing financial viability, the guidance note is clear in terms of this being at the discretion of the practitioner however, it does state: *'The residual appraisal methodology for financial viability testing is highlighted where either the level of return or residual Site Value can be an input and the consequential output (either a residual land value or return respectively) can be compared to a benchmark to assess the impact of planning obligations or policy implications on viability.'* A residual appraisal is a standard approach adopted by Chartered Surveyors and developers in testing the viability of a proposed development.

1-7 and Link House, Warwick Road South, Old Trafford

Financial Viability Assessment

Residual Appraisal	Based on the relevant guidance we have adopted a residual appraisal method – specifically using Argus Developer software, which is accepted across the industry. Each appraisal takes the Gross Development Value (the combined value of the completed development) and deducts all associated delivery costs, which include: • Profit Margin – we have adopted a profit margin of 20% on costs which we consider for a development of this nature. Given that the proposed development is an apartment scheme and tightly bordered by existing buildings to the north of the site, there is additional development risk and therefore the margin should arguably be higher. • Site preparation costs – principally remediation and levelling. • Construction costs. • Professional fees. • Finance. The output of the above is the resultant residual land value. The residual land value is then reviewed in the context of the Benchmark Land Value and whether the development provides a sufficient return to incentivise the release of the land for development.
Appraisal Assumptions	We have provided the detailed assumptions within Section 10 of this report.
Benchmark Land Value	The NPPF states that *viability assessments should be undertaken using benchmark land values derived in accordance with the guidance. Existing use should be informed by market evidence of current uses, costs and values. Market evidence can be used as a cross-check of benchmark land value but should not be used in place of benchmark land value.* *This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.* In any typical viability assessment, a benchmark land value is used and it represents the existing use value of the site plus a premium (defined as "EUV+" within the NPPG). In determining the premium, it should reflect *"the minimum return at which it is considered a reasonable landowner would be willing to sell their land"*. This is to include realistic deemed planning consents and be balanced against emerging policies. The Benchmark Land Value should: • Be based upon Existing Use Value • Allow a premium to the landowner • Reflect the implications of abnormal costs; site specific infrastructure costs and professional site fees. The EUV is the value of the land or building in its current use, it is not the price paid and should disregard hope value. The price paid for the land is not a factor in determining the Benchmark land Value and is not a relevant justification for failing to comply with current planning policies. It should also be noted that the NPPF is clear that the actual price paid is not relevant for the purpose of viability assessment. 1 Warwick Road South and Link House comprise industrial accommodation (planning B2 and B8 class) whilst 7 Warwick Road comprises a former veterinary hospital (planning D1 class).

In terms of establishing the EUV we have researched the local market for sales of similar industrial and non residential institutions (D1 Use Class) properties.

We have considered the following industrial properties in the local area.

- Empress Mill, Empress Street, Old Trafford, M16 9EN – Comprises an industrial warehouse facility extending to 22,624 sq ft. Located approximately 1 mile to the north east of the subject property. Sold with VP in August 2020 for £1,018,080, equating to £45 per sq ft. Similar specification to 1 Warwick Road although Empress Mill is a considerably larger property and therefore pricing would reflect a slight discount for quantum.
- Unit 2a Praed Road, Trafford Park, M17 1PQ – Comprises an industrial warehouse facility extending to 8,688. Located in Trafford Park, approximately 2 miles north west of the subject property. Sold with VP in December 2020 for £510,000, equating to £58 per sq.ft. It's a similar sized property to 1 Warwick Road, albeit better specification within an established estate. Although we would note that Praed Road is one of the poorest quality roads within Trafford Park.
- Mountford Street, Weaste, M50 2RP - Comprises an industrial warehouse facility extending to 7,360. Located in Weaste, approximately 2 miles north of the subject property. Sold with VP in December 2020 for £630,000, equating to £86 per sq.ft. Similar sized property to 1 Warwick Road albeit better specification on established estate.
- 50 Queen Street, Salford, M3 7DQ - Comprises an industrial warehouse facility extending to 23,421 sq ft. Located in Salford, approximately 3 miles north east of the subject property. Sold with VP in March 2020 for £1,335,000 unconditionally, equating to £57 per sq.ft. Similar specification and age property to the subject, albeit substantially bigger than 1 Warwick Road.
- Missouri Trading Estate, Weaste, M50 2NP – Comprises an industrial warehouse extending to 2,303 sq ft. Located in Weaste, approximately 2 miles to the north of the subject property. Sold with VP in May 2020 for £205,000, equating to £89 per sq ft. Similar specification to 1 Warwick Road albeit benefits from own private yard and is considerably smaller.

The above evidence of comparable industrial accommodation in the surrounding area reflects a range of values of £45 to £89 per sq ft. The majority of the comparables benefit from a superior specification to 1 Warwick Road, although some are considerably larger and the pricing will reflect the quantum. Based on the comparable evidence we would assume a conservative value of £45 per sq ft for 1 Warwick Road, equating to an EUV of £457,965, say £458,000.

Link House is currently vacant and in a dilapidated state with the cost of refurbishment deemed unviable based on potential rental income. Link House site would provide an excellent industrial plot for a new last mile logistics unit, and therefore the value is underpinned by the land value. Industrial land in Greater Manchester is currently extremely scarce and in high demand, we are currently bidding on prime industrial land achieving in excess of £1 million per acre, whilst secondary locations are achieving values in the region of £800,000.

Link House site extends to 0.3 acres. The site would however need to be cleared and remediated for industrial use. The level of remediation required to ready a site for industrial use is far less onerous than for residential. Drainage, services and highways costs will also be reduced for a less intensive industrial use as opposed to residential use for 126 dwellings. We anticipate demolition and abnormal costs to prepare Link House site for industrial use would be in the region of £100,000.

	Based on this figure, we calculate the EUV for Link House site as follows: Gross Price Per Acre: £800,000 Site Area: 0.3 acres Gross Price: £240,000 Remediation / Demolition: -£100,000 **Link House EUV** **£140,000** 7 Warwick House comprises a former Veterinary hospital. Given the unique nature of the building, there is a dearth of comparable data upon which to assess EUV. When there is limited comparable data available for a commercial asset it is considered appropriate to assess the EUV of the site on an investment basis. Evidently there is little to no rental information for 7 Warwick Road in the locality. The VOA assessed the rateable value of the site as £56,000. We have therefore used the rateable value as the passing rent in our investment calculation. We have applied a yield of 10%. This equates to an EUV of £560,000 for 7 Warwick Road, which reflects £109 per sq ft.
Adopted Benchmark Land Value	Based on the above, we have adopted an EUV of £1,158,000. Paragraph 016 of the PPG states *the premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above the existing use value (EUV) that goes the landowner*. There have been numerous inspector's decisions that state the appropriate premium over and above the EUV for a brownfield site is around 20% - 30%. Based on the strong redevelopment potential of the site, we have adopted a premium of 30%. This produces a benchmark land value of £1,505,400, which we have adopted for the purpose of our assessment.

10. Development Appraisal & Conclusions

Overview	Within this section we consider the Gross Development Value (GDV), associated development costs and residual land value.		
Assumptions	Detailed below are all the assumptions, we have applied to our residual appraisals.		
GDV	**Total GDV**	£21,667,500	See Section 8.
Land Acquisition Costs	Benchmark Land Value	£1,505,400	See Section 9
	Stamp Duty	See Appraisal	Calculated using HMRC's calculator.
	Agent & Legal Fees	1.8%	Standard agent and legal costs.
Construction Costs	Base Build	£13,065,500 (£128 per sq ft)	Median Quartile BCIS build costs for 3-5 storey apartments rebased to Trafford. Median Quartile to reflect design quality of the proposed scheme.
External Costs	External Works	7.5% of base build	A standard assumption would be 5-10%. It could be argued a rate of 10% would be more appropriate to reflect inner courtyard and landscaping proposals at the subject site.
Abnormal Costs	Provided by Applicant	£650,000	See Section 5
Contingency	Base Build	2% of base build and externals	Standard assumption would be 3-5%. Typically, lower contingency applied to the base build and externals with a higher rate for abnormals to reflect specific nature of these costs.
	Abnormals	5% of abnormals	
Professional Fees	Single Cost	6.5% of construction cost, external works, abnormals and contingency	A standard assumption would be 7-10%. It could be argued a rate of 10% would be more appropriate to reflect the unique nature of the design of this site and that non standard apartment types are being developed.
S106	Affordable Housing	8.6% on site provision	10% affordable provision with reduction due to applicable Vacant Building Credit.
Finance	Finance	6.5%	A standard assumption would be 6-7%. We understand in reality lending costs are in excess of this level in the current market.

Disposal Costs	Sales Agent and Marketing Legal	2.5% £500 per unit	Appropriate allowance.
Timescales – Construction	Pre-development Construction	6 months 18 months	Initial site works and demolition. Reflecting a delivery rate of c.7 apartments a month
Timescales - sales	Revenue	12 months	Assumes 50% of sales off market on completion of construction, with sales rate of just over 5 apartments per month thereafter.
Target Profit	An accepted developer return for a residential scheme of this nature would be 18-20% of GDV for the open market sales and 10% of GDV for the affordable units. We have adopted a conservative developer return of 17.6% based on a blended rate of 18% of GDV for the open market sales units and 10% of GDV for the affordable units.		
Residual Land Value	Based on the above assumptions, the appraisals are providing the following returns.		

	Scenario 1 – No Section 106
Section 106	8.6% Affordable on site provision
GDV	£21.667m
Total Costs	£17.854m
Profit on Cost	£3.813m
Residual Land Value	£227,288

Conclusions	This scheme, based on the assumed costs, delivers a residual land value of £227,288, given the residual land value is some £1,278,112 below the benchmark land value, this demonstrates that viability is a material consideration at the site. Notwithstanding the viability constraint at the site, VOT are still committed to delivering an onsite provision of 8.6% affordable housing.
Section 106	For completeness we have undertaken a further appraisal including the S106 contribution. With the added cost of the £372,561 contribution, the residual land value is -£136,092 making a deficit of £1,641,492 against the BLV.
Sensitivity Analysis	We have undertaken a sensitivity analysis of certain inputs where the position could be improved. This is required by the RICS Professional Statement (2019). We have adopted the BCIS build rates and sale rate and run a sensitivity analysis to find out how they affect the residual profit. The table below outlines our residual profit results as a percentage of GDV. The table demonstrates that even with a reduction of £5 per sq ft in the build rate and an increase of £5 per sq ft in the average sales rate the scheme is still unable to achieve the target benchmark land value.

	Construction: Rate /ft²				
Sales: Rate /ft²	-5.00 /ft²	-2.50 /ft²	0.00 /ft²	+2.50 /ft²	+5.00 /ft²
	123.00 /ft²	125.50 /ft²	128.00 /ft²	130.50 /ft²	133.00 /ft²
-5.00 /ft²	(£504,371)	(£244,618)	£26,484	£306,628	£590,315
287.64 /ft²	17.600%	17.600%	17.600%	17.600%	17.600%
-2.50 /ft²	(£625,751)	(£366,149)	(£101,465)	£175,212	£457,216
290.14 /ft²	17.600%	17.600%	17.600%	17.600%	17.600%
0.00 /ft²	(£747,131)	(£487,529)	(£227,288)	£44,569	£324,908
292.64 /ft²	17.600%	17.600%	17.600%	17.600%	17.600%
+2.50 /ft²	(£868,510)	(£608,908)	(£349,300)	(£83,795)	£193,394
295.14 /ft²	17.600%	17.600%	17.600%	17.600%	17.600%
+5.00 /ft²	(£989,890)	(£730,288)	(£470,686)	(£209,959)	£62,654
297.64 /ft²	17.600%	17.600%	17.600%	17.600%	17.600%

APPENDIX 1

Terms of Engagement

FAO JP Singleton
McGoff Construction Ltd
[redacted]

18 March 2021

Dear JP

Financial Viability Assessment – Warwick Road, Old Trafford

Further to our various correspondence in relation to the above proposed development, I can confirm Roger Hannah Ltd will be delighted to act on your behalf.

I understand you are to imminently submit a full planning application for a scheme totaling 126 apartments located on Warwick Road, Old Trafford. You require a financial viability assessment (FVA) to support your planning application, seeking to offset Section 106 on the ground of Viability.

The Council will require their own independent assessment of our FVA, which is likely to be undertaken by their preferred consultant – Murray Llyod at Trebbi. Accordingly we will seek to provide you with a full detailed report, broadly to be structured as follows:

- Surveyor independence – qualifying statements confirming our ability to act and in accordance with the recently adopted RICS mandatory requirements
- Location – at regional and local levels
- Site – overview of the site, along with summaries of the ground conditions and likely remediation budgets (to be provided by yourselves)
- Development overview – based upon the site layout plan, proposed unit types and accommodation schedule.
- Planning policy context – site level review of the adopted planning policy, which helps inform our opinion of the Benchmark Land Value (in accordance with the updated NPPF)
- Local market – full review / analysis of the housing market (including comparables) to inform our opinion on the gross development value
- Viability methodology – overview of the NPPF position on viability and RICS guidance on methodology with reference to the adopted plan and the information and viability assessment that underpins them explaining why viability should be considered at the plan making stage
- Development appraisal assumptions – detailed overview and justification of our appraisal assumptions
- Development appraisals – residual appraisals (using Argus Developer) with and without policy compliant Section 106 contributions/payments
- Conclusions – analysis of development appraisals and commentary as to whether the imposition of planning obligations undermine the viability and deliverability of the proposed development

This report would be provided in full accordance with the NPPF (February 19), planning policy guidance on viability and RICS mandatory reporting requirements. The report will be undertaken by MIRCS qualified staff and overseen at Director level.

Our fee structure is as follows:

1. Initial Report Fee – [redacted], which will be invoiced and payable upon completion of the report.
2. Follow up liaison – upon issuing the report, we may enter discussions with the Council and /or their appointed assessor on various aspects of the report. We will charge an hourly rate for this as follows, which we will invoice in full only upon conclusion of the viability exercise:
    1. Director level: [redacted]
    2. Surveyor level: [redacted]

Please find enclosed our standard terms of business, together with an acknowledgement for signature and return.

I would be grateful if you would provide the following to assist with the preparation of our report:

- Scheme layout plans
- Unit layout plans (for each unit type)
- Confirmation of the proposed tenure mix (if not an open market sales scheme)
- Accommodation schedule
- Schedule of Abnormal works and corresponding line by line budget
- Details of existing use of the site

Ordinarily we do not need access to the site however, if we consider this would be beneficial, we will let you know.

I trust this is satisfactory, however please do not hesitate to contact me if you require any further information.

Yours sincerely

[redacted]

Tom Shepherd MRICS
Director
For and on behalf of
ROGER HANNAH LTD

[redacted]

APPENDIX 2

Schedule of Accommodation

-NET INTERNAL AREA				
Comments	Level	Name	Number	Area
	LEVEL 00	Plant	R.00.305	9.21 m²
	LEVEL 00	Plant	R.00.306	6.36 m²
LEVEL 00: 2				15.57 m²
BLOCK A	LEVEL 00	1 Bed	R.00.252	44.71 m²
BLOCK A	LEVEL 00	1 Bed	R.00.253	43.98 m²
BLOCK A	LEVEL 00	1 Bed	R.00.255	45.18 m²
BLOCK A	LEVEL 00	1 Bed	R.00.256	51.82 m²
BLOCK A	LEVEL 00	1 Bed	R.00.260	40.48 m²
BLOCK A	LEVEL 00	1 Bed	R.00.261	40.34 m²
BLOCK A	LEVEL 00	2 Bed	R.00.254	63.78 m²
BLOCK A	LEVEL 00	2 Bed	R.00.262	64.41 m²
BLOCK A	LEVEL 00	Bike Store	R.00.286	72.07 m²
BLOCK A	LEVEL 00	Bin Store	R.00.294	61.79 m²
BLOCK A	LEVEL 00	Lobby	R.00.284	72.94 m²
LEVEL 00: 11				601.51 m²
BLOCK A	LEVEL 01	1 Bed	R.00.224	43.84 m²
BLOCK A	LEVEL 01	1 Bed	R.00.225	44.03 m²
BLOCK A	LEVEL 01	1 Bed	R.00.226	44.08 m²
BLOCK A	LEVEL 01	1 Bed	R.00.227	44.03 m²
BLOCK A	LEVEL 01	1 Bed	R.00.228	44.03 m²
BLOCK A	LEVEL 01	1 Bed	R.00.229	44.03 m²
BLOCK A	LEVEL 01	1 Bed	R.00.231	44.04 m²
BLOCK A	LEVEL 01	1 Bed	R.00.297	49.49 m²
BLOCK A	LEVEL 01	2 Bed	R.00.202	62.95 m²
BLOCK A	LEVEL 01	2 Bed	R.00.223	63.20 m²
BLOCK A	LEVEL 01	2 Bed	R.00.230	86.24 m²
BLOCK A	LEVEL 01	2 Bed	R.00.289	72.99 m²
LEVEL 01: 12				642.96 m²
BLOCK A	LEVEL 02	1 Bed	R.00.70	44.04 m²
BLOCK A	LEVEL 02	1 Bed	R.00.73	44.03 m²
BLOCK A	LEVEL 02	1 Bed	R.00.74	43.84 m²
BLOCK A	LEVEL 02	1 Bed	R.00.75	44.08 m²
BLOCK A	LEVEL 02	1 Bed	R.00.76	44.03 m²
BLOCK A	LEVEL 02	1 Bed	R.00.77	44.03 m²
BLOCK A	LEVEL 02	1 Bed	R.00.78	44.03 m²
BLOCK A	LEVEL 02	1 Bed	R.00.298	49.49 m²
BLOCK A	LEVEL 02	2 Bed	R.00.68	86.28 m²
BLOCK A	LEVEL 02	2 Bed	R.00.266	63.20 m²
BLOCK A	LEVEL 02	2 Bed	R.00.267	62.95 m²
BLOCK A	LEVEL 02	2 Bed	R.00.287	72.99 m²
LEVEL 02: 12				643.00 m²
BLOCK A	LEVEL 03	1 Bed	R.00.125	44.03 m²
BLOCK A	LEVEL 03	1 Bed	R.00.127	44.03 m²
BLOCK A	LEVEL 03	1 Bed	R.00.156	44.08 m²
BLOCK A	LEVEL 03	1 Bed	R.00.169	43.84 m²
BLOCK A	LEVEL 03	1 Bed	R.00.268	44.03 m²
BLOCK A	LEVEL 03	1 Bed	R.00.269	44.03 m²
BLOCK A	LEVEL 03	1 Bed	R.00.271	44.04 m²
BLOCK A	LEVEL 03	1 Bed	R.00.299	49.49 m²
BLOCK A	LEVEL 03	2 Bed	R.00.155	62.95 m²
BLOCK A	LEVEL 03	2 Bed	R.00.170	63.20 m²
BLOCK A	LEVEL 03	2 Bed	R.00.270	86.28 m²
BLOCK A	LEVEL 03	2 Bed	R.00.290	72.99 m²
LEVEL 03: 12				643.00 m²
BLOCK A	LEVEL 04	1 Bed	R.00.273	57.36 m²
BLOCK A	LEVEL 04	1 Bed	R.00.274	42.04 m²
BLOCK A	LEVEL 04	1 Bed	R.00.276	57.27 m²
BLOCK A	LEVEL 04	1 Bed	R.00.277	42.14 m²
BLOCK A	LEVEL 04	1 Bed	R.00.278	42.15 m²
BLOCK A	LEVEL 04	1 Bed	R.00.279	42.21 m²
BLOCK A	LEVEL 04	1 Bed	R.00.280	42.23 m²
BLOCK A	LEVEL 04	1 Bed	R.00.282	44.35 m²
BLOCK A	LEVEL 04	1 Bed	R.00.285	42.37 m²
BLOCK A	LEVEL 04	1 Bed	R.00.300	49.11 m²
BLOCK A	LEVEL 04	2 Bed	R.00.281	81.89 m²
BLOCK A	LEVEL 04	2 Bed	R.00.288	68.65 m²
LEVEL 04: 12				611.76 m²
BLOCK B	LEVEL 00	1 Bed	R.00.241	49.34 m²
BLOCK B	LEVEL 00	1 Bed	R.00.247	45.24 m²
BLOCK B	LEVEL 00	2 Bed	R.00.242	74.31 m²
BLOCK B	LEVEL 00	2 Bed	R.00.243	74.45 m²
BLOCK B	LEVEL 00	2 Bed	R.00.248	65.53 m²
BLOCK B	LEVEL 00	2 Bed	R.00.250	65.53 m²
BLOCK B	LEVEL 00	Bike Store	R.00.251	45.04 m²
BLOCK B	LEVEL 00	Bin Store	R.00.245	53.73 m²
BLOCK B	LEVEL 00	Lobby	R.00.292	14.83 m²
BLOCK B	LEVEL 00	Plant	R.00.295	21.07 m²
LEVEL 00: 10				509.07 m²
BLOCK B	LEVEL 01	1 Bed	R.00.212	56.10 m²
BLOCK B	LEVEL 01	1 Bed	R.00.213	44.20 m²
BLOCK B	LEVEL 01	1 Bed	R.00.214	58.24 m²
BLOCK B	LEVEL 01	1 Bed	R.00.215	54.34 m²
BLOCK B	LEVEL 01	1 Bed	R.00.218	45.58 m²
BLOCK B	LEVEL 01	1 Bed	R.00.219	45.97 m²
BLOCK B	LEVEL 01	1 Bed	R.00.220	45.76 m²
BLOCK B	LEVEL 01	1 Bed	R.00.221	45.58 m²
BLOCK B	LEVEL 01	2 Bed	R.00.211	63.61 m²
BLOCK B	LEVEL 01	2 Bed	R.00.216	63.67 m²
BLOCK B	LEVEL 01	2 Bed	R.00.217	64.99 m²
BLOCK B	LEVEL 01	2 Bed	R.00.222	64.99 m²
LEVEL 01: 12				653.02 m²
BLOCK B	LEVEL 02	1 Bed	R.00.80	56.10 m²
BLOCK B	LEVEL 02	1 Bed	R.00.82	45.58 m²
BLOCK B	LEVEL 02	1 Bed	R.00.83	58.24 m²
BLOCK B	LEVEL 02	1 Bed	R.00.84	44.20 m²
BLOCK B	LEVEL 02	1 Bed	R.00.85	54.34 m²
BLOCK B	LEVEL 02	1 Bed	R.00.87	45.76 m²
BLOCK B	LEVEL 02	1 Bed	R.00.88	45.97 m²
BLOCK B	LEVEL 02	1 Bed	R.00.89	45.58 m²
BLOCK B	LEVEL 02	2 Bed	R.00.86	63.67 m²
BLOCK B	LEVEL 02	2 Bed	R.00.148	63.61 m²
BLOCK B	LEVEL 02	2 Bed	R.00.263	64.99 m²
BLOCK B	LEVEL 02	2 Bed	R.00.264	64.99 m²
LEVEL 02: 12				653.02 m²
BLOCK B	LEVEL 03	1 Bed	R.00.158	56.10 m²
BLOCK B	LEVEL 03	1 Bed	R.00.159	44.20 m²
BLOCK B	LEVEL 03	1 Bed	R.00.160	58.24 m²
BLOCK B	LEVEL 03	1 Bed	R.00.161	54.34 m²
BLOCK B	LEVEL 03	1 Bed	R.00.164	45.58 m²
BLOCK B	LEVEL 03	1 Bed	R.00.165	45.97 m²
BLOCK B	LEVEL 03	1 Bed	R.00.166	45.76 m²
BLOCK B	LEVEL 03	1 Bed	R.00.167	45.58 m²

-NET INTERNAL AREA				
Comments	Level	Name	Number	Area
BLOCK B	LEVEL 03	2 Bed	R.00.157	63.61 m²
BLOCK B	LEVEL 03	2 Bed	R.00.162	63.67 m²
BLOCK B	LEVEL 03	2 Bed	R.00.163	64.99 m²
BLOCK B	LEVEL 03	2 Bed	R.00.168	64.99 m²
LEVEL 03: 12				653.02 m²
BLOCK C	LEVEL 00	1 Bed	R.00.258	49.35 m²
BLOCK C	LEVEL 00	1 Bed	R.00.296	44.49 m²
BLOCK C	LEVEL 00	2 Bed	R.00.234	73.37 m²
BLOCK C	LEVEL 00	2 Bed	R.00.238	66.04 m²
BLOCK C	LEVEL 00	Bike Store	R.00.237	34.67 m²
BLOCK C	LEVEL 00	Bin Store	R.00.233	53.67 m²
BLOCK C	LEVEL 00	Lobby	R.00.293	14.84 m²
BLOCK C	LEVEL 00	Plant	R.00.259	30.80 m²
LEVEL 00: 8				367.25 m²
BLOCK C	LEVEL 01	1 Bed	R.00.204	54.34 m²
BLOCK C	LEVEL 01	1 Bed	R.00.205	56.10 m²
BLOCK C	LEVEL 01	1 Bed	R.00.208	45.58 m²
BLOCK C	LEVEL 01	1 Bed	R.00.209	45.58 m²
BLOCK C	LEVEL 01	2 Bed	R.00.203	Not Enclosed
BLOCK C	LEVEL 01	2 Bed	R.00.206	63.61 m²
BLOCK C	LEVEL 01	2 Bed	R.00.207	64.99 m²
BLOCK C	LEVEL 01	2 Bed	R.00.210	64.99 m²
BLOCK C	LEVEL 01	2 Bed	R.00.302	63.61 m²
LEVEL 01: 9				458.79 m²
BLOCK C	LEVEL 02	1 Bed	R.00.93	54.34 m²
BLOCK C	LEVEL 02	1 Bed	R.00.94	56.10 m²
BLOCK C	LEVEL 02	1 Bed	R.00.97	45.58 m²
BLOCK C	LEVEL 02	1 Bed	R.00.265	45.58 m²
BLOCK C	LEVEL 02	2 Bed	R.00.95	63.61 m²
BLOCK C	LEVEL 02	2 Bed	R.00.96	64.99 m²
BLOCK C	LEVEL 02	2 Bed	R.00.99	64.99 m²
BLOCK C	LEVEL 02	2 Bed	R.00.301	63.61 m²
LEVEL 02: 8				458.79 m²
BLOCK C	LEVEL 03	1 Bed	R.00.130	45.58 m²
BLOCK C	LEVEL 03	1 Bed	R.00.131	56.10 m²
BLOCK C	LEVEL 03	1 Bed	R.00.152	54.34 m²
BLOCK C	LEVEL 03	1 Bed	R.00.154	45.58 m²
BLOCK C	LEVEL 03	2 Bed	R.00.126	63.61 m²
BLOCK C	LEVEL 03	2 Bed	R.00.128	63.61 m²
BLOCK C	LEVEL 03	2 Bed	R.00.129	64.99 m²
BLOCK C	LEVEL 03	2 Bed	R.00.153	64.99 m²
LEVEL 03: 8				458.79 m²
Grand total: 140				7369.54 m²

WORK IN PROGRESS - ISSUE FOR INFORMATION ONLY

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Rev:	Date:	Description:	By:	Rvw:

CORSTORPHINE + WRIGHT ARCHITECTS
Warwick
London
Birmingham
Manchester
Leeds
Canterbury
Glasgow
Dublin
[redacted]

Client:

Victor (Old Trafford) Ltd

Project No: 20634

Project Name: Warwick Road South, Old Trafford

Document Reference:

Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - A - 03-103

Net Internal Area

Status: Code **S0** Suitability description: Initial status

Revision: Code Revision status: Preliminary

Created By:	Reviewed By:	Date:	Scale at A2:
Author	Approver		

WORK IN PROGRESS - ISSUE FOR INFORMATION ONLY

APPENDIX 3

Floorplans

SECURITY AND ACCESS

- VEHICULAR GATED ACCESS
- PEDESTRIAN GATED ACCESS

NOTES

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- BOUNDARIES SHOWN IS BASED ON INFORMATION SUPPLIED BY OTHERS, AND IS PROVIDED FOR PLANNING PURPOSES ONLY

Key:

- Circulation
- 1 Bed
- 2 Bed

N

0 10 20 m

Rev:	Date:	Description:	By:	Rvw:
P1	14.05.21	Planning Issue	MW	AB

CORSTORPHINE + WRIGHT ARCHITECTS

Warwick
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Birmingham
Manchester
Leeds
Canterbury
Glasgow
Dublin

[redacted]

Client:
McGoff Construction Ltd

Project No:	Project Name:
20634	Warwick Road South, Trafford

Document Reference:

Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - L00 - DR - A - 20-000

LEVEL 00

	Code	Suitability description
Status:	S0	Initial status
Revision:	P1	Planning

Created By:	Reviewed By:	Date:	Scale at A1:
MW	AB	14/05/21	As indicated

NOTES

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Key:

- Circulation
- 1 Bed
- 2 Bed

N

0 10 20 m

Rev:	Date:	Description:	By:	Rvw:
P1	14.05.21	Planning Issue	MW	AB

CORSTORPHINE + WRIGHT ARCHITECTS

Warwick
London
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[redacted]

Client:
McGoff Construction Ltd

Project No:	Project Name:
20634	Warwick Road South, Trafford

Document Reference:

Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - L05 - DR - A - 20-005

LEVEL 05

	Code	Suitability description
Status:	S0	Initial status
Revision:	P1	Revision status: Planning

Created By:	Reviewed By:	Date:	Scale at A1:
MW	AB	14/05/21	As indicated

AYRES ROAD

WARWICK ROAD S.

239

237

SEYMOUR GROVE ALLOTMENTS

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

NOTES

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Key:

- Circulation
- 1 Bed
- 2 Bed

N

0 10 20 m

Rev:	Date:	Description:	By:	Rvw:
P1	14.05.21	Planning Issue	MW	AB

CORSTORPHINE + WRIGHT ARCHITECTS

Warwick
London
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Dublin

[redacted]

Client:
McGoff Construction Ltd

Project No:	Project Name:
20634	Warwick Road South, Trafford

Document Reference:
Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - L01 - DR - A - 20-001

LEVEL 01

	Code	Suitability description
Status:	S0	Initial status
Revision:	P1	Planning

Created By:	Reviewed By:	Date:	Scale at A1:
MW	AB	14/05/21	As indicated

AYRES ROAD

WARWICK ROAD S.

SEYMOUR GROVE ALLOTMENTS

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

12590 CO-56 | 1000 | 10228 CO-45.5 | 8765 CO-39 | 6915 CO-29 | 10228 CO-45.5 | 10227 CO-45.5 | 7415 CO-33 | 6975 CO 31 | 10340 CO-46 | 9900 CO 44 | 10228 CO-45.5 | 10228 CO-44.5

NOTES

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Key:

- Circulation
- 1 Bed
- 2 Bed

N

0 10 20 m

Rev:	Date:	Description:	By:	Rvw:
P1	14.05.21	Planning Issue	MW	AB

CORSTORPHINE + WRIGHT ARCHITECTS

Warwick
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Manchester
Leeds
Canterbury
Glasgow
Dublin

Client:

McGoff Construction Ltd

Project No:	Project Name:
20634	Warwick Road South, Trafford

Document Reference:

Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - L02 - DR - A - 20-002

LEVEL 02

	Code	Suitability description
Status:	S0	Initial status
	Code	Revision status
Revision:	P1	Planning

Created By:	Reviewed By:	Date:	Scale at A1:
MW	AB	14/05/21	As indicated

AYRES ROAD

WARWICK ROAD S.

SEYMOUR GROVE ALLOTMENTS

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

LANDSCAPED COURTYARD

12590 CO-56 | 1000 | 10228 CO-45.5 | 8765 CO-39 | 8765 CO-36 | 6515 CO-29 | 10228 CO-45.5 | 10227 CO-45.5 | 6515 | 1000 | 8765 | 6975 CO 31 | 7415 CO-33 | 9900 CO 44 | 10340 CO-46 | 9900 CO 44 | 10340 CO-46 | 6975 CO 31 | 7415 CO-33 | 10228 CO-45.5 | 6975 CO 31 | 7415 CO-33 | 9900 CO 44 | 10340 CO-46 | 6975 CO 31 | 10227 CO-45.5 | 10228 CO-44.5

21-000 4 | 21-000 | 21-200 2 1 | 21-200 3 5 | 21-000 5 | 21-000 8 | 21-200 4 6 | 21-000 9 | 21-000 6 | 04-402 3 | 04-402 2 | 21-200

NOTES

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Key:

- Circulation
- 1 Bed
- 2 Bed

N

0 10 20 m

Rev:	Date:	Description:	By:	Rvw:
P1	14.05.21	Planning Issue	MW	AB

CORSTORPHINE + WRIGHT ARCHITECTS

Warwick
London
Birmingham
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Canterbury
Glasgow
Dublin

[redacted]

Client:
McGoff Construction Ltd

Project No:	Project Name:
20634	Warwick Road South, Trafford

Document Reference:

Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - L03 - DR - A - 20-003

LEVEL 03

	Code	Suitability description
Status:	S0	Initial status
Revision:	P1	Planning

Created By:	Reviewed By:	Date:	Scale at A1:
MW	AB	14/05/21	As indicated

NOTES

- DRAWING TO BE READ IN CONJUNCTION WITH ALL OTHER PLANNING DOCUMENTATION
- BOUNDARIES SHOWN IS BASED ON INFORMATION SUPPLIED BY OTHERS, AND IS PROVIDED FOR PLANNING PURPOSES ONLY

Key:

- Circulation
- 1 Bed
- 2 Bed

N

0 10 20 m

Rev:	Date:	Description:	By:	Rvw:
P1	14.05.21	Planning Issue	MW	AB

CORSTORPHINE + WRIGHT ARCHITECTS

Warwick
London
Birmingham
Manchester
Leeds
Canterbury
Glasgow
Dublin

Client:

[redacted]

McGoff Construction Ltd

Project No:	Project Name:
20634	Warwick Road South, Trafford

Document Reference:

Project - Originator - Volume - Level - Type - Role - Number

WRS - CW - ZZ - L04 - DR - A - 20-004

LEVEL 04

	Code	Suitability description
Status:	S0	Initial status
Revision:	P1	Planning

Created By:	Reviewed By:	Date:	Scale at A1:
MW	AB	14/05/21	As indicated

APPENDIX 4

GDV

Warwick Road - Affordable GDV						
Ref	**Level**	**Beds**	**Area (sq m)**	**Area (sq ft)**	**Price**	**PSF**
R.00.261	LEVEL 00	1 Bed	40.3	434	£112,000	£258
R.00.260	LEVEL 00	1 Bed	40.5	436	£112,000	£257
R.00.274	LEVEL 04	1 Bed	42.0	453	£114,000	£252
R.00.277	LEVEL 04	1 Bed	42.1	454	£114,000	£251
R.00.278	LEVEL 04	1 Bed	42.2	454	£114,000	£251
R.00.279	LEVEL 04	1 Bed	42.2	454	£114,000	£251
R.00.280	LEVEL 04	1 Bed	42.2	455	£142,500	£313
R.00.285	LEVEL 04	1 Bed	42.4	456	£142,500	£312
R.00.224	LEVEL 01	1 Bed	43.8	472	£147,500	£313
R.00.74	LEVEL 02	1 Bed	43.8	472	£147,500	£313
R.00.169	LEVEL 03	1 Bed	43.8	472	£147,500	£313
R.00.253	LEVEL 00	1 Bed	44.0	473	£147,500	£312
R.00.225	LEVEL 01	1 Bed	44.0	474	£147,500	£311
R.00.227	LEVEL 01	1 Bed	44.0	474	£147,500	£311
R.00.228	LEVEL 01	1 Bed	44.0	474	£147,500	£311
R.00.229	LEVEL 01	1 Bed	44.0	474	£147,500	£311
R.00.73	LEVEL 02	1 Bed	44.0	474	£147,500	£311
R.00.76	LEVEL 02	1 Bed	44.0	474	£147,500	£311
R.00.77	LEVEL 02	1 Bed	44.0	474	£147,500	£311
R.00.78	LEVEL 02	1 Bed	44.0	474	£147,500	£311
R.00.125	LEVEL 03	1 Bed	44.0	474	£147,500	£311
R.00.127	LEVEL 03	1 Bed	44.0	474	£147,500	£311
R.00.268	LEVEL 03	1 Bed	44.0	474	£147,500	£311
R.00.269	LEVEL 03	1 Bed	44.0	474	£147,500	£311
R.00.231	LEVEL 01	1 Bed	44.0	474	£147,500	£311
R.00.70	LEVEL 02	1 Bed	44.0	474	£147,500	£311
R.00.271	LEVEL 03	1 Bed	44.0	474	£147,500	£311
R.00.226	LEVEL 01	1 Bed	44.1	474	£147,500	£311
R.00.75	LEVEL 02	1 Bed	44.1	474	£147,500	£311
R.00.156	LEVEL 03	1 Bed	44.1	474	£147,500	£311
R.00.213	LEVEL 01	1 Bed	44.2	476	£147,500	£310
R.00.84	LEVEL 02	1 Bed	44.2	476	£147,500	£310
R.00.159	LEVEL 03	1 Bed	44.2	476	£147,500	£310
R.00.282	LEVEL 04	1 Bed	44.4	477	£147,500	£309
R.00.296	LEVEL 00	1 Bed	44.5	479	£147,500	£308
R.00.252	LEVEL 00	1 Bed	44.7	481	£150,000	£312
R.00.255	LEVEL 00	1 Bed	45.2	486	£150,000	£308
R.00.247	LEVEL 00	1 Bed	45.2	487	£150,000	£308
R.00.218	LEVEL 01	1 Bed	45.6	491	£152,500	£311
R.00.221	LEVEL 01	1 Bed	45.6	491	£152,500	£311
R.00.82	LEVEL 02	1 Bed	45.6	491	£152,500	£311
R.00.89	LEVEL 02	1 Bed	45.6	491	£152,500	£311
R.00.164	LEVEL 03	1 Bed	45.6	491	£152,500	£311
R.00.167	LEVEL 03	1 Bed	45.6	491	£152,500	£311
R.00.208	LEVEL 01	1 Bed	45.6	491	£152,500	£311
R.00.209	LEVEL 01	1 Bed	45.6	491	£152,500	£311
R.00.97	LEVEL 02	1 Bed	45.6	491	£152,500	£311
R.00.265	LEVEL 02	1 Bed	45.6	491	£152,500	£311
R.00.130	LEVEL 03	1 Bed	45.6	491	£152,500	£311
R.00.154	LEVEL 03	1 Bed	45.6	491	£152,500	£311
R.00.220	LEVEL 01	1 Bed	45.8	493	£152,500	£310
R.00.87	LEVEL 02	1 Bed	45.8	493	£152,500	£310
R.00.166	LEVEL 03	1 Bed	45.8	493	£152,500	£310
R.00.219	LEVEL 01	1 Bed	46.0	495	£152,500	£308
R.00.88	LEVEL 02	1 Bed	46.0	495	£152,500	£308
R.00.165	LEVEL 03	1 Bed	46.0	495	£152,500	£308
R.00.300	LEVEL 04	1 Bed	49.1	529	£157,500	£298
R.00.241	LEVEL 00	1 Bed	49.3	531	£157,500	£297
R.00.258	LEVEL 00	1 Bed	49.4	531	£157,500	£296
R.00.297	LEVEL 01	1 Bed	49.5	533	£157,500	£296
R.00.298	LEVEL 02	1 Bed	49.5	533	£157,500	£296
R.00.299	LEVEL 03	1 Bed	49.5	533	£157,500	£296
R.00.256	LEVEL 00	1 Bed	51.8	558	£160,000	£287
R.00.215	LEVEL 01	1 Bed	54.3	585	£170,000	£291
R.00.85	LEVEL 02	1 Bed	54.3	585	£170,000	£291
R.00.161	LEVEL 03	1 Bed	54.3	585	£170,000	£291
R.00.204	LEVEL 01	1 Bed	54.3	585	£170,000	£291
R.00.93	LEVEL 02	1 Bed	54.3	585	£170,000	£291
R.00.152	LEVEL 03	1 Bed	54.3	585	£170,000	£291
R.00.212	LEVEL 01	1 Bed	56.1	604	£175,000	£290
R.00.80	LEVEL 02	1 Bed	56.1	604	£175,000	£290
R.00.158	LEVEL 03	1 Bed	56.1	604	£175,000	£290
R.00.205	LEVEL 01	1 Bed	56.1	604	£175,000	£290
R.00.94	LEVEL 02	1 Bed	56.1	604	£175,000	£290
R.00.131	LEVEL 03	1 Bed	56.1	604	£175,000	£290
R.00.276	LEVEL 04	1 Bed	57.3	616	£177,500	£288
R.00.273	LEVEL 04	1 Bed	57.4	617	£177,500	£287
R.00.214	LEVEL 01	1 Bed	58.2	627	£177,500	£283
R.00.83	LEVEL 02	1 Bed	58.2	627	£177,500	£283
R.00.160	LEVEL 03	1 Bed	58.2	627	£177,500	£283

R.00.202	LEVEL 01	2 Bed	63.0	678	£158,000	£233
R.00.267	LEVEL 02	2 Bed	63.0	678	£158,000	£233
R.00.155	LEVEL 03	2 Bed	63.0	678	£158,000	£233
R.00.223	LEVEL 01	2 Bed	63.2	680	£158,000	£232
R.00.266	LEVEL 02	2 Bed	63.2	680	£158,000	£232
R.00.170	LEVEL 03	2 Bed	63.2	680	£197,500	£290
R.00.211	LEVEL 01	2 Bed	63.6	685	£200,000	£292
R.00.148	LEVEL 02	2 Bed	63.6	685	£200,000	£292
R.00.157	LEVEL 03	2 Bed	63.6	685	£200,000	£292
R.00.206	LEVEL 01	2 Bed	63.6	685	£200,000	£292
R.00.302	LEVEL 01	2 Bed	63.6	685	£200,000	£292
R.00.95	LEVEL 02	2 Bed	63.6	685	£200,000	£292
R.00.301	LEVEL 02	2 Bed	63.6	685	£200,000	£292
R.00.126	LEVEL 03	2 Bed	63.6	685	£200,000	£292
R.00.128	LEVEL 03	2 Bed	63.6	685	£200,000	£292
R.00.216	LEVEL 01	2 Bed	63.7	685	£200,000	£292
R.00.86	LEVEL 02	2 Bed	63.7	685	£200,000	£292
R.00.162	LEVEL 03	2 Bed	63.7	685	£200,000	£292
R.00.254	LEVEL 00	2 Bed	63.8	687	£200,000	£291
R.00.262	LEVEL 00	2 Bed	64.4	693	£202,500	£292
R.00.217	LEVEL 01	2 Bed	65.0	700	£202,500	£289
R.00.222	LEVEL 01	2 Bed	65.0	700	£202,500	£289
R.00.263	LEVEL 02	2 Bed	65.0	700	£202,500	£289
R.00.264	LEVEL 02	2 Bed	65.0	700	£202,500	£289
R.00.163	LEVEL 03	2 Bed	65.0	700	£202,500	£289
R.00.168	LEVEL 03	2 Bed	65.0	700	£202,500	£289
R.00.207	LEVEL 01	2 Bed	65.0	700	£202,500	£289
R.00.210	LEVEL 01	2 Bed	65.0	700	£202,500	£289
R.00.96	LEVEL 02	2 Bed	65.0	700	£202,500	£289
R.00.99	LEVEL 02	2 Bed	65.0	700	£202,500	£289
R.00.129	LEVEL 03	2 Bed	65.0	700	£202,500	£289
R.00.153	LEVEL 03	2 Bed	65.0	700	£202,500	£289
R.00.248	LEVEL 00	2 Bed	65.5	705	£205,000	£291
R.00.250	LEVEL 00	2 Bed	65.5	705	£205,000	£291
R.00.238	LEVEL 00	2 Bed	66.0	711	£205,000	£288
R.00.288	LEVEL 04	2 Bed	68.7	739	£210,000	£284
R.00.289	LEVEL 01	2 Bed	73.0	786	£225,000	£286
R.00.287	LEVEL 02	2 Bed	73.0	786	£225,000	£286
R.00.290	LEVEL 03	2 Bed	73.0	786	£225,000	£286
R.00.234	LEVEL 00	2 Bed	73.4	790	£230,000	£291
R.00.242	LEVEL 00	2 Bed	74.3	800	£232,500	£291
R.00.243	LEVEL 00	2 Bed	74.5	801	£232,500	£290
R.00.281	LEVEL 04	2 Bed	81.9	881	£252,500	£286
R.00.230	LEVEL 01	2 Bed	86.2	928	£265,000	£285
R.00.68	LEVEL 02	2 Bed	86.3	929	£265,000	£285
R.00.270	LEVEL 03	2 Bed	86.3	929	£265,000	£285
			6,879	**74,041**	**£21,667,500**	**£293**

APPENDIX 5

Development Appraisal – 8.6% Affordable / No S106

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable / No S106

Development Appraisal
Roger Hannah Ltd
15 July 2021

APPRAISAL SUMMARY — ROGER HANNAH LTD

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable / No S106

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Total Floor Area	1	74,041	292.64	21,667,500	21,667,500
NET REALISATION				**21,667,500**	

OUTLAY

ACQUISITION COSTS

Residualised Price			227,288	
				227,288
Stamp Duty			1,546	
Effective Stamp Duty Rate		0.68%		
Agent and Legal Fee		1.80%	4,091	
				5,637

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Total Floor Area	102,075	128.00	13,065,600	
				13,065,600
Other Construction				
Externals		7.50%	979,920	
Base Contingency		2.00%	280,910	
Demolition			105,000	
Contaminated Ground			140,000	
Embodied Carbon			50,000	
Ground Water			30,000	
Buried Obstructions			20,000	

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable / No S106

Services		150,000	
Asbestos		20,000	
Section 278 Works		20,000	
High Pressure Gas		95,000	
Abnormals Contingency	5.00%	31,500	
			1,922,330
PROFESSIONAL FEES			
Professional Fees	6.50%	974,215	
			974,215
DISPOSAL FEES			
Sales Marketing and Agent	2.50%	541,688	
Legal		63,000	
			604,688
FINANCE			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		29,242	
Construction		793,597	
Other		231,422	
Total Finance Cost			1,054,261
TOTAL COSTS			**17,854,020**
PROFIT			
			3,813,480

Performance Measures

Profit on Cost%	21.36%
Profit on GDV%	17.60%
Profit on NDV%	17.60%
IRR	24.68%

APPRAISAL SUMMARY

ROGER HANNAH LTD

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable / No S106

APPENDIX 6

Development Appraisal – 8.6% Affordable with S106

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable with S106

Development Appraisal
Roger Hannah Ltd
15 July 2021

APPRAISAL SUMMARY — ROGER HANNAH LTD

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable with S106

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Total Floor Area	1	74,041	292.64	21,667,500	21,667,500
NET REALISATION				**21,667,500**	

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			(136,092)	
				(136,092)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Total Floor Area	102,075	128.00	13,065,600	**13,065,600**
S106			378,224	
				378,224

Other Construction

Externals		7.50%	979,920
Base Contingency		2.00%	280,910
Demolition			105,000
Contaminated Ground			140,000
Embodied Carbon			50,000
Ground Water			30,000
Buried Obstructions			20,000
Services			150,000

1A-7 and Link House, Warwick Rd South, Old Trafford
Victor Old Trafford
8.6% Affordable with S106

Asbestos		20,000	
Section 278 Works		20,000	
High Pressure Gas		95,000	
Abnormals Contingency	5.00%	31,500	
			1,922,330
PROFESSIONAL FEES			
Professional Fees	6.50%	974,215	
			974,215
DISPOSAL FEES			
Sales Marketing and Agent	2.50%	541,688	
Legal		63,000	
			604,688
FINANCE			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		(16,152)	
Construction		829,784	
Other		231,422	
Total Finance Cost			1,045,054
TOTAL COSTS			**17,854,020**
PROFIT			
			3,813,480

Performance Measures

Profit on Cost%	21.36%
Profit on GDV%	17.60%
Profit on NDV%	17.60%
IRR	24.87%

Viability Assessment

Private & Confidential

Land at Elsinore Road

Trafford Bar

M16 0WH

Prepared on behalf of:

CJM Investment Ltd

[redacted]

March 2020

RogerHannah

Viability Assessment

Introduction

Roger Hannah (hereafter "RH") has been instructed by CJM Investment Ltd (hereafter "CJM") to provide a financial viability assessment in support of a planning application for residential development on land at Elsinore Road, Trafford Bar, Trafford.

This report has been prepared to support a planning application for a proposed development of 380 town houses and apartments at the subject site. As part of the planning application Trafford Council is seeking Section 106 obligations including an affordable housing provision and financial contributions of £529,320.

This report considers the economic viability of the scheme and aims to demonstrate that it is unable to support any affordable housing provision and Section 106 contributions.

We have structured the report as follows:

1. **Executive Summary & Conclusion**
2. **Terms of Engagement and conflict of interest**
3. **Location** – regional locational analysis.
4. **Situation** – locality review and how the site sits within the context of the surrounding area.
5. **Site** – background of the site itself.
6. **Proposed Scheme –** overview of the proposed development.
7. **Planning Context** – summary of the planning background.
8. **Residential Market Commentary** – review and analysis of the local housing market and potential values that could be achievable at the subject site.
9. **Appraisal Methodology** – overview of NPPF and RICS guidance.
10. **Development Appraisal & Conclusion** – assumptions and outputs for development.

Scenario 1 – no affordable housing provision and no financial contributions

In testing the viability, it should be noted that we have had reference to the relevant guidance – including the adopted National Planning Policy Framework (June 2019), National Planning Practice Guidance (NPPG) on Viability, The RICS Financial viability in planning: conduct and reporting May 2019 and the RICS Guidance Note 94/2012 (GN94), which sets out a framework for undertaking viability appraisals of this nature.

This report has therefore been prepared in accordance with agreed industry methodology which has been tested by stakeholders in both the public and private sectors. It is based on up to date, local information which will stand up to public scrutiny.

Robert Donnelly BSc(Hons) MRICS
Roger Hannah Ltd
Direct Dial: [redacted]
Email: [redacted]

1. Executive Summary & Conclusion

Report Summary

We summarise the report's key findings and conclusion below:

1. **Location** – Trafford, approximately 1.7 miles south-west of Manchester City Centre.
2. **Situation** – the site is situated within the Trafford Bar area of Trafford.
3. **Site** – the site extends to c 1.14 hectares, (2.81 acres) and comprises an industrial site which has been cleared of all buildings.
4. **Subject scheme** – the proposed scheme will be for 380 apartments and town houses arranged across 5 buildings of between 6 and 11 stories in height providing a gross sales area of 257,679 sq ft.
5. **Planning context** – the site is allocated as an employment site within the Trafford Core Strategy (adopted 2012).

   Trafford is a CIL charging authority. There will be an additional area of housing of 2,245.4 sq m. Private market housing will attract a charge of £20 per sq m, equating to £44,908.

   The Trafford Local Plan: Revised Supplementary Planning Document – Planning Obligations (2014) seeks to secure planning obligations which do not fall under the CIL remit. These are estimated at £529,320 as follows:

   1. Sports Facilities - £327,699
   2. Open Space - £201,621
   3. Green Infrastructure – 455no. trees on site
   4. Affordable housing -unknown
6. **Market commentary** – based on a review of the local residential market, we have adopted sales pricing of £157,300 - £175,450 for a one bed apartment, ££196,625 - £236,500 for a two bed apartment and £236,000 - £319,000 for a three bed apartment. In relation to the townhouse we have adopted sales pricing of £275,000 - £291,500 for a two bed townhouse and £352,000 for a three bed town house.
7. **Appraisal methodology** – this report and use of the residual appraisal approach is in accordance with adopted NPPF (updated June 2019) and RICS guidance on viability reporting.
8. **Development Appraisal** – we have run the following appraisal with no additional contribution:
   1. **Scenario 1** – no affordable housing provision and no financial contributions

Conclusion

As highlighted within this report and in line with the updated NPPF, NPPG on viability and RICS Guidance Note (Financial Viability in Planning Guidance Note: GN 94/2012) and (Financial Viability in Planning: conduct and reporting May 2019), developments must deliver a return which does not undermine deliverability of a scheme. For and open market residential scheme a developer will require a typical margin of 18% -20% profit on GDV.

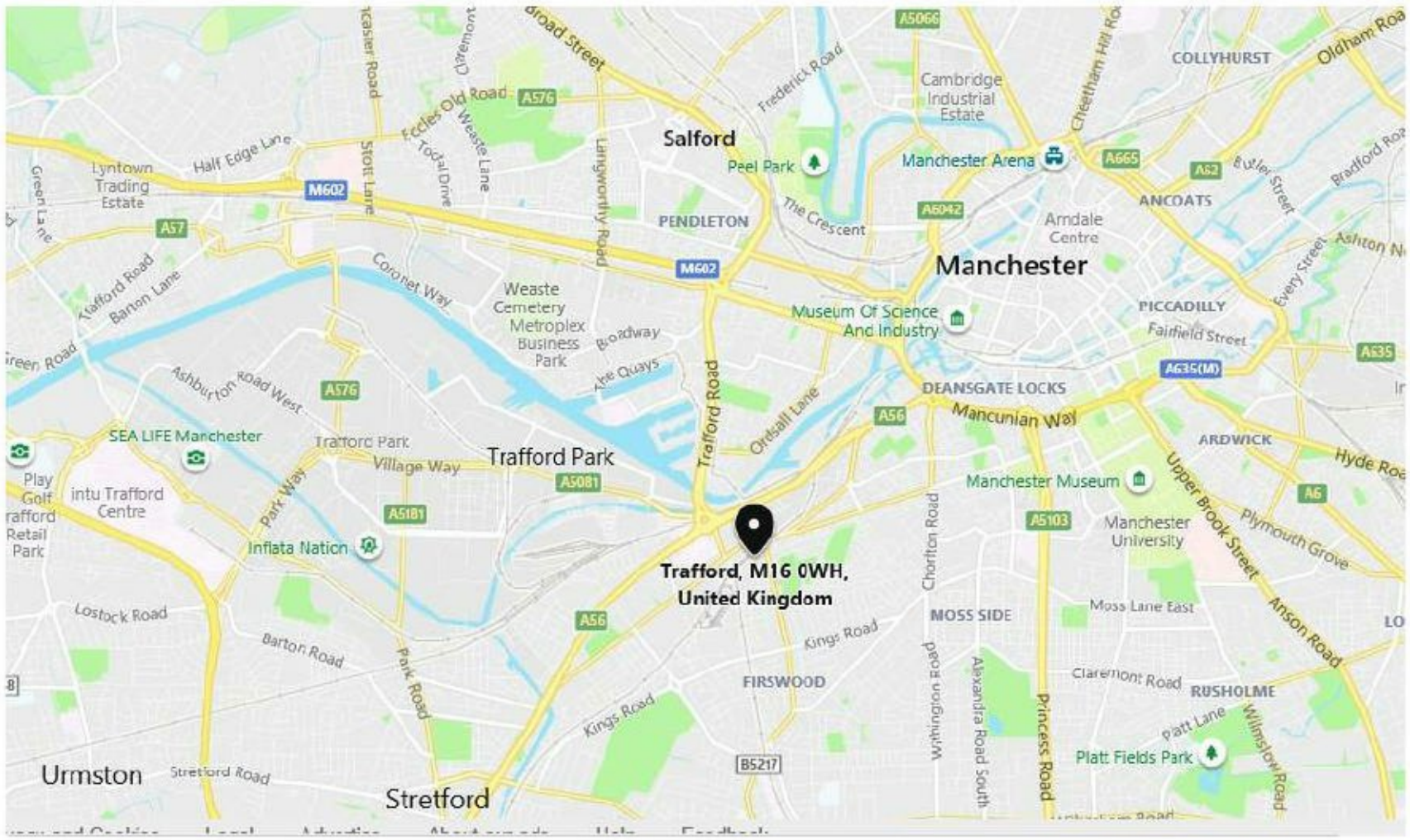
In terms of the subject site, we have benchmarked our appraisals against a target profit on GDV of 18%. Our appraisal, based on all of the assumption outlined in this report, with no affordable housing provision and no Section 106 financial contributions delivers a compromised profit on **GDV of 5.90%**. Allowing for an affordable housing provision and financial contributions of £529,340 would significantly worsens an already compromised viability position.

We consider this is sufficient to demonstrate that on the grounds of viability, the scheme cannot afford to make any Section 106 contributions and any such financial contributions should be reconsidered in respect of this development.

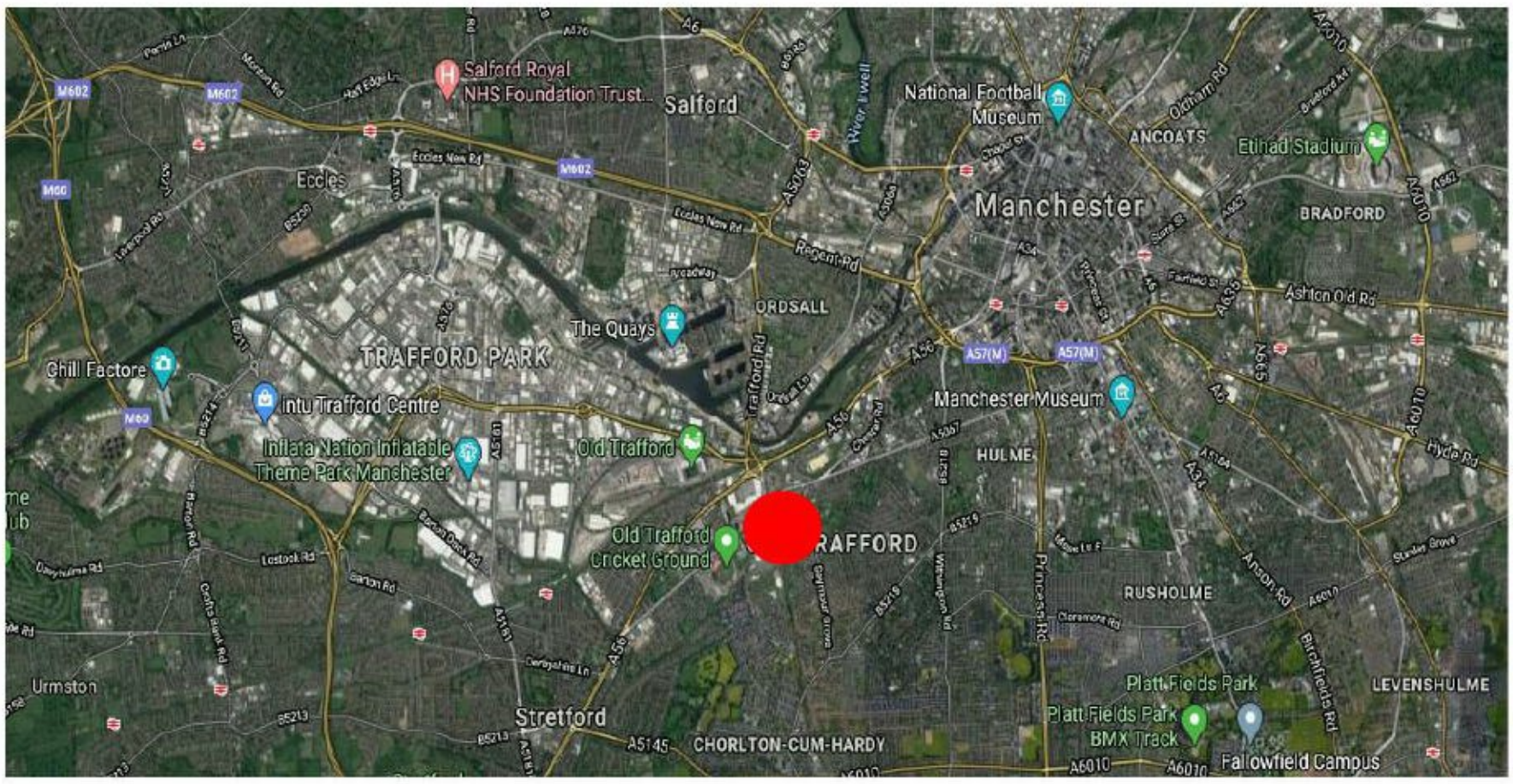
2. Terms of Engagement and Conflict of interest

Terms of Engagement	Enclosed at appendix III is a copy of our signed terms of engagement.
Conflict of Interest	We confirm that no conflict of interest exists that would preclude Roger Hannah from undertaking this instruction.
Contingent Fee	We confirm that no performance related or contingent fees have been agreed with our instructing client.
Objectivity	In carrying out this review exercise the surveyor has acted: • Objectivity • Impartially • Without interference • With reference to all appropriate available sources of information.

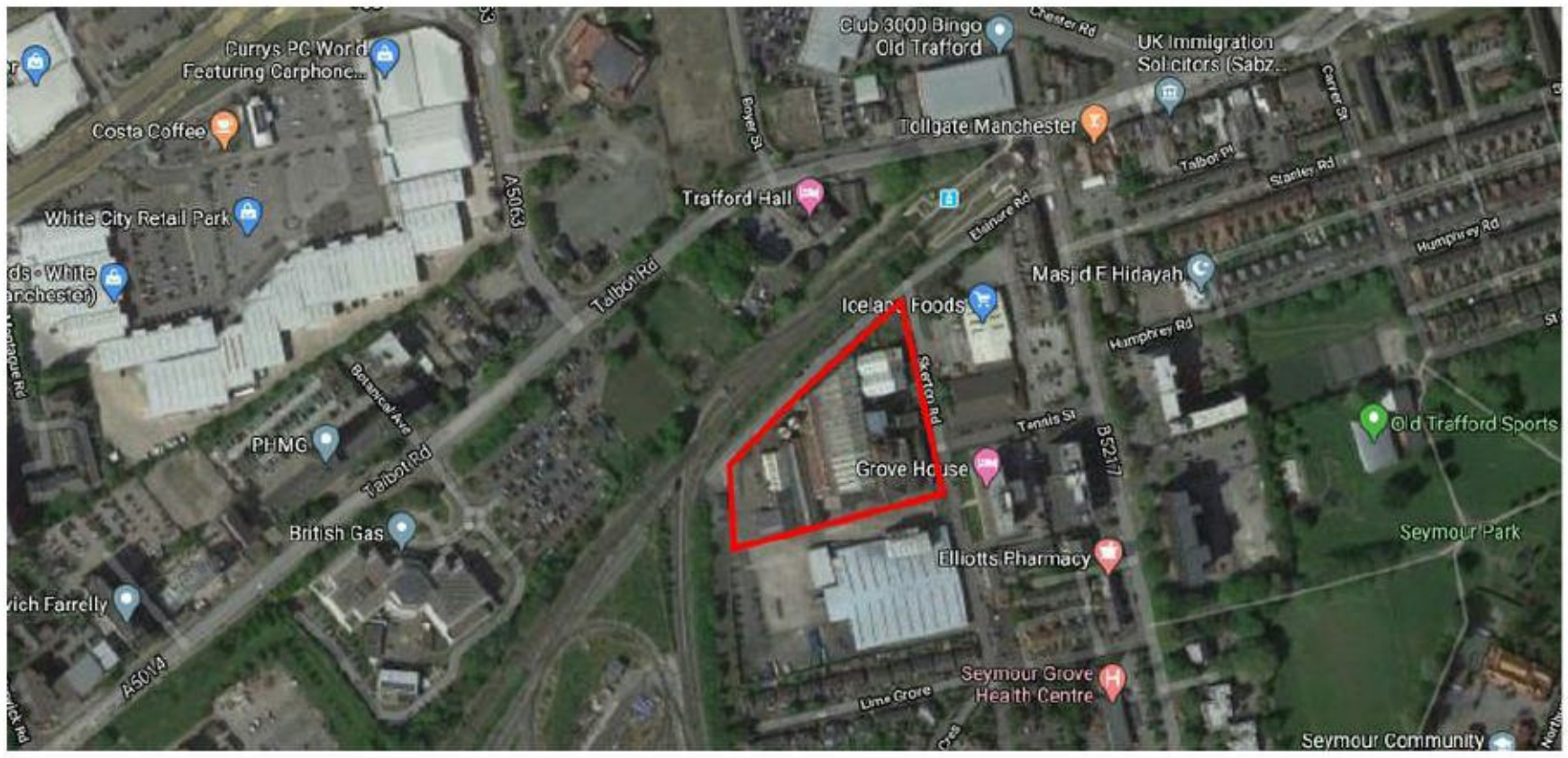
3. Location

Trafford	The site is located in Trafford approximately 1.7 miles south-west of Manchester City Centre.
Communications	The site has ready access to the A56 which provides a direct link to Manchester City Centre to the east and Sale and Altrincham to the west. The A56 also links with junction 7 of the M60 orbital motorway approximately 2.5 miles distant. The area is well served by public transport and it is notable that Trafford Bar Metrolink Station, which affords quick and easy access to Manchester City Centre and other parts of the conurbation is situated 120m distant.
Source: **Bing Maps**	
Economy	Trafford has a strong economy, being home to Trafford Park Industrial Estate, Europe's largest industrial estate with over 1,400 occupiers employing between 40,000 and 50,000 people. Trafford is also home to the Trafford Centre, the northwest's largest indoor shopping centre with over 30 million visitors per year.

4. Situation

Trafford Bar	The site is located off Elsinore Road in the Trafford Bar area of Trafford. The immediate vicinity is mixed use in nature characterised by industrial, low rise suburban housing and office buildings, some of which have been converted to apartments. The site has excellent accessibility, including the following: • Trafford Park Industrial Estate- located within 1 mile • Trafford Bar Metrolink station - 120m distant • Manchester City Centre – 1.7 miles • Trafford Centre - 3 miles Included below is a plan showing the site's positioning within Trafford.
Source: Google Maps	
Surrounding Uses	The area is mixed use in nature with a warehouse, retail and office building immediately adjacent to the subject with residential beyond.

5. The Site

The Site	The site which forms the basis of the planning application is broadly triangular in shape and totals approximately 1.14 ha (2.81 acres). It is bounded by public highway to the north (Elsinore Road) and east (Skerton Road), to the south by an industrial plant (food based) with two storey semi-detached housing beyond and to the west by a strip of open land which gives way to light railway lines (Metrolink).
	
	The site extends to approx. 1.14 hectares (2.81 acres). Included below is a site plan outlined in red:
Site Plan	

Viability Assessment

Historic Use	The site was previously developed with warehouses extending to approx. 8,270 sq m (89,000 sq ft). The site has recently been cleared of all structures on the basis of health and safety concerns following persistent complaints from local residents.
Ground Conditions	There are a number of abnormal development costs which although not significant other than for the imported capping layer are taken into account within our appraisal.
Abnormals Cost Budget	We have been advised that various works have been identified and costed at £1,618,098, as below: • Utility diversion & disconnections £15,000 • Drainage £10,000 • Ground remediation £50,000 • Piling £219,800 • Asbestos removal £50,000 • 650mm clean stone capping layer £1,166,978 • Substation £60,000 • Gas membrane £46,320 We have also allowed for a cost of £463,000 for demolition of warehouses already expended by the applicant.
Flood Risk Map Source: gov.uk	
Flood Risk Assessment	We have investigated the site on the Environment Agency Website and note that the site is located within Flood Zone 1. Sites in Food Zone 1 have a low probability of flooding. Based on the above it is concluded that the development will not contribute further to flood risk, thus satisfying the principles of the National Planning Policy Framework.

6. Proposed Development

Proposed Scheme

The proposed scheme is for 380 units comprising 339 apartments and 41 townhouses offering a range of 1, 2 and 3 bedroom units.

The scheme will be arranged across five separate buildings of between 6 and 11 stories in height.

Scheme Layout

The proposed scheme comprises the following mix of units:

Type	Block A	Block B	Block C	Block D	Block E	Total
1 bed apartment	60	43	34	19	15	171
2 bed apartment	22	53	17	19	14	125
3 bed apartment	0	7	17	11	8	43
2 bed townhouse	9	8	0	0	6	23
3 bed townhouse	0	1	0	0	0	1
1 storey 1 bed townhouse	0	0	4	4	1	9
1 storey 2 bed townhouse	0	0	2	0	0	2
1 storey 3 bed townhouse	1	0	2	2	1	6
Total	**92**	**112**	**76**	**55**	**45**	**380**
G.I.A Sq m	**7,126**	**8,996**	**6,125**	**4,658**	**3,939**	**30,844**
N.I.A Sq m	**5,361**	**6,989**	**4,842**	**3,647**	**3,099**	**23,939**

The gross to net ratio is approximately 78%.

Viability Assessment

Construction Cost	A budget cost plan has been produced by Currie & Brown (Trafford Bar Feasibility Estimate V3.1), attached at Appendix II. The base build cost is estimated £54,400,446 (£160.23 / sq ft) which compares favourably with the industry recognised benchmark data produced by BCIS. The estimate sits just above the BCIS Median quartile £157.47 / sq ft and significantly below the mean figure of £168.71 / sq ft for apartment developments over 6 stories. External works have been estimated at £2,080,380 (£6.27 / sq ft) which is equivalent of 3.91% of build costs. All allowances for inflation have been excluded from our appraisal as this a Day One assessment.

7. Planning Context

Overview

We have considered below the prospect of the subject site being brought forward for residential development, which is relevant for this report in respect of forming a view on the Benchmark Land Value to be adopted within the appraisal – see Section 9 of this report.

We have considered national and local planning policies. As noted below, all point towards the site being suitable for residential development, with a relatively high degree of probability.

Current National Planning Policy

All development is regulated by the National Planning Policy Framework (NPPF), which was updated in June 2019 and promotes sustainable development that is in line with local policy – it states that:

"Plans and decisions should apply a presumption in favour of sustainable development".

One of the key objectives of the NPPF, where residential development is concerned, is to meet the needs of the present without compromising the ability of future generations to meet their own needs. The presumption in favour of sustainable development includes approving development proposals that accord with the development plan without delay.

Keeping this in mind, the redevelopment of a brownfield site, the subject site fully represents sustainable development, which is in line with national policy and therefore characterises favourable development.

Current Local Planning Policy

The relevant local authority for the subject site is Trafford Borough Council. We summarise below the principal adopted planning documents regulating new development and relevant to the subject site:

- Trafford Local Plan: Core Strategy (adopted 2012). – the site is allocated as a main industrial area
- Trafford Local Plan: Revised Supplementary Planning Document – Planning Obligations (2014)

The current Planning Obligations SPD is therefore the document against which all applications should be determined in respect of the requirement to provide planning obligations.

The Trafford Core Strategy was adopted in 2012. The document sets-out an overarching policy in respect of Planning Obligations (Policy L8) and refers to planning obligations comprising two distinct elements:

a) Trafford Developer Contribution (the 'Required Element)

This comprises those obligations which are required to make the proposal acceptable in planning terms and includes:

- Affordable Housing
- Highways infrastructure
- Sustainable transport schemes, including bus, tram, rail, pedestrian and cycle schemes
- Measures to reduce the impact of climate change
- Specific Green Infrastructure, such as tree planting
- Spatial Green Infrastructure, such as parks, play areas and outdoor sports facilities
- Indoor sports facilities, including swimming pools and gyms
- Education facilities
- Health facilities.

b) The 'Negotiated Element'

This comprises those things that are required to be negotiated on a case by case basis and includes:

- Reducing Inequalities

- Community facilities
- Allotments and Cemeteries
- Public art.

This policy accepts that in some cases the development economics of a particular scheme may justify mitigation of the requirement for planning obligations.

The later SPD supersedes this policy in as much as it provides a more detailed and different approach to planning obligations primarily owing to the subsequent adoption of CIL in the Borough during 2014.

Trafford Local Plan: Revised Supplementary Planning Document – Planning Obligations (2014)

This document outlines how the Council will seek to secure planning obligations which do not fall under the remit of CIL and are in the following areas

- Affordable Housing
- Site specific infrastructure required as a result of or to mitigate the impacts of the development
- Commuted sums being financial contributions to third parties in return for adoption of infrastructure/facilities

In respect of schemes in excess of 300 units it is anticipated that the following will be required

- Affordable Housing
- Transport and Accessibility measures
- Specific Green Infrastructure
- Spatial Green Infrastructure
- Flood Defence measures
- Additional site specific items

In respect of affordable housing the extent of affordable housing that will be required will depend on its location and whether the scheme sits in a Hot, Moderate or Cold market location. The site is in a cold market location.

This requires no more than 5% affordable housing under what is termed 'normal market conditions'. Under 'good market conditions' there is flexibility to increase this to 10%. On the flipside in 'poor' conditions the requirement for 5% may be waived.

The policy goes on to say that where a development performs differently to generic developments within a market location that the level of affordable housing will be determined by way of a scheme specific viability study and that any required affordable houses 'will not normally exceed 40%'.

A ratio of 50% social rent and 50% intermediate tenure is assumed.

Affordable housing should be provided on-site but under circumstances where this is not possible then a commuted sum is lieu of on-site provision can be provided.

Pre-application Guidance

We understand that in pre-application discussions the applicant has been informed by the local authority that mitigation of the usual requirements under policy will require the production of a financial viability report. There has been no confirmation as to what the local authority is requiring by way of contributions for the scheme itself.

Vacant Building Credit

The Vacant Building Credit (VBC) was introduced by the Government to encourage redundant buildings being brought forward for residential development by off-setting the normal affordable housing requirement by the amount of vacant commercial floorspace being replaced by residential floorspace. The critical point is that such space should not have been 'abandoned' – ie made vacant for the purposes of redevelopment

	In this case the site has been very recently cleared of all structures on the basis of health and safety concerns and documented and persistent complaints from local residents. **The buildings were demolished following discussion with the local authority and in the best interests of the local community.** The buildings on site totalled in the region of 8,270 sq.m (89,000 sq.ft) of manufacturing and ancillary accommodation. Given the background to the demolition we have considered the vacant building credit to apply in this case
Community Infrastructure Levy	Trafford is a CIL charging authority with CIL payable on all new development in the Borough in line with the adopted Charging Schedule which came into force in July 2014. The subject scheme is situated within a Cold charging zone and as such private market housing attracts a charge of £20 per sq.m and apartments £0 per sq.m. The scheme will provide a net additional 2,245.4 sq m of private housing which will attract a CIL payment. We estimate the CIL payment in respect of this scheme will be £44,908. We have accounted for this obligation within our appraisal.
Planning Obligations	We have been advised that Trafford Borough Council is seeking Section 106 financial contributions of £529,320 from the development, as follows: 1. Sports Facilities - £327,699 2. Open Space - £201,621 3. Green Infrastructure – 44no. tress on site 4. Affordable housing -unknown Within Section 9 of this report, we have considered in detail the financial implications of the above planning obligations, along with the assumptions we have made within our appraisals.

8. Residential Market Commentary

Market Research Approach	Within this section we have undertaken a headline review of the national, regional and local residential markets, which informs the context of a potential new build scheme at the subject site. We have then undertaken a review of values being achieved within the locality of our site. We have had regard to both new build prices and new housing stock within the nearby surrounding areas.
National Residential Context	The February 2020 RICS Residential Survey results again point to a pick-up in sales market activity during the month. New buyer enquiries, agreed sales and fresh listings all reportedly increased over the survey period, extending a run of positive readings going back to December. That said, although near term sales expectations remain positive, optimism has moderated somewhat, with anecdotal evidence suggesting concerns over the economic impact of the coronavirus are weighing on the outlook to some extent. In terms of new buyer demand, a headline net balance of +20% of contributors saw an uplift in enquiries during February (net balance was +23% previously). As such, this marks a third consecutive report in which demand has risen, with growth being cited across virtually all parts of the UK over the month. On the back of these stronger demand trends, sales continue to rise, evidenced by a net balance of +22% of respondents noting an increase at the national level. Regarding the regional breakdown, the monthly pickup in transactions was most widespread in Northern Ireland, East Anglia and London. Meanwhile, at the other end of the spectrum, Scotland was the only area where respondents reported a decline in sales, posting a net balance reading of -10%. Going forward, near term sales expectations remained in positive territory for a fifth month in succession, albeit the net balance did ease slightly to +26%, from +33% in both December and January. At the twelve month horizon, a net balance of +61% of survey participants expect sales levels to improve over the year ahead. Again, this is slightly down on a figure +67% last time, but continues to portray solid confidence in the outlook for sales over the year ahead nonetheless. New instructions coming onto the market for sale also edged higher for a third month in a row, with a national net balance of +15% of respondents noting a pick-up. The West Midlands and the South East appear to have seen the strongest rise in fresh listings since December, averaging net balance readings of +27% and +26% respectively over the past three months. Back at the national perspective, appraisals are reportedly running ahead of last year's levels according to a net balance of +29% of contributors (up from a reading of +20% last time out). Consequently, the pipeline for new instructions is seemingly improving more noticeably than at any other point since this series was introduced into the survey towards the end of 2017. Turning to house prices, the survey's headline indicator on house price growth rose to post a net balance of +29% in February, following a figure of +18% previously. Furthermore, prices are now rising across all parts of the UK according to contributors, with Yorkshire and the Humber, London and East Anglia exhibiting the strongest momentum in the February report. Looking ahead, a net balance of +22% of survey participants expect prices to rise further over the next three months (a slightly more moderate reading than +30% last time). At the twelve month time frame, a net balance of +72% of contributors anticipate prices will increase in the year to come, with expectations firmly positive in all parts of the UK. In the lettings market, tenant demand (monthly nonseasonally adjusted series) rose at the headline level for a third consecutive month. At the same time, landlord instructions fell once again, extending a persistent run of decline stretching back to 2016. As a result, rents are envisaged rising in the near term, while twelve month projections remain at around 2%. Further out, over the next five years, rental growth is expected to accelerate to average roughly 3% per annum through to 2025.
Regional Residential Context	In North West regional terms the picture remains positive as identified in the RICS survey and also with the Land Registry recording general price growth in the region of 2.36% over the 12 months to November 2019. In respect of terraced

housing the increase is 2.01% whilst for apartments the increase is a very low 0.39%. The Nationwide records a similar increase for all properties at 1.8% increase over the 12 months to December (a fall from 2.5% for the year to September).

The apartment market in the region in particular has slowed down in the last 18 months or so.

The Trafford Market

The Old Trafford market should be considered as a sub-market when looking at performance at a local authority level.

As a location which forms part of the ring that surrounds the main regional centre the market is considered to be relatively poor in terms of value when compared with locations further south or on the fringes adjacent to the centre. As in most locations such as this within Greater Manchester structural changes are leading to an improvement in market conditions.

Looking to the local picture the Land Registry produces data for the entire local authority area which is diverse in terms of market performance and pricing.

For Trafford the Land Registry records almost no movement in values for all property types for the year to November 2019 at 0.31% and a reduction in the values of apartments of -0.53% over the same period. Terraced housing has shown similarly unimpressive growth at a negative -0.53%.

In terms of location the subject site sits within the M16 0 postcode area (as shown in Fig 3) which covers the Trafford Bar area of Old Trafford

M16 Postcode

Provided below is an overview of average pricing within the M16 postcode, where the subject site is located.

Property Type	M16	M	National
1 Bedroom properties	£148,00	£135,300	£216,700
2 Bedroom properties	£178,600	£156,200	£233,700
3 Bedroom properties	£264,200	£200,400	£269,200
4 Bedroom properties	£330,100	£325,000	£451,600
5+ Bedroom properties	£392,000	£447,000	£731,000

Source: Mouseprice

As the table demonstrates values in the subject area are higher in each case, other than larger 5 bedroom properties, than in the Manchester wider area but not the national average.

Dwelling Type	M16	M	National
Detached	4.02%	8.24%	23.48%
Semi-detached	31.58%	33.32%	27.95%
Terrace	29.47%	36.64%	30.52%
Flat	34.93%	21.59%	18.06%
Temporary	0.03%	0.05%	0.44%

Source: Mouseprice

The area has higher proportion of flats than in the wider M postcode area and nationally. This appears to be at the expense of detached properties and to a lesser extent semi-detached properties.

Trafford housing market

We have specifically considered the market in the immediate locality for residential properties similar to those proposed. We have considered new build evidence before then considering second hand comparables

New Build Developments

The most relevant evidence relating to new apartment product both in terms of proximity to the subject site and timing of transactions are two specific conversions that have been undertaken in recent years under permitted development rights. These two office conversions were sold during the period 2016 to 2018.

These two schemes demonstrate a wide range of pricing but typically suggest values the region of £180 to £210 per sq.ft. Significantly higher values per sq.ft are shown for a small number of apartments within the Park Rise scheme but cannot be considered typical when considered against other evidence. It is recognised that the proposed scheme will be a of a higher quality than these conversions which we would expect to be compromised to some extent.

In terms of new build schemes which are currently being marketed the most relevant, albeit around 1.5 kms (1.0 mile) distant is the Novus scheme being brought forward by Miller Homes and Laurus Homes.

Although only asking prices this scheme exhibits prices at around £290 per sq.ft. It is usual for a small portion of the prices realised to include an element of incentives. Assuming 3% incentives suggests pricing at around £281 per sq.ft.

Grove House
35 Skerton Road, M16 0TR

Grove House, 35 Skerton Road, M16 0TR
SOLD

Address/Unit Type	Sales price	Sales Date	Size (sq.ft)	Rate Per Sq.ft
Apt 6, Ground floor 2 bed	£121,056	Jan 2017	603	£200.75
Apt 22 Mid floor 1 bed	£89,500	Dec 2017	430	£208.14
Apt 33 Mid floor 1 bed	£90,500	Dec 2017	430	£210.47
Apt 12 Mid floor 1 bed	£108,995	Dec 2017	474	£229.95

A scheme of 72 apartments (1 and 2 beds) within a converted former office block over 9 floors situated 15 m to the east of the subject site.

A number of other schemes are currently seeking off-plan reservations, schemes such as Invictus on Talbot Road are pitching their remaining 2 bed apartments at around £219,500. There are no confirmed sales of these units owing to them being in the construction phase although we understand the vast bulk were sold through overseas channels for values approaching £300 per sq.ft. Further afield Cole Waterhouse's No 1 Old Trafford a scheme 354 apartments being delivered over two phases with the first phase being sold on a bulk basis and the second being offered to the open market.

Novus
Chester Road
Stretford
M32 0YA

Novus, Chester Road, Stretford, M32 0YA — **ON THE MARKET**

Unit Type	Asking Price	Size (sq.ft)	Rate Per Sq.ft
Type K Apartment 2 bed 1st floor	£195,995	719	£272.59
Duco 3 bed Townhouse (with undercroft parking)	£300,995	1,030	£292.23
Prosus 3 bed Townhouse (with undercroft parking)	£301,995	1,040	£290.38

	Savis 2 bed Mews-Terrace (with undercroft parking)	£255,995	878	£291.57
	Ortus 3 bed Townhouse (with single garage)	£317,000	1,091	£290.56
A scheme of 191 apartments and 91 houses situated 1.7 km to the east of the subject site.				

Existing Stock transactions

According to Rightmove 7 apartments have been reported by the Land Registry as being transacted within 0.25 miles from the subject property in the past 12 months. These sales range from £80,000 to £185,000.

Evidence relating to the sale of townhouses is scarce but the sale of three terraced properties are identified as being sold within the same search parameters with 3 bedroom properties exhibiting values in the region of £260,000. The nearest townhouse sales of any relevance relate to the scheme on East Union Street (M16 9AE) which was built in 2016. The latest sale at 6b East Union Street which took place in May 2018 was a 4 bed townhouse (1,097 sq.ft) selling for £245,000 (£223 per sq.ft). This location is however closer to the regional centre.

Park Rise

73 Seymour Grove, M16 0UB

Park Rise, 73 Seymour Grove, M16 0UB
SOLD

Unit Type	Sales price	Exchange Date	Size (sq.ft)	Rate Per Sq.ft
Apt 92, Top Floor 1 bed	£113,000	Oct 2018	387	£292
Apt 49, Mid floor 3 bed	£260,000	Sep 2018	1,431	£182
Apt 94, Top floor 2 bed	£140,000	Jul 2018	861	£163
Apt 96, Top floor 2 bed	£140,000	Jul 2018	753	£186
Apt 95, Top floor 2 bed	£140,000	Jul 2018	839	£167
Apt 18, Mid floor 3 bed	£184,000	Jul 2018	969	£190
Apt 62, Mid floor 1 bed	£177,500	Jun 2018	581	£305
Apt 76, Mid floor 1 bed	£192,500	May 2018	592	£325
Apt 63, Mid floor 1 bed	£177,000	Jun 2018	581	£301

A scheme of 90 apartments (1, 2 and 3 beds) within a converted former office block (2017) over 9 floors situated 100 m to the east of the subject site.

Existing Apartment Stock

We have researched sales of existing apartment. Details of relevant sales as listed below:

Second Hand Apartments		SOLD			
Address	**Type**	**Sales price**	**Sale Date**	**Size (sq.ft)**	**Rate Per Sq.ft**
Flat 1, 82 Seymour Grove, M16 0LW	Basement flat	£180,000	Aug 2019	1,022	£176
15 Madison Apartments, 41 Seymour Grove, M16 0NB	Mid-floor	£185,000	Aug 2019	926	£200
Apt 56, Metropolitan House, 20 Brindley Road, M16 9HW	Top floor 1 bed flat	£111,500	Aug 2019	516	£216
Flat 4, 82 Seymour Grove, M16 0LW	Top floor flat	£180,000	Jun 2019	1,302	£138
Flat 3 Stanley Court, Stanley Road, M16 9DL	Gnd floor 1 bed	£92,500	Jun 2019	377	£245
Apt 55, Metropolitan House, 20 Brindley Road, M16 9HW	Top floor 1 bed	£108,000	May 2019	581	£186
Apt 44, Grove House, M16 0TR	Mid floor 1 bed	£80,000	Mar 2019	430	£186
Apt 91, Park Rise, M16 0UB	Top floor 1 bed	£122,500	Oct 2018	570	£215
Apt 2, Grove House, M16 0TR	2 bed	£130,000	Jun 2018	742	£175
Apt 38, Grove House, M16 0TR	2 bed	£133,950	Sep 2017	-	-

Existing terrace stock

We have also researched the values being achieved on existing terrace housing stock:

Second Hand Terraced Houses		SOLD			
Address	**Type**	**Sales price**	**Sale Date**	**Size (sq.ft)**	**Rate Per Sq.ft**
90 Humphrey Road, M16 9DF	3 bed terraced	£282,000	Nov 2019	1,248	£226
8 Lime Grove M16 0WL	5 bed terraced	£230,000	Jul 2019	1,330	£173
94 Humphrey Road, M16 9DF	3 bed terraced	£238,000	Jun 2019	1,159	£205

Residential – Subject Site

We have appraised the scheme and formed our opinion of GDV based upon an open market sales product. Based on the above evidence, we have given consideration to potential values achievable at the subject site.

One bed apartment

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
1A 1B2P	13	41.71 (449)	£157,300	£350	£2,044,900
1B 1B2P	95	46.28 (498)	£160,325	£322	£15,230,875
1C 1B2P	55	52.09 (561)	£169,400	£302	£9,317,000
1D 1B2P	8	56.85 (612)	£175,450	£287	£1,403,600
Total	**171**				**£27,996,375**

Two bed apartment

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
2A 2B4P	21	61.38 (661)	£196,625	£297	£4,129,125
2B 2B4P	16	65.69 (707)	£198,000	£278	£3,168,000
2C 2B4P	87	70.40 (758)	£203,500	£268	£17,704,500
2D 2B4P	1	82.1 (884)	£236,500	£267	£236,500
Total	**125**				**£25,238,125**

Three bed apartment

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
3A 3B4P	4	72.12 (777)	£236,500	£304	£946,000
3B 3B4P	18	81.11 (873)	£259,325	£296	£4,667,850
3C 3B5P	18	87.42 (941)	£275,000	£292	£4,950,000
3D 3B6P	1	94.30 (1,015)	£291,500	£287	£291,500
3E 3B6P	2	106.50 (1,146)	£319,000	£278	£638,000
Total	**43**				**£11,493,350**

Viability Assessment

Two bed townhouse

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
A2TH	9	86.52 (931)	£275,000	£295	£2,475,000
B2TH	14	96.93 (1,043)	£291,500	£279	£4,081,000
Total	**23**				**£6,556,000**

Three bed townhouse

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
A3TH	1	109.7 (1,181)	£352,000	£298	£352,000
Total	**1**				**£352,000**

One bed single storey town house

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
A1SSTH	8	58.44 (629)	£192,500	£306	£1,540,000
B1SSTH	1	66.10 (712)	£209,000	£293	£209,000
Total	**9**				**£1,749,000**

Two bed single storey townhouse

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
A2SSTH	2	81.25 (875)	£258,500	£295	£517,000
Total	**2**				**£517,000**

3 bed single storey townhouse

Unit Type	Units	Avg Size sq.m (sq.ft)	Unit Price	Price Per Sq.ft	Total
A3SSTH	4	89.8 (967)	£291,500	£301	£1,166,000
B3SSTH	2	103.2 (1,096)	£324,500	£296	£649,000
Total	**6**				**£1,815,000**

	The average sales rate for the scheme is £294 per sq.ft with prices ranging from around £286 to £350 per sq.ft for one bed apartments; from around £267 to £297 per sq.ft for 2 bed apartments; from around £278 to 295 per sq.ft for 3 bed apartments. Townhouses are valued at £279 to £298 per sq.ft. Strict comparisons with other schemes towards Old Trafford football and Old Trafford cricket ground and further north towards the regional centre are not appropriate. Having said that the scheme is such that is should be capable of establishing a higher benchmark of value overall, albeit it on a limited basis, and this will be buoyed by the site's location close to a main Metrolink station. Based on the evidence outlined above but also based on a positive view as to the value that the site has the potential to create we consider the broad range of values applicable to the various unit types on the proposed scheme to be in the range £157,000 to £192,500 for one bed apartments, £196,000 to £258,500 for two bed apartments; and, £236,000 to £325,000 for 3 bed apartments. Townhouses would be expected to achieve between £275,000 and £350,000.
Ground Rent Investment	We have adopted a ground rent for each apartment units of £200 per annum where Open Market Sales are envisaged. To this has been applied an investment yield of 5.0% which is in line with comparable ground rent investment portfolios. This gives an overall value of £1,432,372 net of costs. The total GDV of the scheme is assessed to be £77,149,222.
Timings	The appraisal has been undertaken on the basis that from the date of this report (March 2020) there will be a period of 3 months before a start on site (June 2020) followed by a 18 month construction period (December 2021). It is assumed that 2/3rds of the apartments and town houses will be sold off-plan in advance of practical completion. The remaining third are assumed to be sold at a rate of 12 per calender month with the last sale taking place after 11 months (November 2022).

9. Appraisal Methodology

Financial Viability	The purpose of this report is to support an upcoming planning application for the proposed residential scheme and demonstrate that any additional planning obligations (Healthcare and Education financial contributions) would render the development financially unviable. Accordingly, within this section we provide an overview of national planning policy and guidance, also the RICS guidance in terms of financial viability, as well as the approach taken for appraising the subject site.
Planning Policy Guidance	The National Planning Policy Framework (NPPF), originally published in March 2012, has been updated in June 2019. In the previous NPPF, it explicitly set out that the level of affordable housing / Section 106 contributions should not be burdensome to the point of prohibiting a developer from making a reasonable return (Para 173). The underlying theme is that planning obligations should not render development unviable and therefore compromise the deliverability of local authority development plans. The updated NPPF (June 2019) carries forward this underlying theme, which is stated in Para 2 of the National Planning Practice Guidance (NPPG) on Viability (also updated in May 2019). It states that: *"Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan".* The key difference with the revised NPPF (June 2019) is that it envisages viability assessments should be undertaken at the plan making stage by the relevant local authority, and tailoring planning obligations accordingly. Where a site has not yet been assessed at the 'plan making' stage, the revised NPPF provides that the viability assessment should be considered at the planning application stage. Hence, why this report is being drafted to accompany the planning application for the subject development.
RICS Guidance	The RICS has published the Financial Viability in Planning Guidance Note (GN 94/2012), which sets out accepted good practice in relation to advising on financial viability. The Guidance Note defines financial viability for planning purposes as follows: *"An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering the project."* In terms of the method of assessing financial viability, the guidance note is clear in terms of this being at the discretion of the practitioner however, it does state: *'The residual appraisal methodology for financial viability testing is highlighted where either the level of return or residual Site Value can be an input and the consequential output (either a residual land value or return respectively) can be compared to a benchmark to assess the impact of planning obligations or policy implications on viability.'* A residual appraisal is a standard approach adopted by Chartered Surveyors and developers in testing the viability of a proposed development.
Residual Appraisal	Based on the relevant guidance we have adopted a residual appraisal method – specifically using Argus Developer software, which is accepted across the industry. Each appraisal takes the Gross Development Value and deducts all associated delivery costs, which include: • Land price – in this case we have applied an appropriate Benchmark Land Value. • Site preparation costs – principally remediation, highway infrastructure and levelling. • Construction costs.

- Professional fees.
- Finance.

The output of the above is the resultant profit on GDV, which in fails to reach an acceptable benchmark of 18%. This would indicate that the applicant is making an insufficient margin and is therefore unable to viably contribute to any Section 106 financial costs.

Benchmark Land Value

The NPPF states that *viability assessments should be undertaken using benchmark land values derived in accordance with the guidance. Existing use should be informed by market evidence of current uses, costs and values. Market evidence can be used as a cross-check of benchmark land value but should not be used in place of benchmark land value.*

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In any typical viability assessment, a benchmark land value is used and it represents the existing use value of the site plus a premium (defined as "EUV+" within the NPPG). In determining the premium, it should reflect *"the minimum return at which it is considered a reasonable landowner would be willing to sell their land"*. This is to include realistic deemed planning consents and be balanced against emerging policies.

The Benchmark Land Value should:

- Be based upon Existing Use Value
- Allow a premium to the landowner
- Reflect the implications of abnormal costs; site specific infrastructure costs and professional site fees.

The EUV is the value of the land or building in its current use, it is not the price paid and should disregard hope value. The price paid for the land is not a factor in determining the Benchmark land Value and is not a relevant justification for failing to comply with current planning policies. It should also be noted that the NPPF is clear that the actual price paid is not relevant for the purpose of viability assessment.

Looking to existing use of the current site, it comprises approximately 2.8 acres (1.13 hectares) of land which has most recently been in industrial use and has recently been cleared of all structures.

As a cleared site with its existing use we consider the site to have a value of £1.68 million.

This view is based in consideration of comparable evidence such as the following:

Yard at Roundthorn Industrial Estate, Manchester - A freehold sale in March 2017 of a 5.05 acre mainly cleared site (the site included a poor industrial unit which was planned for demolition by the purchaser) for use as a refuse truck base. This sold for £2.65 million or £524,752 per acre.

Former Printworks, Longbridge Road, Manchester - a freehold sale in September 2019 of a 6.83 acre site for £7.45 million (or around £1.0 million per acre). The site comprises around 238,500 sq.ft of existing building but the purchaser, Strathclyde Pension Fund, has bought the site to wholly redevelop owing to the bespoke nature of the existing accommodation.

What this evidence in particular demonstrates is that in a market that has been rising since the Roundthorn industrial Estate sale the subject site which is closer to the urban core with good communication links should be capable of achieving a higher value than the dated evidence suggests. The Trafford Park evidence being much more recent demonstrates the strength of the current market in a location not too far distant from the subject and supports a value of £600,000 per acre given the location.

To consider what the plus element might be we have considered the following

> *Recent guidance states that the premium on top of Existing Use Value, or the Plus element, "should provide a reasonable incentive, in comparison with other options available, for the landowner to sell the land for development while allowing a sufficient contribution to comply with policy requirements".*

Quite historic Appeal decisions have suggested that such a margin above existing use value would be in the range 10%-30% but as the subsequent detailed guidance states every case is different and should be considered based on the circumstances and facts. In this case applying a 30% margin above the existing use value suggests a benchmark land value of £2.18 million.

However, one needs to consider the landowner's 'reasonable expectation of value' in the context of the planning backdrop.

In this case the site is within an area which has been identified as being suitable in general terms for residential development. And against this background we consider that a landowner should expect to achieve a site value for the site which is substantially towards full residential value (assuming full policy compliance in terms of planning obligations) for a scheme of a similar scale to that proposed or existing use value whichever is the greater.

The Novus scheme although a reasonable distance to the south of the subject is a useful comparable having sold in 2017 for around £1.0 million per acre on a broadly greenfield basis. At around 7 acres the site is of a scale which enables the creation of a product which can differentiate itself from the surrounding area. If compliant in planning terms we believe at that time the scheme would have transacted at around £800,000 per acre (assuming 20% affordable housing). That equates to around £19,800 per plot for a scheme with a mix of apartments and houses. Given our comments about sales values above but recognising the more costly form of build we believe £15,000 per plot is a reasonable compliant value assumption.

On this basis a greenfield Section 106 compliant site value would be £5.7 million. Net of abnormals would suggest £4.1 million.

Due to highly positive planning position and that the transactions above have been fully adjusted to reflect full policy compliance and abnormal cost implications, we would expect the landowner to require a minimum of 50% of the uplift to bring the site forward for development. This equates to £1.21m.

Therefore, the benchmark land value will be £2.89m (EUV + £1.21m). We have adopted this figure within our appraisal.

10. Development Appraisal and Conclusions

Residual Appraisal	Within this section we consider the Gross Development Value (GDV), associated development costs and residualised profit margin.		
Assumptions	Detailed below are all the assumptions we have applied to our residual appraisals.		
GDV	Scheme Market Sales: Ground rent Investment:	£77,149,222 £75,716,850 £1,432,372	As defined above
Land Acquisition Costs	Benchmark Land Value Stamp Duty Agent & Legal Fees: Site Investigation	£2,890,000 See appraisal 1.5% £20,000	As defined above Calculated using HMRC's calculator Standard agent and legal costs. Budget costs for an intrusive ground investigation
Planning Costs	Planning Consultant Application Fee	£150,000 £68,399	Consultant fees for a new full application. Calculated using the Planning Portal Fee Calculator and assumes a full new application is submitted.
Planning obligations	CIL Sports Facilities - £327,699 Open Space - £201,621 Green Infrastructure Affordable housing	£44,908 £327,699 £201,621 455no. trees on site unknown	As advised by Trafford Council Likely to be in range of 5% - 40% with an equal split of social rent and intermediate tenure, but off set by vacant building credit.
Construction Costs – Build	Base build: Externals: Abnormals Demolition: Contingency:	£160.23 per sq ft £6.27 per sq ft £1,618,098 £463,000 3% of base build, externals abnormals	The adopted rates are considerably less than lower quartile BCIS build adjusted for Pendle locality. This includes all service connections, roads and public open space As per breakdown detailed in Section 5. Sum already expended by applicant Typical contingency assumption range from 2.5% - 5%. We have adopted a very conservative rate of 3%.
Construction Costs – Professional Fees	Professional Fees	6% of build cost, externals, contingencies and abnormals	A standard assumption would be 5-10%. We have adopted a very conservative rate of 6%.
Sales Costs	Marketing and letting inc legal Fee	3%	Standard agent fees, including marketing costs, and legal costs.

Viability Assessment

Finance	Applied to both the land and construction cost:	6.0%	Typical development finance cost in the current market.
Timescales	Purchase Ground preparation Construction: Sales:	1 months 3 months 18 months 38 months	To conclude site purchase To undertake ground works and remediation It is assumed 2/3 of the development is sold off plan with the remaining 1/3 sold over a period of 11 months, reflecting 12 sales per month
Profit Margin	Industry accepted 18% on GDV for open market sales products.		
Residual Appraisal Profit	Based on the above sensible assumptions, the appraisal is providing the following return:		

	no affordable housing and no financial contributions
GDV	£77,149,222
Total Cost	£72,594,203
Profit	£4,555,019
Profit on GDV	**5.90%**
Variance on 18% Profit on GDV Target	**-12.10%**

Sensitivity Analysis

The nature of residual appraisals are such that they are materially impacted by changes in one or more variables. We have therefore considered changes to the key variables, namely :

- Build Costs – base build
- Residential Open Market Sales Values.

The result of the analysis for the appraisal is as follows

		Sales Values		
		-10%	0%	+10%
Build Costs	-10%	4.67%	13.86%	21.45%
	0%	-4.22%	5.82%	14.10%
	+10%	-12.12%	-2.23%	6.76%

This analysis demonstrates that for the benchmark return of 18% on GDV to be exceeded there would need to be a material increase in sales values and a reduction in build costs.

Viability Assessment

Conclusion	As highlighted within this report and in line with the adopted NPPF, NPPG on viability and RICS Guidance Note (Financial Viability in Planning Guidance Note – GN 94/2012), developments must deliver a return which does not undermine deliverability of a scheme. For a scheme of this nature a developer will typically require 18% -20% profit on GDV for open market sales. In terms of the subject site, we have benchmarked our appraisals against a target profit on GDV of 18%. Allowing for no affordable housing and no Section 106 financial contributions, the appraisal is achieving a compromised profit on **GDV of 5.90%.** We consider this is sufficient to demonstrate that on the grounds of viability the development cannot afford any affordable housing provision and any Section 106 financial contributions and any such contributions should be reconsidered in respect of this development. Based on the above, we consider there is a justified argument to mitigate the affordable housing provision and any proposed financial contributions on the grounds of viability, in line with adopted planning and RICS guidance.

APPENDIX 1

SCENARIO 1

No affordable housing and no Section 106 financial contributions

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Development Appraisal
Roger Hannah Ltd
16 March 2020

APPRAISAL SUMMARY — ROGER HANNAH LTD

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Pre-sales Type 1A - 1B2P Apartment (449 sq.ft)	8	3,593	350.20	157,300	1,258,400
Pre-sales Type 1B - 1B2P Apartment (498 sq.ft)	63	31,386	321.81	160,325	10,100,475
Pre-sales Type 1C - 1B2P Apartment (561 sq.ft)	37	20,765	301.84	169,400	6,267,800
Pre-sales Type 1D - 1B2P Apartment (612 sq.ft)	5	3,061	286.57	175,450	877,250
Type 1A - 1B2P Apartment (449 sq.ft)	5	2,246	350.20	157,300	786,500
Type 1B - 1B2P Apartment (498 sq.ft)	32	15,942	321.81	160,325	5,130,400
Type 1C - 1B2P Apartment (561 sq.ft)	18	10,102	301.84	169,400	3,049,200
Type 1D - 1B2P Apartment (612 sq.ft)	3	1,837	286.57	175,450	526,350
Pre-sales Type 2A - 2B4P Apartment (661 sq.ft)	14	9,258	297.35	196,625	2,752,750
Pre-sales Type 2B - 2B4P Apartment (707 sq.ft)	11	7,780	279.95	198,000	2,178,000
Pre-sales Type 2C - 2B4P Apartment (758 sq.ft)	58	43,981	268.37	203,500	11,803,000
Pre-sales Type 2D - 2B4P Apartment (884 sq.ft)	1	884	267.43	236,500	236,500
Type 2A - 2B4P Apartment (661 sq.ft)	7	4,629	297.35	196,625	1,376,375
Type 2B - 2B4P Apartment (707 sq.ft)	5	3,536	279.95	198,000	990,000
Type 2C - 2B4P Apartment (758 sq.ft)	29	21,990	268.37	203,500	5,901,500
Pre-sales Type 3A - 3B4P Apartment (777 sq.ft)	2	1,555	304.26	236,500	473,000
Pre-sales Type 3B - 3B4P Apartment (873 sq.ft)	12	10,480	296.94	259,325	3,111,900
Pre-sales Type 3C - 3B5P Apartment (941 sq.ft)	12	11,296	292.13	275,000	3,300,000
Pre-sales Type 3E - 3B6P Apartment (1,146 sq.ft)	1	1,146	278.25	319,000	319,000
Type 3A - 3B4P Apartment (777 sq.ft)	2	1,555	304.26	236,500	473,000
Type 3B - 3B4P Apartment (873 sq.ft)	6	5,240	296.94	259,325	1,555,950
Type 3C - 3B5P Apartment (941 sq.ft)	6	5,648	292.13	275,000	1,650,000
Type 3D - 3B6P Apartment (1,015 sq.ft)	1	1,015	287.08	291,500	291,500
Type 3E - 3B6P Apartment (1,146 sq.ft)	1	1,146	278.25	319,000	319,000
Pre-sales Type A2TH - 2B Townhouse (931 sq.ft)	6	5,588	295.27	275,000	1,650,000
Pre-sales Type B2TH - 2B Townhouse (1,043 sq.ft)	9	9,391	279.37	291,500	2,623,500

APPRAISAL SUMMARY — ROGER HANNAH LTD

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Type A2TH - 2B Townhouse (931 sq.ft)	3	2,794	295.27	275,000	825,000
Type B2TH - 2B Townhouse (1,043 sq.ft)	5	5,217	279.37	291,500	1,457,500
Pre-sales Type A3TH - 3B Townhouse (1,181 sq.ft)	1	1,181	297.94	352,000	352,000
Pre-sales Type A1SSTH - 1B Townhouse (629 sq.ft)	5	3,146	305.92	192,500	962,500
Type A1SSTH - 1B Townhouse (629 sq.ft)	3	1,888	305.92	192,500	577,500
Type B1SSTH - 1B Townhouse (712 sq.ft)	1	712	293.43	209,000	209,000
Pre-sales Type A2SSTH - 2B Townhouse (875 sq.ft)	1	875	295.31	258,500	258,500
Type A2SSTH - 2B Townhouse (875 sq.ft)	1	875	295.31	258,500	258,500
Pre-sales Type A3SSTH - 3B Townhouse (967 sq.ft)	2	1,935	301.33	291,500	583,000
Pre-sales Type B3SSTH - 3B Townhouse (1,096 sq.ft)	1	1,096	295.96	324,500	324,500
Type A3SSTH - 3B Townhouse (967 sq.ft)	2	1,935	301.33	291,500	583,000
Type B3SSTH - 3B Townhouse (1,096 sq.ft)	1	1,096	295.96	324,500	324,500
Totals	**380**	**257,804**			**75,716,850**

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	171	200	34,200	34,200
Ground Rents	125	200	25,000	25,000
Ground Rents	43	200	8,600	8,600
Ground Rents	23	200	4,600	4,600
Ground Rents	1	200	200	200
Ground Rents	9	200	1,800	1,800
Ground Rents	2	200	400	400
Ground Rents	6	200	1,200	1,200
Totals	**380**		**76,000**	**76,000**

Investment Valuation

Ground Rents					
Current Rent	34,200	YP @	5.0000%	20.0000	684,000
Ground Rents					
Current Rent	25,000	YP @	5.0000%	20.0000	500,000

APPRAISAL SUMMARY — ROGER HANNAH LTD

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Ground Rents					
Current Rent	8,600	YP @	5.0000%	20.0000	172,000
Ground Rents					
Current Rent	4,600	YP @	5.0000%	20.0000	92,000
Ground Rents					
Current Rent	200	YP @	5.0000%	20.0000	4,000
Ground Rents					
Current Rent	1,800	YP @	5.0000%	20.0000	36,000
Ground Rents					
Current Rent	400	YP @	5.0000%	20.0000	8,000
Ground Rents					
Current Rent	1,200	YP @	5.0000%	20.0000	24,000
Total Investment Valuation					**1,520,000**
GROSS DEVELOPMENT VALUE				**77,236,850**	
Purchaser's Costs			(87,628)		
Effective Purchaser's Costs Rate		5.77%		(87,628)	
NET DEVELOPMENT VALUE				**77,149,222**	
NET REALISATION				**77,149,222**	
OUTLAY					
ACQUISITION COSTS					

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Benchmark Land Value	2,890,000		
Benchmark Land Value		2,890,000	
			2,890,000
Stamp Duty		134,000	
Effective Stamp Duty Rate	4.64%		
Agent Fee	1.00%	28,900	
Legal Fee	0.50%	14,450	
Town Planning		150,000	
Application fee		68,399	
Site Investigation		20,000	
			415,749

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
Pre-sales Type 1A - 1B2P Apartment (449 sq.ft)	4,629	160.23	741,779
Pre-sales Type 1B - 1B2P Apartment (498 sq.ft)	40,436	160.23	6,479,000
Pre-sales Type 1C - 1B2P Apartment (561 sq.ft)	26,752	160.23	4,286,498
Pre-sales Type 1D - 1B2P Apartment (612 sq.ft)	3,944	160.23	631,916
Type 1A - 1B2P Apartment (449 sq.ft)	2,893	160.23	463,612
Type 1B - 1B2P Apartment (498 sq.ft)	20,539	160.23	3,290,921
Type 1C - 1B2P Apartment (561 sq.ft)	13,015	160.23	2,085,324
Type 1D - 1B2P Apartment (612 sq.ft)	2,366	160.23	379,150
Pre-sales Type 2A - 2B4P Apartment (661 sq.ft)	11,927	160.23	1,911,030
Pre-sales Type 2B - 2B4P Apartment (707 sq.ft)	10,023	160.23	1,606,017
Pre-sales Type 2C - 2B4P Apartment (758 sq.ft)	56,662	160.23	9,078,943
Pre-sales Type 2D - 2B4P Apartment (884 sq.ft)	1,139	160.23	182,554
Type 2A - 2B4P Apartment (661 sq.ft)	5,963	160.23	955,515
Type 2B - 2B4P Apartment (707 sq.ft)	4,556	160.23	730,008
Type 2C - 2B4P Apartment (758 sq.ft)	28,331	160.23	4,539,471
Pre-sales Type 3A - 3B4P Apartment (777 sq.ft)	2,003	160.23	320,914
Pre-sales Type 3B - 3B4P Apartment (873 sq.ft)	13,502	160.23	2,163,384
Pre-sales Type 3C - 3B5P Apartment (941 sq.ft)	14,553	160.23	2,331,895
Pre-sales Type 3E - 3B6P Apartment (1,146 sq.ft)	1,477	160.23	236,659

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Type 3A - 3B4P Apartment (777 sq.ft)	2,003	160.23	320,914	
Type 3B - 3B4P Apartment (873 sq.ft)	6,751	160.23	1,081,692	
Type 3C - 3B5P Apartment (941 sq.ft)	7,277	160.23	1,165,947	
Type 3D - 3B6P Apartment (1,015 sq.ft)	1,308	160.23	209,606	
Type 3E - 3B6P Apartment (1,146 sq.ft)	1,477	160.23	236,659	
Pre-sales Type A2TH - 2B Townhouse (931 sq.ft)	7,199	160.23	1,153,557	
Pre-sales Type B2TH - 2B Townhouse (1,043 sq.ft)	12,098	160.23	1,938,496	
Type A2TH - 2B Townhouse (931 sq.ft)	3,600	160.23	576,778	
Type B2TH - 2B Townhouse (1,043 sq.ft)	6,721	160.23	1,076,942	
Pre-sales Type A3TH - 3B Townhouse (1,181 sq.ft)	1,522	160.23	243,887	
Pre-sales Type A1SSTH - 1B Townhouse (629 sq.ft)	4,053	160.23	649,469	
Type A1SSTH - 1B Townhouse (629 sq.ft)	2,432	160.23	389,682	
Type B1SSTH - 1B Townhouse (712 sq.ft)	918	160.23	147,034	
Pre-sales Type A2SSTH - 2B Townhouse (875 sq.ft)	1,128	160.23	180,695	
Type A2SSTH - 2B Townhouse (875 sq.ft)	1,128	160.23	180,695	
Pre-sales Type A3SSTH - 3B Townhouse (967 sq.ft)	2,493	160.23	399,388	
Pre-sales Type B3SSTH - 3B Townhouse (1,096 sq.ft)	1,413	160.23	226,333	
Type A3SSTH - 3B Townhouse (967 sq.ft)	2,493	160.23	399,388	
Type B3SSTH - 3B Townhouse (1,096 sq.ft)	1,413	160.23	226,333	
Totals	**332,136 ft²**		**53,218,085**	
Contingency		3.00%	1,645,085	
Demolition			463,000	
CIL			44,908	
				55,371,078
Other Construction				
Construction Warranty	113 un	1,000.00 /un	113,000	
External Works			2,080,380	
Construction Warranty	72 un	1,000.00 /un	72,000	
Construction Warranty	14 un	1,000.00 /un	14,000	
Construction Warranty	6 un	1,000.00 /un	6,000	
Construction Warranty	1 un	1,000.00 /un	1,000	
Construction Warranty	5 un	1,000.00 /un	5,000	
Construction Warranty	1 un	1,000.00 /un	1,000	

Elsinore Road
Trafford Bar
Financial Viability Appraisal

Construction Warranty	2 un	1,000.00 /un	2,000	
Abnormal - Utility diversions			15,000	
Abnormal - Works to existing drains			10,000	
Abnormal - Ground remediation			50,000	
Abnormal - Piling			219,800	
Abnormal - Asbestos			50,000	
Abnormal - Capping layer			1,166,978	
Abnormal - Sub-station			60,000	
Abnormal - Gas membrane			46,320	
				3,912,478
PROFESSIONAL FEES				
Other Professionals		6.00%	1,259,359	
Other Professionals		6.00%	1,174,419	
Other Professionals		6.00%	498,582	
Other Professionals		6.00%	293,289	
Other Professionals		6.00%	15,072	
Other Professionals		6.00%	73,306	
Other Professionals		6.00%	22,334	
Other Professionals		6.00%	77,339	
Other Professionals		6.00%	99,998	
				3,513,699
MARKETING & LETTING				
Marketing		3.00%	2,946,454	
				2,946,454
FINANCE				
Debit Rate 6.000%, Credit Rate 6.000% (Nominal)				
Land			320,163	
Construction			2,624,653	
Other			599,929	
Total Finance Cost				3,544,745
TOTAL COSTS				**72,594,203**

APPRAISAL SUMMARY — ROGER HANNAH LTD

Elsinore Road
Trafford Bar
Financial Viability Appraisal

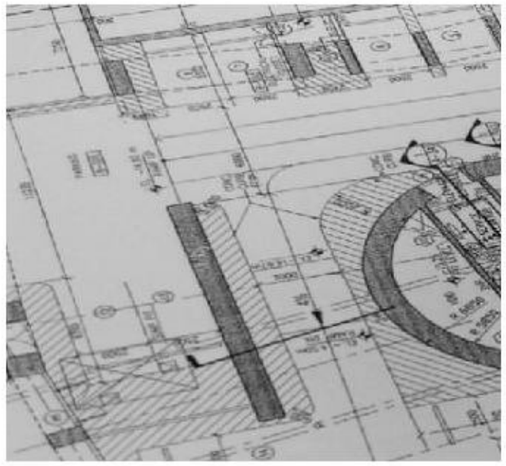
PROFIT **4,555,019**

Performance Measures

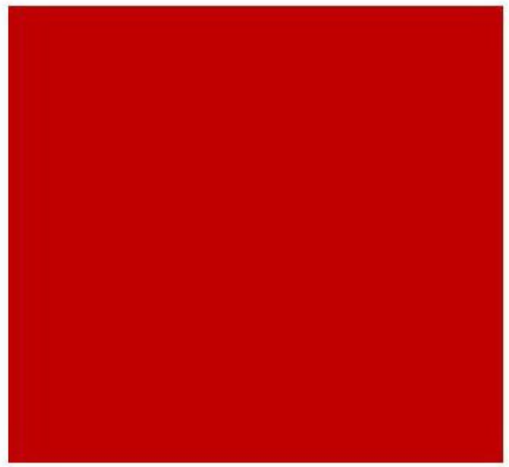
Profit on Cost%	6.27%
Profit on GDV%	5.90%
Profit on NDV%	5.90%
Development Yield% (on Rent)	0.10%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR	12.14%
Rent Cover	59 yrs 11 mths
Profit Erosion (finance rate 6.000)	1 yr

APPENDIX II

Currie & Brown Feasibility Estimate V3.1







Trafford Bar, Old Trafford

CURRIE & BROWN

FEASIBILITY STUDY - Preliminary Order of Costs

ISSUE DATE: March 2020

LEAD CONTACT: David Hirst
PREPARED BY: Alex Allen
REVISION: 3.1

Trafford Bar, Old Trafford

Preliminary Order of Costs V3.1

March 2020

Currie & Brown

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Trafford Bar, Old Trafford

Preliminary Order of Costs V3.1

March 2020

Currie & Brown

1.0 Executive Summary

1.0 Executive Summary

This initial report has been prepared to identify the anticipated construction cost for the preferred option.

Key cost assumptions made at this stage are provided overleaf. All costs are current day only and provide for a high-level cost study only of the preferred options to provide a framework for a target build cost.

1.1 Cost Summary

Current day Construction Costs Only

Apartments - 1 Bed 171 Nr, 2 Bed 125 Nr, 3 Bed 43 Nr 2 Storey 2B Townhouse - 23 Nr 2 Storey 3B Townhouse - 1 Nr 1 Storey 1B Townhouse - 9 Nr 1 Storey 2B Townhouse - 2 Nr 1 Storey 3B Townhouse - 6 Nr	£	55,281,230	166.5 /£ft2	£ 145,477 /unit
Add for:				
Site Abnormals (diversions and site work)		1,618,098	4.9 /£ft2	
Contingencies (3% of base build cost)		1,706,980	5.1 /£ft2	
Estimated current out-turn construction costs	**£**	**58,606,308**	**176 /£ft2**	
Inflation from February 2020 rates	**£**	**3,121,266**	**9 /£ft2**	
Estimated total out-turn construction costs	**£**	**61,727,573**	**186 /£ft2**	
Professional Fees (8% base build)		**4,688,505**	**14 /£ft2**	
Estimated total out-turn costs	**£**	**66,416,078**	**200 /£ft2**	

1.2 Key Cost Commentary

There are a number of key elements that need to be developed further with the design team and specialist sub-contractors during the next stage to reduce any risk in cost increases and to maximise opportunities in order for the target budget to be delivered:

Frame:	Frame costs based on a GIFA measure and priced using rates from recent tenders.
Cladding	We have made the assumption of facing bricks with SFS framing system to the external walls and flat roof covered in single membrane.
Internal Finishes:	A detailed review of apartment specifications will be required to ensure budget and finishes expectations and sales specifications are all in alignment.
Fixtures and fittings:	The costs include fixed fixtures and fittings but EXCLUDE loose fixtures and fittings. No allowance has been made for the cycle racks.
M&E Services:	Marketing testing of this key element is proposed as the scheme moves forward so we can develop the design alongside the budget established. Current allowance based on a mid range electrical solution from another scheme's benchmark data and further work is needed to apportion the costs in greater detail.
Inflation:	Cost plan based on current day rates (1Q 2020) and excludes inflation, which is shown separately as a lump sum. This will need to be added to each individual rate in the cost plan based upon the actual start on site date.

Risks -

1. Results of topo survey
2. Site was occupied previously by an old building, possible contamination of the land and presence of asbestos
3. Inflation is currently running at Circa 5.33% pa. (This cost report is based on current day pricing)
4. Unknowns associated with retaining/ party wall to adjacent property
5. Works to public realm

1.3 Basis of the cost estimate

This estimate of cost assumes that the adopted procurement route will be a competitive Design and Build Contract

This estimate of cost only provides a preliminary order of cost from the initial design and feasibility report and should serve as a framework to develop the design within.

Allowances to be made elsewhere within the Development Budget

The following are excluded, but need to be covered by other budgets within the overall Project Financial Model, where appropriate.

1. Agents fees, planning and building control fees, legal charges, finance costs, letting fees and land acquisition costs
2. Value Added Tax on applicable works.
3. Site surveys and soil investigation, condition and asbestos survey costs.
4. Administrative costs / fees and works in respect of any Section 106 or 278 Agreement unless specifically listed
5. Project insurances effected directly by the Employer
6. Archaeological investigation works or associated fees

7. Party wall and boundary matters (rights of light, party wall awards, over sailing rights, projection licenses etc.).
8. Compensation to adjoining owners, the purchase of existing tenant leases, non-continuity of trade, relocation or payment to tenants for disruption.
9. Maintenance equipment.
10. Abnormal foundations including methane protection, capping of mineshafts etc.
11. Works outside the site boundary (unless otherwise stated)
12. Risk allowances
13. Building Warranties

1.4 Assumptions

1. We have provided measurements and quantities based off previous experiences on similar schemes for elements where we have not been provided with sufficient information.

2. We have assumed that all roofs are flat roofs.

1.5 Drawings

1. This estimate has been produced in conjuction with the following drawings and schedules issued for planning on 28 February 2020:

   1006-TGA-XX-00-DR-A-0300 - Ground Floor

   1006-TGA-XX-01-DR-A-0301 - First Floor

   1006-TGA-XX-02-DR-A-0302 - Second Floor

   1006-TGA-XX-03-DR-A-0303 - Third Floor

   1006-TGA-XX-04-DR-A-0304 - Fourth Floor

   1006-TGA-XX-05-DR-A-0305 - Fifth Floor

1006-TGA-XX-06-DR-A-0306 - Sixth Floor

1006-TGA-XX-07-DR-A-0307 - Seventh Floor

1006-TGA-XX-08-DR-A-0308 - Eighth Floor

1006-TGA-XX-09-DR-A-0309 - Ninth Floor

1006-TGA-XX-10-DR-A-0310 - Tenth Floor

1006-TGA-XX-11-DR-A-0311 - Eleventh Floor

1006-TGA-XX-XX-DR-A-0201 - Location Plan

1006-TGA-XX-XX-DR-A-0400 - Site Section AA & BB

1006-TGA-XX-XX-DR-A-0401 - Site Section CC & DD

1006-TGA-XX-XX-DR-A-0500 - East and West Elevation - Skerton Road

1006-TGA-XX-XX-DR-A-0501 - East Elevation - Internal Street Elevation

1006-TGA-XX-XX-DR-A-0502 - North & South Elevations

1006-TGA-XX-XX-DR-A-0510 - Detailed Strip Elevations

1006-TGA-XX-XX-DR-A-0520 - GA Elevations Block A

1006-TGA-XX-XX-DR-A-0521 - GA Elevations Block B (1)

1006-TGA-XX-XX-DR-A-0522 - GA Elevations Block B (2)

1006-TGA-XX-XX-DR-A-0523 - GA Elevations Block C

1006-TGA-XX-XX-DR-A-0524 - GA Elevations Block D

1006-TGA-XX-XX-DR-A-0525 - GA Elevations Block E

1006-TGA-XX-XX-SCH-A-00 - Accommodation Schedule

Trafford Bar, Old Trafford

Preliminary Order of Costs V3.1

March 2020

Currie & Brown

2.0 Construction Cost Summary

Trafford Bar, Old Trafford

Preliminary Order of Costs V3.1
March 2020

Currie & Brown

OVERALL SUMMARY

		Current Scheme 30,848.00 m2			
	Totals	Gross Area Cost/m2	Gross Area Cost/sq ft		% of Total
Demolitions & Site Preparation	£ 40,000	£ 1.30	£ 0.12		0.07%
Sub-structure	£ 1,957,800	£ 63.47	£ 5.90		3.54%
Frame	£ 9,657,960	£ 313.08	£ 29.09		17.47%
Upper Floors (included above)	£ 87,750	£ 2.84	£ 0.26		0.16%
Stairs	£ 680,000	£ 22.04	£ 2.05		1.23%
Roof	£ 1,014,601	£ 32.89	£ 3.06		1.84%
External Walls	£ 6,879,596	£ 223.02	£ 20.72		12.44%
Windows and external doors	£ 2,731,850	£ 88.56	£ 8.23		4.94%
Internal Walls	£ 3,515,373	£ 113.96	£ 10.59		6.36%
Internal Doors	£ 1,385,950	£ 44.93	£ 4.17		2.51%
Wall Finishes	£ 1,317,294	£ 42.70	£ 3.97		2.38%
Floor Finishes	£ 2,280,485	£ 73.93	£ 6.87		4.13%
Ceiling Finishes	£ 1,388,160	£ 45.00	£ 4.18		2.51%
Fixtures and Fittings	£ 2,112,500	£ 68.48	£ 6.36		3.82%
Mechanical and Electrical	£ 9,126,200	£ 295.84	£ 27.48		16.51%
BWIC	£ 308,480	£ 10.00	£ 0.93		0.56%
Drainage	£ 378,480	£ 12.27	£ 1.14		0.68%
Statutory Services	£ 1,000,000	£ 32.42	£ 3.01		1.81%
External Works	£ 701,900	£ 22.75	£ 2.11		1.27%
Sub- Total	**£ 46,564,379**	**£ 1,509.48**	**£ 140.23**		**84.23%**

Trafford Bar, Old Trafford

Preliminary Order of Costs V3.1
March 2020

Currie & Brown

OVERALL SUMMARY

		Totals	Current Scheme 30,848.00 m2 Gross Area Cost/m2	Gross Area Cost/sq ft	% of Total
Brought forward	£	**46,564,379**	**1,509.48**	**140.23**	**84.23%**
Preliminaries 12%	£	5,587,725	£ 181.14	£ 16.83	10.11%
Contractors overheads and profit 6%	£	3,129,126	£ 101.44	£ 9.42	5.66%
Total Estimated Construction Cost - ground and upper floors (Current Day)	£	**55,281,230**	£ **1,792.05**	£ **166.49**	**100.00%**
Site Abnormal		**1,618,098**	£ 52.45	£ 4.87	
Contingencies (3% of base build cost)	£	**1,706,980**	£ 55.34	£ 5.14	
Combined Construction Cost (Current Day)	£	**58,606,308**	£ **1,899.84**	£ **176.50**	
Excluding Other Costs - See Exec Summary					
OTHER CONSIDERATIONS:					
Professional Fees (8% base build costs)	£	**4,688,505**	£ 151.99	£ 14.12	
Construction Inflation (Q3 2020 to mid point Q1 2021)	£	**3,121,266**	£ 101.18	£ 9.40	
Estimated total out-turn costs	£	**66,416,078**	£ **2,153.01**	£ **200.02**	

Currie & Brown

3.0 Cost Build-up

Trafford Bar, Old Trafford

Demolitions and Site Prep

March 2020

Item	Quant	Unit	Rate	Total
Allowance for site preparation and grubbing up of foundations (subject to further investigations)	1	Item	40,000.00	£ 40,000.00
TO SUMMARY				£ 40,000.00

Trafford Bar, Old Trafford

Substructures

March 2020

Item	Quant	Unit	Rate	Total
Allowance for reinforced concrete ground beams	4,632	m2	250.00	1,158,000.00
Reinforced concrete slab	4,632	m2	150.00	694,800.00
Lift Pits Block A = 2nr Block B = 2nr Block C = 1nr Block D = 1nr Block E = 1nr	7	nr	15,000.00	105,000.00
TO SUMMARY				1,957,800.00

Trafford Bar, Old Trafford

Frame

March 2020

Item	Quant	Unit	Rate	Total
Concrete frame	30,848	m2	275.00	8,483,200.00
Concrete walls to core areas	5,874	m2	200.00	1,174,760.00
TO SUMMARY				9,657,960.00

Trafford Bar, Old Trafford

Upper Floors

March 2020

Item	Quant	Unit	Rate	Total
Included within the frame				
Balconies	39	Nr	2,250.00	87,750.00
TO SUMMARY				87,750.00

Trafford Bar, Old Trafford

Stairs

March 2020

Item	Quant	Unit	Rate	Total
PCC Stairs inc 2 flights and half landing, all associated balustrading and handrails Block A = 1nr (7 levels) Block B = 1nr (10 levels) Block C = 1nr (6 levels) Block D = 1nr (6 levels) Block E = 1nr (5 levels)	34	levels	20,000.00	680,000.00
TO SUMMARY				680,000.00

Trafford Bar, Old Trafford

External Walls and Balconies

March 2020

Item	Quant	Unit	Rate	Total
Solid brickwork Cladding System (including metsec system)	17,512	m2	385.00	6,742,003.73
Block A =	3,778	m2		
Block B =	5,052	m2		
Block C =	3,351	m2		
Block D =	2,853	m2		
Block E =	2,478	m2		
Glazing to amenity and clubhouse	220	m2	450.00	99,168.75
Louvre Panel	110	m2	350.00	38,423.70
TO SUMMARY				6,879,596.18

Trafford Bar, Old Trafford

Roof

March 2020

Item	Quant	Unit	Rate	Total
Allowance for flat roof	3,931	m2	150.00	589,600.50
Lift overrun	7	Nr	25,000.00	175,000.00
Fall arrest system	5	Nr	25,000.00	125,000.00
Cleaners gantry	5	Nr	25,000.00	125,000.00
				1,014,600.50

Trafford Bar, Old Trafford

Windows & External Doors

March 2020

Item	Quant	Unit	Rate	Total
Entrance and lobby doors	5	nr	1,500.00	7,500.00
Accommodation entrance doors	380	nr	1,000.00	380,000.00
2500x1600mm Aluminium windows	990	nr	2,000.00	1,980,000.00
2500x1100mm Aluminium windows	76	nr	1,375.00	104,500.00
3000x2100mm Aluminium sliding windows	39	nr	2,500.00	97,500.00
2500x600mm Aluminium windows	15	nr	750.00	11,250.00
2000x1500mm Aluminium windows	71	nr	1,500.00	106,500.00
Double glazed door, aluminium panels, metal lining, softwood architrave/frames, ironmongery included, powder coated, double leaf	5	nr	2,500.00	12,500.00
Double louvre door, aluminium panels, metal lining, softwood architrave/frames, ironmongery included, powder coated, double leaf	9	Nr	2,500.00	22,500.00
Door and a half louvre door, aluminium panels, metal lining, softwood architrave/frames, ironmongery included, powder coated, leaf and a half	2	Nr	1,200.00	2,400.00
Single exit door, hardwood panelled, hardwood lining, softwood architrave/frames, ironmongery included, painted and polished, single leaf	6	Nr	1,200.00	7,200.00
TO SUMMARY				2,731,850.00

Trafford Bar, Old Trafford

Internal Walls

March 2020

Item	Quant	Unit	Rate	Total
Metal stud and board partitions, height range from 3.4m - 3.8m, 102mm partition, 70mm studs and channels, one layer of Gyproc wallboard each side, joints filled with joint filler and joint tape, emulsion paint finish (measured elsewhere)	27,855	m2	75.00	2,089,125.00
Party walls to apartments and corridors, fair face brickwork, head restraints, fire stopping	15,847	m2	90.00	1,426,248.00
TO SUMMARY				3,515,373.00

Item	Quant	Unit	Rate	Total
Internal apartment doors, softwood panelled, softwood lining, softwood architrave/frames, ironmongery included, painted and polished, single leaf	1,710	Nr	750.00	1,282,500.00
Stair door, softwood panelled, softwood lining, softwood architrave/frames, ironmongery included, painted and polished, single leaf	43	Nr	1,500.00	64,500.00
Back of house fire doors; softwood panelled, softwood lining, softwood architrave/frames, ironmongery included, painted and polished, single leaf	11	Nr	950.00	10,450.00
Electric cupboard fire doors; softwood panelled, softwood lining, softwood architrave/frames, ironmongery included, painted and polished, double leaf	5	Nr	1,500.00	7,500.00
Glazed door, hardwood lining, softwood architrave/frames, ironmongery included, painted and polished, double leaf	3	Nr	2,000.00	6,000.00
Glazed door, hardwood lining, softwood architrave/frames, ironmongery included, painted and polished, single leaf	15	Nr	1,000.00	15,000.00
TO SUMMARY				1,385,950.00

Trafford Bar, Old Trafford

Wall Finishes

March 2020

Item	Quant	Unit	Rate	Total
Emulsion paint to plastered walls	73,222	m2	6.00	439,330.19
Plasterboard to concrete and block, with emulsion paint	37,568	m2	20.00	751,364.00
Tiling to bathrooms (assume 6m2 per bathroom / ensuite)	3,480	m2	20.00	69,600.00
Tiled splashbacks to kitchens	380	nr	150.00	57,000.00
TO SUMMARY				1,317,294.19

Trafford Bar, Old Trafford

Floor Finishes

March 2020

Item	Quant	Unit	Rate	Total
Carpet to bedrooms / corridors	24,669	m2	40.00	986,760.00
Laminate to kitchen / living rooms	2,280	m2	75.00	171,000.00
Tiling to bathrooms	3,899	m2	35.00	136,465.00
Acoustic floor barrier / screed	30,848	m2	20.00	616,960.00
Allowance for skirtings generally	36,930	m	10.00	369,299.66
TO SUMMARY				2,280,484.66

Trafford Bar, Old Trafford

Ceiling Finishes

March 2020

Item	Quant	Unit	Rate	Total
Plasterboard suspended ceiling on timber battens, painted	30,848	m2	30.00	925,440.00
Insulation to soffits	30,848	m2	15.00	462,720.00
TO SUMMARY				1,388,160.00

Trafford Bar, Old Trafford

General Fittings

March 2020

Item	Quant	Unit	Rate	Total
Fully fitted kitchen to developers specification with laminate worktops and all appliances				
1 bed	171	nr	4,500.00	769,500.00
2 bed	125	nr	6,000.00	750,000.00
3 bed	43	nr	7,000.00	301,000.00
2 Storey Townhouse 2 Bed	23	nr	4,500.00	103,500.00
2 Storey Townhouse 3 Bed	1	nr	7,000.00	7,000.00
1 Storey Townhouse 1 bed	9	nr	4,500.00	40,500.00
1 Storey Townhouse 2 bed	2	nr	6,000.00	12,000.00
1 Storey Townhouse 3 bed	6	nr	7,000.00	42,000.00
Built in furniture to bedrooms				Excl
Allowance for built in cloak, meter and airing cupboards				Excl
Bathroom accessories, mirrors etc.	580	nr	150.00	87,000.00
TO SUMMARY				2,112,500.00

Trafford Bar, Old Trafford

Mechanical, Electrical & Lift Installations

March 2020

Item	Quant	Unit	Rate	Total
Mechanical & Electrical allowance based on number of apartments; including uplift to 1 April 2014 regulations and all sanitary ware to main and en-suite bathrooms	380	nr	19,000.00	7,220,000.00
Additional Mechanical & Electrical allowance for non apartment areas	6,906	m2	200.00	1,381,200.00
13 Person Lift Block A = 2 nr Block B = 2 nr Block C = 1 nr Block D = 1 nr Block E = 1 nr	7	Nr	75,000.00	525,000.00
TO SUMMARY				9,126,200.00

Trafford Bar, Old Trafford

Drainage

March 2020

Item	Quant	Unit	Rate	Total
Allowance for drainage	30,848	m2	10.00	308,480.00
Attenuation		Item		70,000.00
TO SUMMARY				378,480.00

Trafford Bar, Old Trafford

BWIC

March 2020

Item	Quant	Unit	Rate	Total
BWIC Mechanical and electrical installations	30,848	m2	10.00	308,480.00
TO SUMMARY				308,480.00

Trafford Bar, Old Trafford

Statutory Services

March 2020

Item	Quant	Unit	Rate	Total
Allowance for incoming services	380	nr	2,500.00	950,000.00
Shared areas (Provisional sum)	5	nr	10,000.00	50,000.00
TO SUMMARY				1,000,000.00

Trafford Bar, Old Trafford

External Works

March 2020

Item	Quant	Unit	Rate	Total
Driveways	1025	m2	150.00	153,750.00
Crossover	3	nr	20,000.00	60,000.00
Works to footpath		Item		50,000.00
Grade Car Parking	67	nr	2,000.00	134,000.00
Soft landscaping		Item		100,000.00
Hard landscaping	774	m2	100.00	77,400.00
Clubhouse veranda, posts at 3m intervals. Including pad foundations, steel frame, brick cladding, flat roof, drainage	133	m2	750.00	99,750.00
Electronic automated gate to carpark	3	nr	7,500.00	22,500.00
Manual digilock pederstrian access gate	3	nr	1,500.00	4,500.00
TO SUMMARY				701,900.00

Trafford Bar, Old Trafford

Site Abnormal

March 2020

Item	Quant	Unit	Rate	Total
Allowance for utility diversions and disconnections	1	Prov	15,000.00	15,000.00
Allowance for works to the existing drainage systems	1	Prov	10,000.00	10,000.00
Ground remediation	1	Prov	50,000.00	50,000.00
Piling	220	nr	1,000.00	219,800.00
Asbestos removal		Prov		50,000.00
650mm clean stoned capping layer	7,780	m3	150.00	1,166,977.50
Substation		Prov	60,000.00	60,000.00
Gas membrane	4,632	m2	10.00	46,320.00
TO SUMMARY				1,618,097.50

4.0 Accommodation Schedule

Accommodation Schedule
Trafford Bar, Old Trafford

Currie & Brown

Item							
Gross Internal Floor Area	Apartment Area m2	Circulation Area m2	Total GIA m2	ft2	External wall (Brick)	External Wall (Glazing)	External Wall (Louvre Panel)
Block A							
Ground Floor	551	662	1,213	13,057	155	13	8
First Floor	818	190	1,008	10,850	168		
Second Floor	801	180	981	10,559	154		
Third Floor	801	180	981	10,559	154		
Fourth Floor	801	180	981	10,559	154		
Fifth Floor	801	180	981	10,559	154		
Sixth Floor	789	192	981	10,559	154		
Seventh Floor	-	-	-	-			
Block B							
Ground Floor	407	580	987	10,624	103	23	11
First Floor	777	180	957	10,301	156		
Second Floor	805	152	957	10,301	156		
Third Floor	805	152	957	10,301	156		
Fourth Floor	805	152	957	10,301	156		
Fifth Floor	805	152	957	10,301	156		
Sixth Floor	805	152	957	10,301	156		
Seventh Floor	588	147	735	7,912	130		
Eighth Floor	588	147	735	7,912	130		
Nineth Floor	303	97	400	4,306	87		
Tenth Floor	303	97	400	4,306	87		
Block C							
Ground Floor	573	397	970	10,441	124	6	7
First Floor	819	159	978	10,527	140		
Second Floor	708	147	855	9,203	140		
Third Floor	708	147	855	9,203	140		
Fourth Floor	708	147	855	9,203	140		
Fifth Floor	708	147	855	9,203	140		
Sixth Floor	618	140	758	8,159	147		
Block D							
Ground Floor	416	329	745	8,019	113	3	1
First Floor	631	119	750	8,073	119		
Second Floor	536	114	650	6,997	117		
Third Floor	536	114	650	6,997	117		
Fourth Floor	536	114	650	6,997	117		
Fifth Floor	536	114	650	6,997	117		
Sixth Floor	455	109	564	6,071	128		
Block E							
Ground Floor	436	278	714	7,685	118	9	1
First Floor	598	119	717	7,718	128		
Second Floor	530	111	641	6,900	116		
Third Floor	530	111	641	6,900	116		
Fourth Floor	530	111	641	6,900	116		
Fifth Floor	477	107	584	6,286	121		
Total	**23,942**	**6,906**	**30,848**	**332,048**	**5,078**	**54**	**29**

TO SUMMARY

Trafford Bar, Old Trafford

Inflations

March 2020

Item	Quant	Unit	Rate	Total
Tender inflation				
To be included as a percentage of the Cost limit				
Percentage allowance =	1.80%			
Rates used - 1Q 2020	334			
Anticipated start date - 3Q 2020	340			
	0.01796			
Construction inflation				
To be included as a percentage of the Cost limit				
Percentage allowance =	3.53%			
Anticipated start date - 3Q 2020	340			
Anticipated mid construction point - 1Q 2021	352			
	0.0353			
TO SUMMARY				-

Series:	**BCIS All-in TPI**				
Series number:	101		quarterly		
Base:	1985 mean = 100				
Last updated:	**06-Dec-2019**				
Downloaded:	**19-Dec-2019 11:27**				

Date	**Index**	**Status**	**Sample**	**Percentage change**	
				On year	**On quarter**
May-2018	332	Forecast	18	2.5	1.2
Aug-2018	320	Forecast	15	4.6	-3.6
Nov-2018	333	Provisional	18	1.8	4.1
Feb-2019	328	Provisional	11	0.0	-1.5
May-2019	332	Provisional	8	0.0	1.2
Aug-2019	332	Provisional	7	3.8	0.0
Nov-2019	333	Provisional		0.0	0.3
Feb-2020	334	Forecast		1.8	0.3
May-2020	339	Forecast		2.1	1.5
Aug-2020	340	Forecast		2.4	0.3
Nov-2020	342	Forecast		2.7	0.6
Feb-2021	352	Forecast		5.4	2.9
May-2021	358	Forecast		5.6	1.7
Aug-2021	359	Forecast		5.6	0.3
Nov-2021	363	Forecast		6.1	1.1
Feb-2022	372	Forecast		5.7	2.5
May-2022	378	Forecast		5.6	1.6
Aug-2022	379	Forecast		5.6	0.3
Nov-2022	383	Forecast		5.5	1.1
Feb-2023	393	Forecast		5.6	2.6
May-2023	399	Forecast		5.6	1.5
Aug-2023	400	Forecast		5.5	0.3
Nov-2023	403	Forecast		5.2	0.8
Feb-2024	413	Forecast		5.1	2.5
May-2024	417	Forecast		4.5	1.0
Aug-2024	418	Forecast		4.5	0.2

APPENDIX III

Terms of Engagement

John Main
CJM Investment Ltd
[redacted]

Our Ref: LD/RD/

Your Ref:

20 January 2020

Dear John

Financial Viability Assessment – Land at Elsinore Road, Trafford Bar, Trafford

Further to our various correspondence in relation to the above proposed development, I can confirm Roger Hannah Ltd will be delighted to act on your behalf.

As agreed, we will prepare a Financial Viability Assessment of the proposed development to support a planning application for 380 apartments and dwellings.

Our fee for undertaking this work will be [redacted]

Please find enclosed our standard terms of business, together with an acknowledgement for signature and return.

I trust this is satisfactory, however please do not hesitate to contact me if you require any further information.

Yours sincerely

[redacted]

Robert Donnelly BSc(Hons) MRICS
Land and Development
For and on behalf of
ROGER HANNAH LTD

Direct line: [redacted]
Mobile: [redacted]
Email: [redacted]

TERMS OF ENGAGEMENT

ACKNOWLEDGEMENT OF INSTRUCTIONS TO ROGER HANNAH

TS/RD/LD

Financial Viability Assessment View of Land at Elsinore Road, Trafford Bar, Trafford

I, John Main, on behalf CJM Investment Limited, confirm our instructions for ROGER HANNAH to act on our behalf in accordance with the terms and conditions outlined in their letter of 20 January 2020, together with the enclosed Standard Terms and Conditions of Business.

SIGNED [redacted]

NAME J. MAIN

ADDRESS [redacted]

TELEPHONE [redacted]

DATE 17/03/20

Please complete this page and return to Roger Hannah by post or alternatively email to [redacted]

APPENDIX 7: INNER WARRINGTON SECOND HAND COMPARABLE EVIDENCE

Re-sale Achieved Sales Evidence - Inner Warrington (North)

Address	Property Type	NSA (sq. ft.)	Achieved Price (£ / £ psf)		Date
122, Helmsley Close, Bewsey, Warrington, Warrington WA5 0GB	Detached	786	£177,300	£226	28/10/2020
26, Helmsley Close, Bewsey, Warrington, Warrington WA5 0GB	Detached	825	£168,000	£204	11/09/2020
104, Neville Avenue, Orford, Warrington, Warrington WA2 9AY	Detached	721	£161,000	£223	06/11/2020
3, Marina Drive, Warrington, Warrington WA2 9NU	Detached	883	£209,950	£238	11/12/2020
32, Normanby Close, Bewsey, Warrington, Warrington WA5 0GJ	Detached	764	£178,000	£233	12/02/2021
	Detached Average	**796**	**£178,850**	**£225**	
30, Delamere Street, Warrington, Warrington WA5 1PD	Semi-detached	689	£148,000	£215	19/08/2020
27, Norley Close, Warrington, Warrington WA5 1GR	Semi-detached	689	£145,000	£210	18/09/2020
16, Keats Grove, Warrington, Warrington WA2 9DU	Semi-detached	850	£170,000	£200	29/10/2020
18, Harrison Close, Warrington, Warrington WA1 3GH	Semi-detached	657	£144,500	£220	05/01/2021
29, Alder Lane, Warrington, Warrington WA2 8BU	Semi-detached	657	£128,000	£195	18/11/2020
44, Vale Avenue, Warrington, Warrington WA2 8AY	Semi-detached	614	£191,000	£311	13/08/2020
9, Roscoe Avenue, Warrington, Warrington WA2 8DY	Semi-detached	775	£170,000	£219	09/02/2021
72, Hallfields Road, Warrington, Warrington WA2 8DN	Semi-detached	969	£190,000	£196	08/04/2021
66, Hallows Avenue, Warrington, Warrington WA2 8EJ	Semi-detached	807	£194,000	£240	22/01/2021
11, St Margarets Avenue, Orford, Warrington, Warrington WA2 8DT	Semi-detached	760	£165,000	£217	18/09/2020
70, Sandy Lane, Warrington, Warrington WA2 9DX	Semi-detached	872	£165,000	£189	19/02/2021
	Semi-Detached Average	**758**	**£164,591**	**£217**	
108, Regency Square, Warrington, Warrington WA5 0EX	Terraced	753	£145,000	£192	15/10/2020
23, Alexandra Street, Warrington, Warrington WA1 3SE	Terraced	816	£175,000	£214	21/08/2020
37, South Avenue, Warrington, Warrington WA2 8AS	Terraced	657	£125,000	£190	18/12/2020
79, Venns Road, Orford, Warrington, Warrington WA2 7RS	Terraced	616	£125,000	£203	24/09/2020
	Terraced Average	**711**	**£142,500**	**£201**	
	Overall Average	**758**	**£163,738**	**£216**	

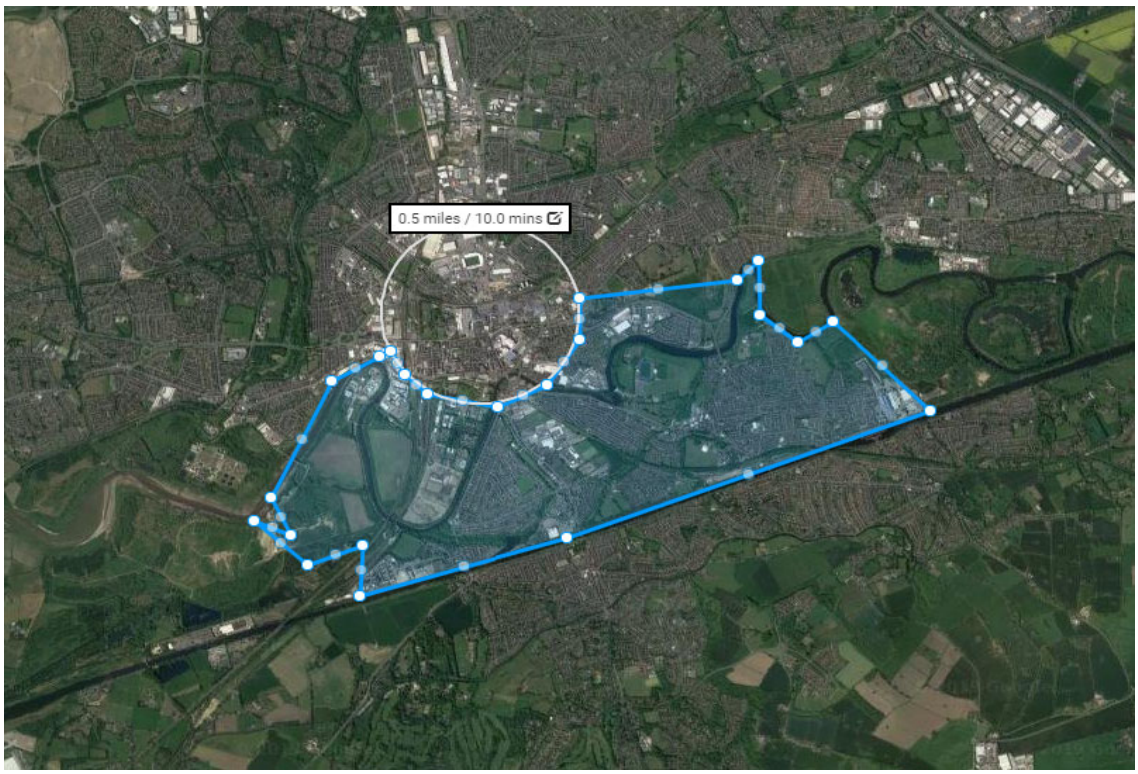
Search Area

Source: Landinsight

Re-sale Achieved Sales Evidence - Inner Warrington (South)

Address	Property Type	NSA (sq. ft.)	Achieved Price (£ / £ psf)		Date
32, Riverside Close, Warrington, Warrington WA1 2JD	Detached	667	£173,000	£259	23/11/2020
18, Grindleford Place, Fairfield And Howley, Warrington, Warrington WA1 2GT	Detached	947	£245,000	£259	17/07/2020
96b, Powder Mill Road, Warrington, Warrington WA4 1GD	Detached	958	£222,500	£232	18/06/2020
82, Camberwell Drive, Warrington, Warrington WA4 6FE	Detached	1,361	£330,000	£243	19/02/2021
	Detached Average	**983**	**£242,625**	**£247**	
17, Astley Close, Warrington, Warrington WA4 6RB	Semi-detached	560	£180,000	£322	29/01/2021
16, Glossop Close, Warrington, Warrington WA1 2GS	Semi-detached	603	£135,000	£224	11/03/2020
18, Edale Close, Warrington, Warrington WA1 2GR	Semi-detached	614	£141,000	£230	11/12/2020
17, Wordsworth Avenue, Warrington, Warrington WA4 6AN	Semi-detached	614	£160,000	£261	29/10/2020
86, Gainsborough Road, Warrington, Warrington WA4 6BS	Semi-detached	624	£180,000	£288	19/03/2021
39, Burgess Avenue, Warrington, Warrington WA4 6QY	Semi-detached	646	£173,500	£269	15/06/2020
32, Gainsborough Road, Warrington, Warrington WA4 6BZ	Semi-detached	646	£190,000	£294	23/11/2020
28, St John Avenue, Warrington, Warrington WA4 6DG	Semi-detached	657	£185,000	£282	02/10/2020
22, Gainsborough Road, Warrington, Warrington WA4 6BZ	Semi-detached	667	£197,500	£296	29/07/2020
17, Manx Road, Warrington, Warrington WA4 6AL	Semi-detached	678	£175,000	£258	22/04/2020
14, Blackley Close, Latchford, Warrington, Warrington WA4 1JA	Semi-detached	688	£235,000	£341	01/09/2020
2, Wordsworth Avenue, Warrington, Warrington WA4 6AN	Semi-detached	721	£195,000	£270	30/10/2020
22, Glossop Close, Warrington, Warrington WA1 2GS	Semi-detached	743	£166,000	£224	04/11/2020
2, Wetherby Avenue, Latchford, Warrington, Warrington WA4 6FT	Semi-detached	797	£240,000	£301	18/03/2020
58, Hillberry Crescent, Warrington, Warrington WA4 6AF	Semi-detached	814	£185,000	£227	18/09/2020
94, Gainsborough Road, Warrington, Warrington WA4 6BS	Semi-detached	840	£185,000	£220	03/09/2020
64, Rydal Avenue, Warrington, Warrington WA4 6AT	Semi-detached	893	£230,000	£257	09/11/2020
60, Edgewater Place, Warrington, Warrington WA4 1GF	Semi-detached	904	£198,000	£219	24/09/2020
56, Irwell Road, Warrington, Warrington WA4 6BB	Semi-detached	904	£205,000	£227	20/08/2020
95, Powder Mill Road, Latchford, Warrington, Warrington WA4 1GB	Semi-detached	904	£209,000	£231	18/12/2020
51, Derwent Road, Warrington, Warrington WA4 6AZ	Semi-detached	915	£248,250	£271	18/03/2020
23, Landseer Avenue, Warrington, Warrington WA4 6DH	Semi-detached	926	£198,250	£214	05/06/2020
2, Menin Avenue, Latchford, Warrington, Warrington WA4 6QJ	Semi-detached	936	£256,000	£273	03/12/2020
53, Cranborne Avenue, Warrington, Warrington WA4 6DE	Semi-detached	958	£220,000	£230	11/12/2020
10, Hillberry Crescent, Warrington, Warrington WA4 6AF	Semi-detached	969	£194,000	£200	26/05/2020
96, Greenalls Avenue, Warrington, Warrington WA4 6RJ	Semi-detached	969	£195,000	£201	01/05/2020
15, Kemmel Avenue, Latchford, Warrington, Warrington WA4 6QW	Semi-detached	990	£200,000	£202	04/09/2020
12, Wetherby Avenue, Latchford, Warrington, Warrington WA4 6FT	Semi-detached	1,012	£260,000	£257	02/12/2020
67, Astley Close, Warrington, Warrington WA4 6RA	Semi-detached	1,055	£215,000	£204	17/06/2020
50, Woolacombe Close, Latchford, Warrington, Warrington WA4 2RU	Semi-detached	1,055	£260,000	£246	23/11/2020
79, Wash Lane, Latchford, Warrington, Warrington WA4 1JD	Semi-detached	1,087	£220,000	£202	07/08/2020
56, Moorside, Warrington, Warrington WA4 1RN	Semi-detached	1,141	£230,000	£202	14/12/2020
28, Rydal Avenue, Warrington, Warrington WA4 6AU	Semi-detached	1,184	£260,000	£220	17/06/2020
76, Greenalls Avenue, Warrington, Warrington WA4 6RJ	Semi-detached	1,582	£345,000	£218	06/11/2020
	Semi-Detached Average	**862**	**£207,838**	**£241**	
7, Moniven Close, Latchford, Warrington, Warrington WA4 1TJ	Terraced	495	£102,000	£206	10/07/2020
6, Glossop Close, Warrington, Warrington WA1 2GS	Terraced	603	£135,000	£224	31/03/2020
21, Gilbert Drive, Warrington, Warrington WA4 1TF	Terraced	689	£150,000	£218	17/04/2020
5, Poachers Lane, Warrington, Warrington WA4 1TP	Terraced	700	£144,000	£206	31/07/2020
126, Greenalls Avenue, Warrington, Warrington WA4 6RJ	Terraced	710	£205,000	£289	06/03/2020
12, Wilderspool Crescent, Warrington, Warrington WA4 6RL	Terraced	775	£213,000	£275	22/05/2020
51, Moorside, Warrington, Warrington WA4 1RN	Terraced	840	£170,000	£202	25/11/2020
129, Loushers Lane, Warrington, Warrington WA4 2RF	Terraced	872	£186,500	£214	07/08/2020
11, Arnside Grove, Warrington, Warrington WA4 6AW	Terraced	990	£204,000	£206	07/05/2020
28, Powder Mill Road, Latchford, Warrington, Warrington WA4 1GD	Terraced	1,076	£230,000	£214	27/11/2020
27, Camberwell Drive, Warrington, Warrington WA4 6FD	Terraced	1,158	£237,500	£205	13/07/2020
130, St Marys Street, Latchford, Warrington, Warrington WA4 1EW	Terraced	1,324	£280,000	£211	07/05/2020
11, Waters Edge, Latchford, Warrington, Warrington WA4 6BQ	Terraced	1,421	£310,000	£218	19/02/2021
29, Stafford Road, Warrington, Warrington WA4 6RP	Terraced	1,679	£395,000	£235	16/11/2020
	Terraced Average	**952**	**£211,571**	**£222**	
Apartment 47, Cantilever Gardens, Station Road, Warrington, Warrington WA4 2GU	Flat	527	£114,000	£216	13/11/2020
Apartment 10, Belong Warrington, Loushers Lane, Warrington, Warrington WA4 6RX	Flat	581	£198,000	£341	03/04/2020
77, Lulworth Place, Warrington, Warrington WA4 6FG	Flat	603	£137,500	£228	19/11/2020
8, Imperial Court, Latchford, Warrington, Warrington WA4 6FL	Flat	605	£133,000	£220	13/11/2020
64, Lulworth Place, Latchford, Warrington, Warrington WA4 6FG	Flat	657	£135,000	£206	09/10/2020
	Flat Average	**595**	**£143,500**	**£241**	
	Overall Average	**869**	**£205,553**	**£237**	

Search Area



Source: Landinsight

APPENDIX 8: LICHFIELDS INSIGHT (AUGUST 2021) – FINE MARGINS: VIABILITY ASSESSMENTS IN PLANNING AND PLAN-MAKING

INSIGHT
AUGUST 2021

Fine Margins

Viability assessments in planning and plan-making

LICHFIELDS

LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

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Executive summary

The financial viability of development is taking on an increasingly important role in the planning and plan-making process. In this Insight, we have sought to provide a comprehensive overview of the way in which viability assessments are conducted and for the purposes of area-wide viability studies to inform local plan preparation.

Changes within recent years to national planning policy and related practice guidance present some potentially significant challenges for developers and plan-makers to overcome. Principally, these changes relate to the 'frontloading' of viability assessments to the plan-making stage and the implications of a widespread usage of an approach to defining land value with referencing to its Existing Use Value (EUV) plus a premium. The importance of these changes cannot be overstated: recent evidence suggests that the soundness of local plans is increasingly being fought on a viability battleground.

We hope that this Insight – drawing upon several years' worth of evidence from local plan and Community Infrastructure Levy (CIL) viability studies from across England and Wales – will be useful to a wide range of users. Potential users might include those wanting:

1. To gain an overview of the concepts, inputs and outputs that underpin viability assessment in a housing development context;
2. To understand in greater detail the links between viability assessment and planning; and
3. To scrutinise local plan (or CIL) viability evidence (or underpin independent evidence) with reference to a robust national dataset.

To this end, it is Lichfields' intention that this Insight helps to bring greater clarity to an area of practice in which there are frequent misunderstandings and to allow more meaningful debate on this important issue.

	Key finding(s)	Lichfields' perspective
Factors with a common methodology		
Build costs	• Building Costs Information Service (BCIS) widely used	• Transparent and easy to apply in area-wide viability assessment • Best approach in the absence of any more robust, standardised alternative (but be wary of additional costs which may not be factored in)
Sales values	• HM Land Registry price data cross-checked against EPC Register	• Reliant on new build sales evidence (for which there is often a lag) and risk of values rapidly becoming out of date • Straightforward and consistent method to apply in area-wide viability assessment
Factors with a narrow range		
Developer profit	• 20% GDV (market housing) • 6% GDV (affordable housing)	• Flexibility should be built in, to account for varying risk profiles across site typologies
Externals	• 10 - 20% of build costs	• Application of a range necessary to reflect different site typologies
Contingency	• 2.5 - 5% of build costs	• Site typologies and their risk profiles should dictate the use of a flat rate or tiered approach
Professional fees	• 8 - 10% of build costs	• Discretion should be used to apply an allowance that reflects specific site circumstances
Development finance	• 6 - 7% debt interest rate	• Should reflect prevailing economic conditions with reference to LIBOR (or its successor)
Sales and marketing	• 2.5 - 3.5% GDV • Legal fees in addition (c.£750/unit)	• Differentiated rates may be appropriate
Land acquisition	• 1.5 - 2.25% of land purchase price (with SDLT on top of this)	• Combined percentage to cover agent and legal fees
Factors with greater variation		
Abnormals	• Common not to apply an allowance • Brownfield only approach common	• if included, clear justification should be provided, with clear differentiation from other cost allowances • Critical to assess within the context of land value (see Benchmark Land Value)
Opening up costs	• Common not to apply an allowance	• Lack of understanding of what these constitute and how they relate to other cost allowances • Clarity of approach required and detailed breakdown of other costs
Viability buffer	• Not commonly applied • More common for CIL than for development plans	• 'Frontloading' directive puts increased emphasis on a need for buffers in both development plan and CIL viability testing • Where not applied, give consideration to if buffers have been applied to other assumptions to avoid planning to the margins of viability
Land Value		
Approach	• EUV plus a premium ('EUV+') to reflect a 'sufficient' landowner incentive	• Pre-Parkhurst Road judgment, EUV+ was widely embedded within the industry • NPPF/PPG changes in 2019 are a response to this
Premium	• Typical indicative ranges include: • Brownfield: EUV+ 20% • Greenfield: 15-20 times EUV	• A 'standard' level of premium does not exist • Landowner premium ought to be adjusted (downwards) to reflect specific infrastructure and abnormal costs and other site fees

01
Why is viability important?

Viability is a critical but often misunderstood concept, and one that is central to the deliverability of housing sites and the successful implementation of local plan strategies. If developments are not viable, they may not come forward and local plans could fail to deliver in terms of meeting their identified housing requirements, creating new jobs, providing community facilities, and delivering regeneration objectives.

At its most basic level, viability relates to the relative balance between the value generated by development (GDV) and the total costs associated with the delivery of that development. Figure 1 indicates the revenue and cost considerations that a typical viability assessment should take into account.

Having a scheme that functions from a financial perspective provides a sound basis for a development scheme to come forward. If the GDV is equal to or greater than the total costs, then the scheme is viable and can go ahead. If not, then the deliverability of that development may be compromised unless additional funding can be achieved or costs can be reduced. To this end, whilst strategic plans set out policy requirements in respect of affordable housing provision and other development contributions, these have often been subject to negotiation at application stage. Taking a reduced profit could also help to boost the viability of a scheme, although this may not be possible due to the need for the developer to balance risk and reward. A reduction in landowner return can be another mechanism to make a scheme viable, although this also needs to be balanced against the requirement for a sufficient financial incentive to release land for development.

Contents

Figure I: Viability assessment components

Source: Lichfields analysis

Front-loading viability

To ensure deliverability it is vitally important that local plans and CIL charging schedules are drawn up with a comprehensive understanding of viability. These documents should be based on sound evidence so that development (whether to be delivered on allocated or non-allocated sites) can proceed in such a way that will satisfy the landowner and developer whilst also meeting the relevant policy obligations such as affordable housing, financial contributions, environmental standards and design requirements (see Figure 2).

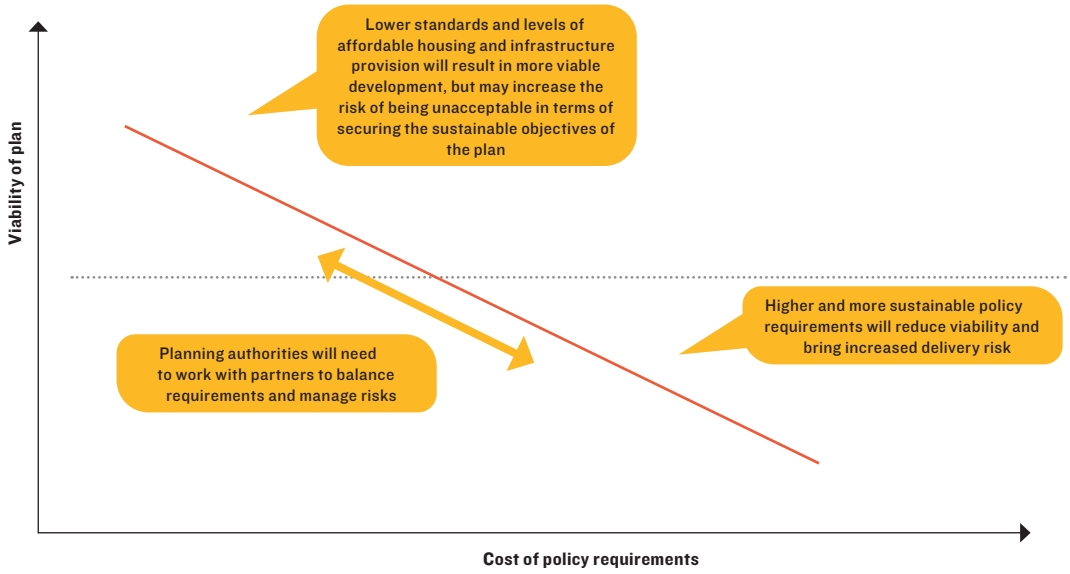
Planning policy in England and Wales now seeks to "front-load" all consideration of development viability so that it is given a much greater emphasis at strategic plan preparation stage. The assumption that flows from this is that developments that accord with the strategic plan will be viable. It will be for an applicant to demonstrate why the viability of their development is compromised because of a change in circumstances since the plan was prepared and adopted.

However, local plans provide a long-term framework for development and it is essential that they are sufficiently flexible to account for changing circumstances, such as rising costs and potential changes in development values over the next 10-15 years. Although some situations – for example, the current Covid-19 pandemic – could not reasonably be anticipated by policymakers, the cyclical nature of the economy brings the need for flexibility into sharp focus. The significance of viability increases at times of economic downturn and this might result in the need for local authorities to be adaptable in their application of planning obligations and policy requirements so that development might continue to come forward in the right places throughout the planperiod.

The implication of the new approach to viability is to underline the importance of full engagement in the plan preparation process by those seeking to promote land for development. Attention should be focused on:

1. Demonstration that its site is deliverable from a financial viability and technical perspective;
2. Scrutiny of proposed allocations that are not considered to be viable or deliverable;

Figure 2: Balancing delivery risk and sustainable plan policies



Source: Adapted from the Harman Review (2012) Viability Testing in Local Plans - Advice for planning practitioners

3. Ensuring the council's viability assessment takes account of an appropriate range of development typologies and that these are reflective of the local area;
4. Providing robust inputs to the council's viability assessment in respect of costs and development values so that it can inform reasonable policy choices;
5. Ensuring that the viability assessment considers all relevant matters – for example, the viability implications of design standards and environmental requirements – rather than focusing solely on Section 106 and CIL requirements;
6. Ensuring that a balance is struck between the need to satisfy requirements for affordable housing or infrastructure funded by CIL, and the importance of ensuring that the wider deliverability of development is not undermined; and,
7. Setting reasonable expectations in terms of land value for landowners and site promoters.

Is there such a thing as a standardised approach?

The NPPF and PPG both advocate the use of standardised inputs to viability assessments. This was considered by Dove J in *R (Holborn Studios) v London Borough of Hackney* (2020), which revolved around the issue of disclosure of viability assessments. Paragraph 63 of the judgment notes that the PPG *"makes clear the preparation of a viability assessment 'is not usually specific to that developer and thereby need not contain commercially sensitive data'."*

The standardisation of viability assessments is important in addressing concerns about commercial confidentiality and testing the robustness of assessments put forward by local authorities as part of their strategic plan making process and by developers at application stage. However, neither the NPPF nor the PPG provides much by way of guidance on inputs that should be applied. The PPG merely states that key elements are gross development value, costs, land value, landowner premium and developer return.

In Wales, the Development Plan Manual identifies the viability components that need to be addressed and expressed in the plan's

The preparation of a viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data.

Holborn Studios v London Borough of Hackney (2020)

evidence base. It then goes on to set out core modelling considerations which should be taken into account when progressing high level viability testing. The level of detail varies between the various components identified. The most specific level of guidance is provided in relation to developer profit. The Development Plan Manual states at page 145:

"The model will need to include an average profit margin to ensure a realistic developer profit is embedded within the model. The normal range of profit expected by developers and necessary to meet most lenders' requirements is between 15% and 20% of Gross Development Value (GDV) for developments that will be let or sold on the open market. A lower profit margin, based on 6% of cost, is normally applied to the provision of affordable housing. It is important to understand the types of developers operating in an area and how land is brought forward. In rural areas smaller developers work on a different model to large, volume house builders. Larger sites can carry more risk where they take a long time to build out and an increased profit margin may be required, whereas smaller sites being developed quickly may not. Developer profit margin is also linked to interest rates charged for finance."

In the absence of any clear guidance regarding all aspects of the standard inputs in England and Wales, this Insight is intended to provide some clarity on the issue. It is based on a review of 93 local plan and CIL viability assessments and Inspector's reports and seeks to:

1. Fill a void in the understanding of the various assumptions and inputs;
2. Identify common themes and approaches in relation to key viability metrics;
3. Prevent continued disagreement in respect of matters for which there is broad alignment and/or to understand why differences arose;
4. Inform scrutiny of local plan viability evidence; and,
5. Underpin independent evidence.

02
Policy overview

Both the English and Welsh planning systems through the National Planning Policy Framework ('NPPF') (and Planning Policy Guidance) in England and Planning Policy Wales (and the Development Plans Manual) in Wales have in recent years moved towards a policy of requiring viability assessments for sites at an early stage of the development plan making process.

In England, the Planning Practice Guidance ('PPG') (Paragraph 002 Ref ID: 10-002-20190509) states:

"The role for viability assessment is primarily at the plan making stage....It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant."

Similarly, in Wales, planning guidance ('PPW') (paragraph 4.2.19) explains that:

"At the 'Candidate Site' stage of development plan preparation land owners/developers must carry out an initial site viability assessment and provide evidence to demonstrate the financial deliverability of their sites."

The rationale behind this approach is to ensure that all sites that are allocated in development plans are deliverable within the timescales of the plan. For a site to be deliverable it clearly needs to stack up from a financial perspective as well as being free from any unresolvable technical constraints.

Typology Approach

In considering potential allocation sites, local planning authorities need to balance the importance of satisfying the requirements of national policy against the proportionality of testing every site and the reality that some information may not be available at plan-making stage. Therefore, guidance explains that it is appropriate for local planning authorities to use a typology-based approach to understand the viability of local plans and to indicate the likely level of planning obligations that sites can accommodate. The PPG states:

"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies." (Reference ID 10-003-20180724)

Similarly, the Development Plans Manual ('DPM') in Wales explains that site specific viability appraisals should be undertaken for those sites which are key to delivering the plan. For other sites, high level testing based on typologies should be undertaken. A hybrid approach of testing notional sites via a typology approach alongside a more bespoke assessment for strategic sites is therefore advocated by planning policy in both England and Wales.

A typology approach seeks to ensure that the policies are realistic and deliverable based on the type of sites that are likely to come forward for development over the plan period. Sites are grouped by shared characteristics such as location, status (brownfield/greenfield), size and nature. Average costs and values are used to make assumptions about the viability of each typology and plan makers can come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.

Having established broad typologies, the PPG then goes on to state that plan makers should:

"engage with landowners, site promoters and developers and compare data from existing case study sites to help ensure assumptions of costs and values are realistic and broadly accurate." (Reference ID 10-004-20190509).

The DPM in Wales similarly emphasises the good practice of involving key stakeholders in the early stages of plan making to ensure broad consensus on key viability inputs. It suggests the formation of a Viability Steering Group to facilitate this process as well as the use of Statements of Common Ground to establish areas of consensus and narrow down areas ofdisagreement.

This process of constructive engagement is crucial in ensuring the reasonableness and accuracy of the inputs to viability assessments. Even if a developer is not promoting a site for allocation in an emerging development plan, engagement in respect of development viability is still very important. This is because any non-allocated sites for which planning permission might be sought during the lifetime of a development plan will be assessed against the various typologies that are established at plan preparation stage. As detailed below, the bar has been raised in terms of the basis for deviation from such policies at planning application stage – for both allocated and non-allocated sites.

The implication for developers is therefore to work with local planning authorities to ensure that the assumptions that inform their site typologies and the viability assessments that inform their emerging development plans are robust and reasonable. A failure at this stage could be fatal for the future deliverability of asite.

Revisiting viability at application stage

The PPG explains (Reference ID: 10-006-20190509) that it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. It identifies the following circumstances in which it might be appropriate to revisit viability considerations at the planning application stage:

1. Development is proposed on unallocated sites of a wholly different type to those used in the viability assessment that informed the plan;
2. Further information on infrastructure or site costs is required;
3. Particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or,
4. A recession or similar significant economic changes have occurred since the plan was brought into force.

Where a viability assessment is submitted to accompany a planning application, the PPG states that this should be based upon and refer back to the viability assessment that informed the plan, and that the applicant should provide evidence of what has changed since then. Critically, the weight to be given to the viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including:

1. Whether the plan and viability evidence underpinning the plan is up to date;
2. Site circumstances including any changes since the plan was brought into force; and,
3. Transparency of assumptions behind evidence submitted as part of the viability assessment.

Planning Policy Wales (paragraph 4.2.21) sets out a similar approach and states that it is either for the applicant or the planning authority to demonstrate that particular **exceptional** circumstances exist to justify a viability assessment at application stage. The weight to be given to a viability assessment is again a matter for the decision-maker, having regard to the specific circumstances of the case, including whether the development plan and the viability evidence underpinning it are up to date, and any change in circumstances since the plan was adopted.

As set out above, the expectation is that there will be a much greater level of discussion regarding the need for a reconsideration of viability matters at planning application stage during times of economic stagnation and decline. Local planning authorities should be alive to that reality and should seek to support the industry in bringing forward beneficial development. However, the fact that circumstances can change significantly over time will also have the potential to necessitate a review of viability evidence. This underlines the importance of flexibility – at both policy preparation and implementation stages – and ensuring that development plans are kept up todate.

03
Research and methodology

Lichfields has reviewed 93 Local Plan and Community Infrastructure Levy ('CIL') viability assessments and Inspector's Reports from across England and Wales to ascertain what assumptions have been made and deemed appropriate by the Inspector in relation to viability. The research, which gains a firm grasp of what is considered a reasonable assumption and why in some cases a more bespoke approach is required, has been undertaken to provide robust evidence for all involved in the preparation and review of plan-wide viability assessments – whether local planning authorities, developers and landowners. It is also designed to inform application-specific viability assessments.

Methodology

Our methodology is based on a thorough review of the viability assessment prepared to underpin a local plan or a CIL charging schedule as well as any comments that the Inspector may have made in relation to viability matters in their report. The evidence base that we tested comprises a wide geographical spread across England and Wales (see Figure 3).

We identified the approach taken in each viability assessment in respect of key assumptions. Comparisons were made between the assessments in order to identify any trends and understand the variations that emerged.

The key metrics that we considered include:

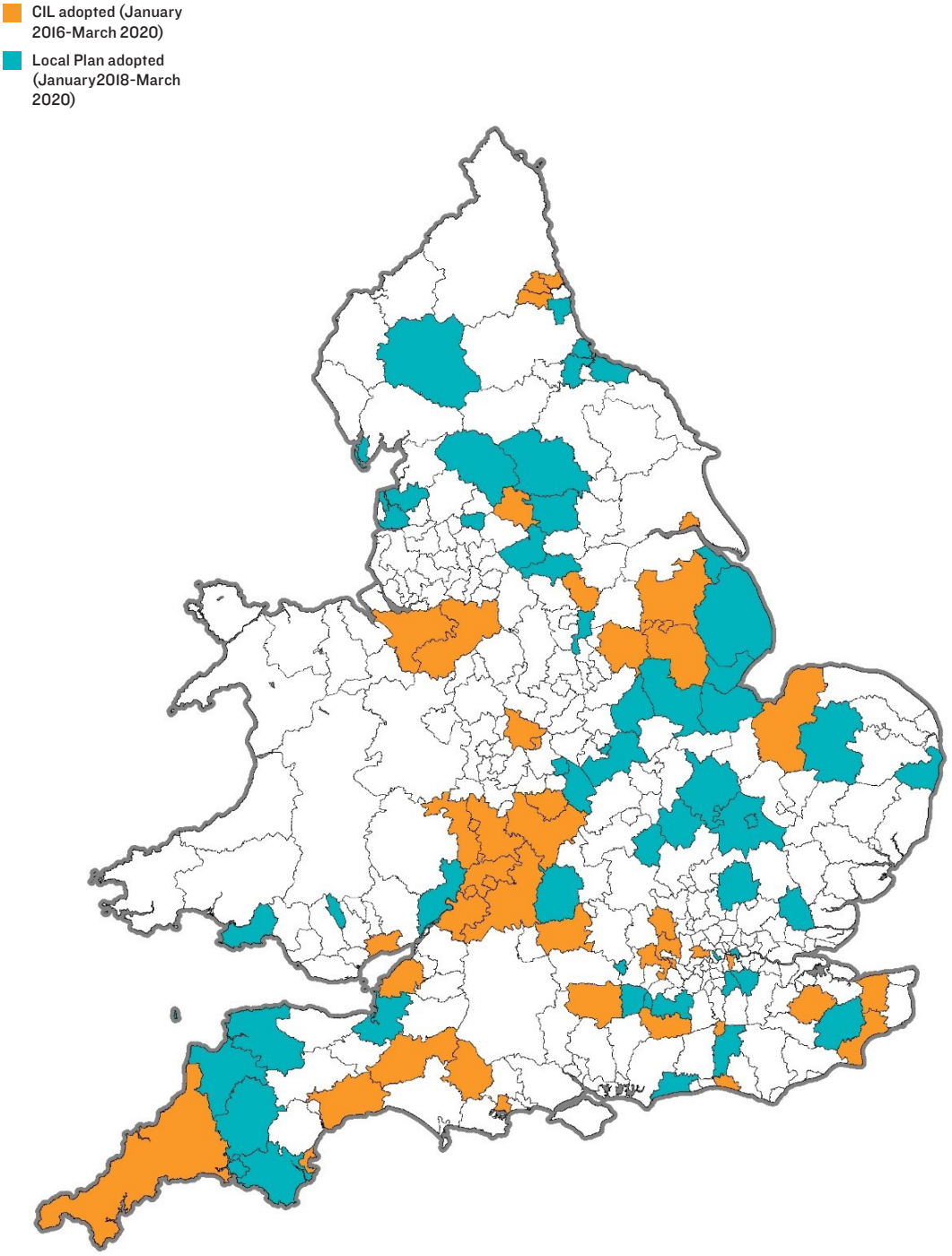
1. Site typologies;
2. Build costs;
3. Externals;
4. Contingencies;
5. Abnormal costs;
6. Opening-up costs;
7. Sales values;
8. Developer profit;
9. Professional fees;
10. Development finance;
11. Sales and marketing costs;
12. Land acquisition fees;
13. Land value; and,
14. Viability buffer.

The research has not sought to assess policy factors, such as Section 106 and affordable housing requirements, CIL charging rates, environmental standards, or enhanced build/design standards. This is because these are the outputs of an iterative testing process in terms of what can be supported by development and will depend on market factors and policy choices. The focus instead is the process of viability testing, and particularly the input factors that go into that process.

The evidence base that we have reviewed is dated between January 2016 and March 2020 for CIL charging schedules and between January 2018 and March 2020 for development plans. This includes all plans and charging schedules adopted prior to the Covid-19pandemic.

We are aware that all of these plans (in England) would have been prepared in accordance with the original (2012) version of the NPPF rather than the revised version. However, we consider that this purely a factor of timings and we will need to wait several years to get a similar sample of revised NPPF examined plans. Although the revised NPPF introduced an important change in the way that viability is dealt with in the planning system, the general approach to viability testing remains largely the same (save for the policy approach to Benchmark Land Value). As set out below, whilst the policy has now been crystallised in terms of EUV+, the evidence that we have looked at demonstrates that the approach is not new.

Figure 3: Geographical spread of viability assessment evidence



Source: Lichfields analysis

04
Viability modelling inputs

Viability appraisals can be undertaken in a variety of ways, with varying degrees of complexity and using different software packages. Common to all approaches, however, is a general modelling framework that considers all the factors that contribute towards the value and cost of delivering a development. It is typical in viability appraisal that a 'residual valuation' approach is used. This approach essentially works on the premise that the costs of a proposed scheme (including developer profit) are netted off against the scheme's total value, with the value remaining – the 'residual' – representing the value of the land . If the land value is too low (or indeed negative) then the scheme is theoretically unviable. This is demonstrated in Figure 4 in which three scenarios that differ in terms of gross development cost are compared to a constant gross development value.

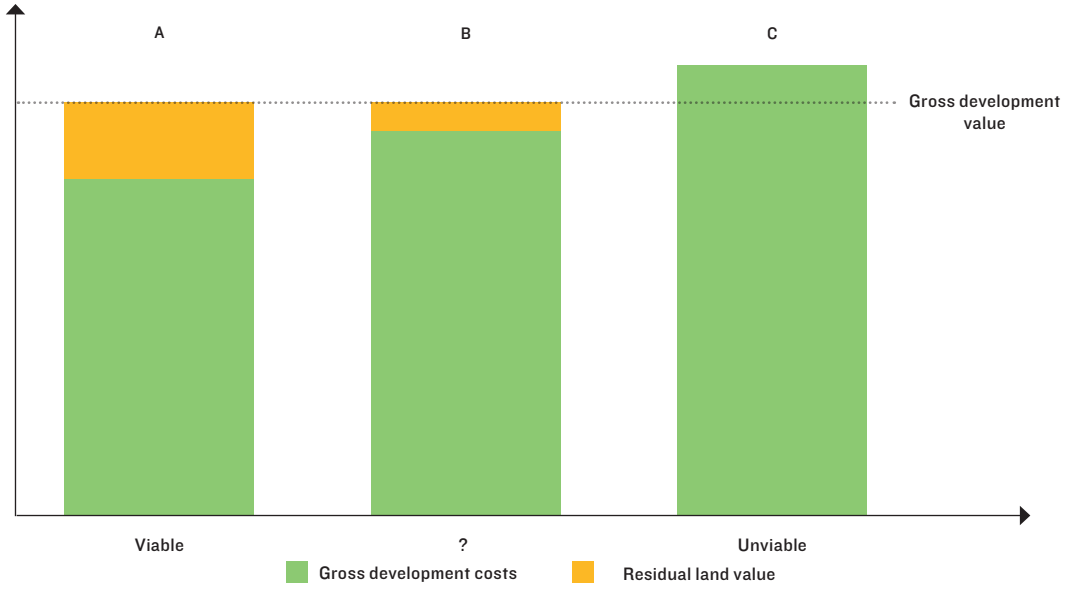
Scenario C is shown to be unviable since the gross costs exceed the gross development value and therefore no residual value remains. Scenarios A and B both yield a residual land value, however, in B it is smaller than in A. The assessment of viability in both instances is determined through comparison of the residual land value (RLV) to an appropriate benchmark land value (BLV). In the case of Scenario A, it is more likely that this higher RLV will result in a viable scheme whereas the lower residual in Scenario B increases the risk that the scheme would be unviable. The BLV is a concept that our analysis explores in Section 6.

In essence, Figure 4 condenses a viability appraisal down to three key questions:

1. How should Gross Development Value (GDV) be determined?
2. What development costs should be accounted for?
3. How should an appropriate Benchmark Land Value (BLV) be defined?

Naturally, this simplified approach masks its complexity. There is firstly a requirement to consider a large number of inputs, all of which can be subject to high variability in any given place and time. Secondly, because of this variability, viability appraisals can often be highly sensitive to change, with small changes in inputs resulting in very different outcomes. As such, sound viability appraisal practice rests heavily on the careful consideration of its inputs but also on undertaking sensitivity analysis to ensure that the impact of anomalies/ variability is minimised.

Figure 4: Simplified residual valuation method of viability appraisal

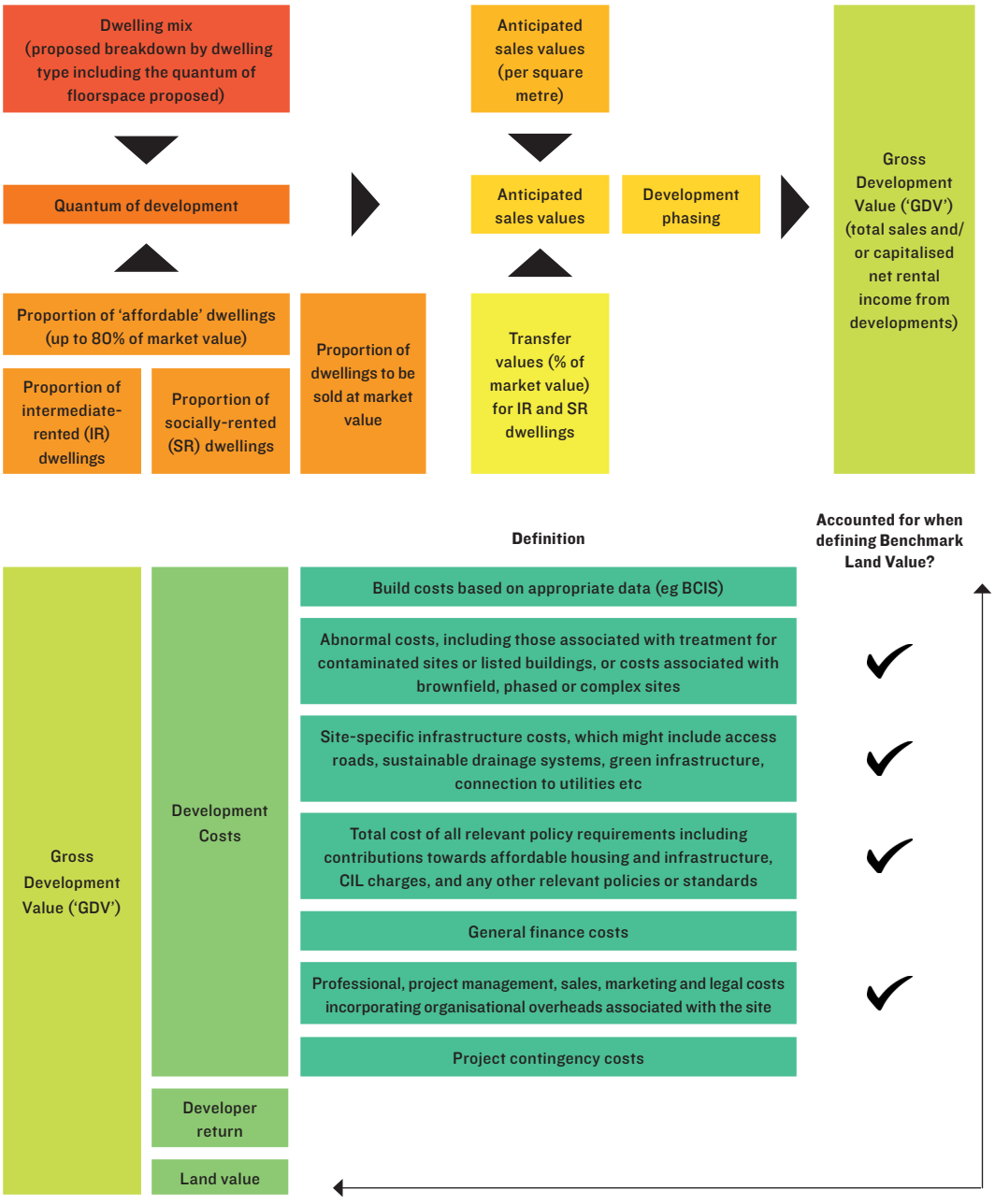


Source: Lichfields analysis

The PPG in England and DPM in Wales set out some of the inputs that viability appraisals should consider, albeit as guidance this is not comprehensive. Based upon our understanding of the inputs, the flow diagram (Figure 5) illustrates these and the interrelationships between them in an idealised viability appraisal. As our research has focused around viability within a residential development context, the flow diagram refers mainly to values/cost inputs that are relevant to residential development rather than commercial development.

Our analysis now focuses on the constituent elements of this flow diagram to explore themes, patterns and commonalities of approach.

Figure 5: A typical viability assessment for a residential scheme



Source: Lichfields analysis, Planning Policy Guidance (England) and Development Plans Manual (Wales).

The typology approach

Definition

Grouping together of sites based on their shared characteristics such as size (either by area or by dwelling numbers), existing use (e.g. brownfield/greenfield) and site context (rural/urban/suburban).

The PPG describes the typology approach to viability as :

"a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period." (Reference ID 10-004-20190509)

Acknowledging that specific site information may not be available at the plan-making stage, the purpose of a typology approach is to test a number of representative sites that could be realistically delivered and then allowing plan makers to assess appropriate policy requirements and benchmark land values according to each typology.

We found that a typology approach to development plan / CIL viability testing appears to be widespread. This is in line with PPG and DPM which both advocate a typology-based approach. We only found one local planning authority (London Borough of Croydon) that took an alternative approach of undertaking a series of site-specific viability appraisals. A number of authorities also tested real allocations alongside notional sites. Often these were subject to bespoke, location specific assumptions which deviate from the wider viability assumptions used for the notional sites. This approach reflects the guidance set out in the PPG and DPM and recognises how strategic sites are critical to the delivery of the strategic priorities of the plan.

Our analysis found that the most common approach was to distinguish between typologies on the basis of site size (or housing capacity). This appears logical given that some of the underlying viability assumptions attributed to smaller sites are likely to be different to that of much larger sites. However, there are clearly other factors besides size which are appropriate considerations in the context of viability: density, previous use classification, site character and housing market value area. Our review has shown that local authorities have generally adopted a bespoke set of typologies (as advocated by the PPG and DPM) that reflect a combination of all these considerations. As such, it is clearly not possible to set out a 'one size fits all' primer for implementing a typology approach since the appropriate way will vary from one authority area to another. The PPG summarises this efficiently at Reference ID 10-004-20190509:

"The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan."

What our review does show is that it is critical to ensure that the final choice of site typologies is an accurate and realistic reflection of the types of sites that could come forward during a plan period in the local authority area. Although there is no certainty that sites will not be delivered if the typologies assessed at the plan-making stage were not representative, there is perhaps a more fundamental risk that the development plan will not be found sound if it fails to adequately reflect the nature of local development in the area.

Lichfields perspective on typologies

The use of representative typologies, using average costs and values is a sensible and pragmatic way of conducting viability appraisals on an area-wide basis and across multiple sites. The potentially onerous information requirements associated with the preparation of multiple site-specific viability appraisals at the plan-making stage would be likely to have significant resourcing implications for many local authorities. Indeed, on the developer side of the equation it would perhaps be unrealistic to expect such detail to be forthcoming for all potential sites vying for a local plan allocation. The need to consider the potential viability implications of as yet unidentified sites that are not being promoted for allocation further increases the logic of this approach. However, for strategic sites that are individually fundamental to the delivery of the plan strategy, there is a greater imperative to consider viability on a site-by-site basis – not least that there may not be any other sites that would fit into the same broad typology.

Whilst this approach addresses the practical challenge of setting appropriate policy requirements and benchmark land values at an area-wide level, there remains the issue that some sites will inevitably fall through the cracks by virtue of their particular characteristics or – perhaps most pertinently – by changing circumstances. Through extrapolation of the typology approach, once a development plan is adopted, planning applications that come forward for sites that sit within the typology framework tested (and that accord with all relevant policy requirements) are deemed to be viable. However, what of sites that do not fit within any of the typologies that were tested and does national policy provide any flexibility in this regard?

Reference in the PPG and DPM to 'particular circumstances' to justify the need for a viability assessment at the application stage suggest that flexibility does exist; however, ultimately it will be for the decision maker to decide on the weight afforded to the applicant's case. It also remains to be seen to what extent the current pandemic-induced economic uncertainty will constitute particular circumstances. Whilst the focus of changes to the guidance has very much been to 'frontload' viability assessments this has the potential to fundamentally undermine the premise of plan-led viability.

05
Unpicking the typologies

In this section we discuss each factor in turn, providing commentary on the general trends found in relation to that factor across the country. We also provide our thoughts on what a reasonable approach should take.

In so doing, we have categorised the metrics into three broad categories:

1. Factors with a common methodology – where there was general conformity in the method that was applied by the majority of local planning authorities, even though specific values may have differed;
2. Factors with a narrow range of values/ figures; and,
3. Factors with a broader range of values/ figures.

Factors with a common methodology

Build costs

Definition

In a residential context, the base build cost is the cost of constructing a dwelling from the ground up but excluding the cost of externalworks.

The build cost is a key input that evidently forms a significant proportion of the gross development cost. It is therefore an important consideration that needs to be included as part of a robust viability assessment. It is also important as we have found that other costs (e.g. externals, abnormals, contingencies, professional fees and finance) can be based on a percentage of build costs. Therefore, higher build costs would result in other costs being higher which will inevitably have an impact on the viability appraisal.

The PPG and DPM both state that build costs should be based on 'appropriate data' and specifically cite the Building Cost Information Service (BCIS). Provided by the Royal Institution of Chartered Surveyors, BCIS is a cost and price information service for the UK construction industry. Our analysis of Local Plan and CIL viability assessments has identified that 95% of the studies relied upon data sourced from BCIS (77 out of a total 81 studies where the source of build costs was made explicit). Only two authorities were found to have used an alternative method.

95%

relied on build cost data sourced from BCIS

A number of local authorities sought to adjust BCIS costs to reflect a number of specific variations, including:

1. Geography – i.e. urban/rural and low/high value areas within the authority area;
2. Size of scheme – Higher build costs for smaller schemes with an uplift of up to 10% for smaller schemes and reduction of up to 8% for larger schemes including strategic sites reflecting economies of scale (the use of the BCIS lower quartile is a common approach for large schemes); and,
3. Inclusion of other costs such as environmental standards, building regulations Part M, building regulations enhancements, preliminaries and contractor's profits. It is important that if these costs are considered in the build costs that they are not double counted in other sections of the assessment.

North Devon and Torridge Council used a combination of BCIS costs alongside discussions with developers, valuers, agents and others to inform build costs. This approach sought to use a range of data inputs to result in a base build cost that it considered to be reasonable. Whilst recognising that there are a number of methods for the calculation of build costs, a range of data sources, and a multiplicity of opinions, the Council considered that its multifaceted approach resulted in robust costs being set.

Barrow-in-Furness was the only local planning authority to move away from BCIS completely. Instead, it used a range of build costs based on quantity surveyor assumptions which were presented/costed differently based on different scheme densities, adjustments for quantum and for brownfield and greenfield sites (inclusive ofexternals).

75%

used a methodology that cross-referenced HM Land Registry price paid data with data sourced from the Energy Performance Certificate (EPC) register

Lichfields perspective on build costs

Although not without its limitations, the use of BCIS – potentially adjusted to take account of various factors – is commonplace in area-wide viability assessment. It is also endorsed explicitly within PPG and DPM. However, this is not to say that alternative approaches cannot be applied with appropriate justification. BCIS, however, has the advantage of being widely accepted as well as its transparency and accessibility.

Sales values

Definition

The market value of a completed development, typically presented on a per unit area basis. When aggregated, net of appropriate reductions for social and affordable rented housing, this forms the basis of the Gross Development Value (GDV).

As is the case with construction costs, the sales values (or revenue) from a completed development are subject to locational variability. For individual districts, the area-wide viability assessment needs to factor in this variability by applying differential revenue assumptions to different locations and/or typologies. This needs to be based upon a robust understanding of the local housing market and sub-markets. Due to the inherent geographical variation, our analysis has focused on the central methodology employed by each authority when determining sales values. It has also focused on the methodology used to define the core market value assumptions since both the level of affordable housing (by definition, up to 80% of market value) requirements and their associated transfer values will differ from one local authority to the next.

Our analysis indicated that approximately only half of the 93 local authorities studied provided information on their adopted methodology for assessing revenue. Of those that did, 75% (33/44) used a methodology that cross-referenced HM Land Registry price paid data with data sourced from the Energy Performance Certificate (EPC) register. This approach is widely-used within the industry and its purpose is to ensure a consistent basis of analysis by allowing the value (price paid data) to be divided by the size of dwelling (EPC) – thus presenting the data as a rate per square metre (£/sqm). This approach relies on the use of data for new-build residential development (rather than all house sales) and is therefore subject to data lags in both the availability of Land Registry and EPC data from the completion date.

Despite being widely-used, there are a number of alleged limitations associated with this approach. A review of local plan viability representations in Durham has indicated that developers expressed concerns that the approach can over-inflate sales values by understating the role of sales incentives and through undermeasurement of floor areas. Whilst it is true to say that the approach based solely on unit size may represent an over-simplification of the factors that affect value it is however appropriate within a plan-making context where exact types of houses may not be known.

In the small number of alternative approaches detailed, these included the use of asking price and dwelling size data from sales particulars reviews of data provided by local authorities or on platforms such as Rightmove and Zoopla, and discussion/consultation with developers.

Lichfields perspective on sales values

The value in the Land Registry/EPC approach is that it provides a straightforward mechanism for assessing sales values on an area-wide basis and one that can be applied consistently (e.g. £/sqm). The use of the method to assess average sales values helps to mitigate anomalies that might otherwise push the bounds of achievability in practice. The absence of clear alternative approaches that can standardise sales values to the same extent is also another important practical consideration.

Whilst the approach is useful in many ways, there are a series of related questions that have the potential to affect local plan viability assessment work going forwards:

1. Since the approach relies on new-build data, what approach should be adopted in areas where only a few (if any) new houses have been built recently? How far back in time should you go?

2. Despite the resilience of house prices during 2020, there is widespread uncertainty about how the UK property market will fare in 2021 and beyond as Coronavirus financial support schemes and Stamp Duty holiday come to an end. What are the implications of potential house price changes associated with Covid-19 for achieving a suitable quantity of new-build comparables and for preparing viability assessments more generally?

3. Against the backdrop of rising build costs (increasing cost of labour and materials, and environmental sustainability requirements etc), to what extent could house price reductions nationally threaten the viability of local plans and individual sites?

82%

assumed 20% of GDV as the target profit margin for housing delivered on the open market

Factors with a narrow range

Developer profit

Definition

The amount by which the estimated income of a development exceeds the total outlay in order to provide a return to the developer.

The PPG states that:

"Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks." (Reference ID: 10-018-20190509)

Developer profit margins are applied as a fixed input to viability appraisals and are, in most cases, applied as a percentage of GDV. This approach appears to be the appropriate basis in the context of residential viability appraisal although alternative means were also observed in a minority of cases, such as profit on cost. A small number of studies included a separate allowance for developer overheads but we have found that generally these costs are wrapped up within the overall profit allowance.

Significantly, our analysis has shown that 82% of studies (76/93) assumed 20% of GDV as the target profit margin for housing delivered on the open market. Only 11% of studies (10/93) adopted a lower target profit margin (typically between 15%-20% - the range identified in the DPM in Wales) whilst one study (North East Lincolnshire) assumed a 25% margin.

57% of studies (53/93) utilised a blended profit approach that typically comprised of a 20% GDV assumption for open market housing and 6% GDV for affordable housing. Where such an approach has been used, it is important to recognise that the 'blended' profit allowance will vary depending on the level of affordable housing sought by the local authority. These findings accord with the PPG which states that in order to establish the viability of plan policies an assumption of 15-20% of GDV may be considered as a suitable return[1]. It is noted, however, that in Wales the DPM refers to a range of 15%-20% as a suitable profit margin for the open market component of development.

We found that 6% of studies (6/93) applied lower profit levels to smaller sites, on the basis that the delivery of larger sites can inherently carry greater risk (and therefore developers seek a greater return to reflect the added risk). As previous Lichfields research[2] has demonstrated, larger sites take far longer to deliver and thus expose developers to added risk, possibly over the course of multiple economic cycles. This is recognised in the DPM which states that *"larger sites can carry more risk where they take a long time*

Lichfields perspective on developer profit

Area wide viability assessments are required to set profit at a level that reflects developer risk and therefore incentivises housing delivery. This inevitably varies according to economic conditions, delivery timings and site typologies – with larger, more complex sites generally exposed to higher levels of risk. If developer profit is set too low it can act as a deterrent to investment.

Our analysis has shown that the most common approach was to set target profit levels for market housing at 20% of GDV, and typically 6% of GDV for affordable housing. However, the adoption of a single area wide standard/benchmark can be inappropriate, and it is recommended that flexibility is built in to account for the differential levels of risk across site typologies. This is particularly true of larger, strategic sites where significant upfront investment is required and where their delivery could be integral to development plan delivery.

[1]Reference ID 10-018-20190509

[2]Lichfields Start to Finish (2020) https://lichfields.uk/media/5779/start-to-finish_what-factors-affect-the-build-out-rates-of-large-scale-housing-sites.pdf

to build out and an increased profit margin may be required, whereas smaller sites being developed quickly may not." (Page 145).

Given that profit can reflect risk, there is also a likelihood that macro-economic conditions might influence profit margins, with higher levels being sought at times of recession. The DPM identifies a potential link between profit margins and interest rates, and there is also some evidence that some lenders will stipulate a certain profit margin as an additional layer of flexibility to be added into the financial modelling of a scheme.

Externals

Definition

The cost of works surrounding a dwelling including gardens, estate roads, sewers, landscaping, boundary treatments, incidental open space etc.

Our analysis showed that 77% (72/93) of local authorities utilised an allowance for external costs within their viability assessments. We have identified a range of approaches in relation to externals works: from singular, flat rates to tiered systems whereby sites varying in nature or size had differential allowances. The tiered approach acknowledges that the amount of external works that are required will vary between different site typologies. For example, larger, strategic (often greenfield) sites are likely to require proportionately greater levels of external works compared to smaller, urban infill sites.

Of the 72 studies that applied an allowance for externals, 63% (46/72) applied a flat rate, whereas 23% (17/72) applied a range or tiered approach. Flat rates were typically set at 10-15% of base build costs, whereas the tiered approach tended to span a wider range – typically between 10% and 20% of base build costs.

Irrespective of approach, the overwhelming majority of studies (93% of those that made an allowance) employed an externals allowance within the range of 10-20% of base build costs. Very few (less than 10% of studies) used assumptions lower than 10%, with such levels more commonly applied for flatted/high density typologies which typically involve less external works.

93%

employed an externals allowance of between 10-20% of build costs

Contingency

Definition

An allowance for any unexpected cost increases due to unforeseen circumstances, usually reflected as a percentage of buildcosts.

It is common practice to include a contingency allowance to help mitigate delays and additional unforeseen costs throughout the construction period. Importantly, this allowance can be distinguished from other potentially uncertain costs such as abnormal development costs (see below). The latter, whilst not incorporated into base build costs or externals, can generally be identified at the outset whereas contingencies cater for situations in construction that cannot reasonably be foreseen.

Lichfields perspective on externals

Our analysis suggests that a rate of between 10% and 20% is most commonly used within viability assessments to account for external works. We consider that the use of a range is reasonable to take account of variations in external costs between different sizes of schemes and different forms of development. It must also be noted that if an alternative basis is used for base build costs (i.e. other than BCIS) then externals may or may not be required as a separate element. In such cases, consideration should be given to the scope of what is included in the base build costs.

89%

made a contingency allowance of between 2.5% - 5% of build costs

A contingency allowance is linked to the risk associated with development projects and is therefore also linked to developer profit. This is reflected in both RICS valuation guidance[3] and PPG[4] with the latter stating that *"a justification for contingency relative to project risk and developers return"* should be provided. The DPM similarly states that:

"Plan makers should not plan to the margin of viability but should allow for a contingency to respond to changing markets and avoid the need for frequent plan updating. Including a contingency within the viability study will de-risk the plan in that there is room to accommodate a change in economic circumstances / site specific issues." (Page 145).

Our analysis shows that over 88% of local authorities (82/93) made a contingency allowance of some sort, the majority of which made an allowance as a percentage of the base build cost. In a small number of cases, an allowance was made as a percentage of the base build cost plus other costs such as external works and professional fees.

Contingency allowances were shown to sit within a relatively narrow range: we have found that of the local authorities that did make a contingency allowance, 89% of the studies made an allowance within the range of 2.5%-5% of build costs, although 5% was by far the most common assumption. Both 3% and 5% have been cited as reflective of industry norms. Very few contingency allowances sat outside this 2.5%-5% range and are therefore not deemed significant for the purposes of this exercise.

Bradford Council utilised a contingency of 6% whilst Cambridge and South Cambridgeshire applied contingency rates of 5% and 7% respectively. Hull Council applied the lowest rate of just 2%.

Of the local authorities that did make a contingency allowance, 24% applied a higher allowance for brownfield sites than for greenfield sites. Brownfield site contingencies tend to sit towards the 5% end of the range. By contrast, the risk in delivering greenfield sites is lower and therefore necessitates a smaller allowance (typically 2.5-3%).

Professional fees

Definition

The cost of professional inputs to planning, design and project management in the development process.

There are a range of professional services that are required in the development process and that need to be accounted for in viability appraisals. The precise composition of services required will vary according to the characteristics of any given development. To simplify this, it is common practice to combine these costs together and factor them into the viability assessment through the application of a percentage of base build costs. The PPG states that the cost of professional fees should be taken into account when defining benchmark landvalue[5].

Lichfields perspective on contingency

The choice of either a flat rate contingency or a tiered system depends heavily on the array of sites needing to be tested, with authorities with a greater mix of greenfield and brownfield sites perhaps being more inclined to adopt the latter approach. In either case, our research has demonstrated that an indicative range of 3-5% of base build costs is reflective of industry norms across England and Wales. In line with the PPG and the DPM, the application of an appropriate contingency allowance should be assessed within the context of the risk profile that is also reflected by developer profit margins.

[3]RICS Professional Guidance Note (2019) Valuation of development property, 1st Edition

[4]Reference ID 10-012-20180724

[5]Reference ID 10-012-20180724

Our analysis found that almost all studies (94%) explicitly included an allowance for professional fees. 83% of these studies (72/87) applied a professional fees assumption within a tight range - 8-10% of build costs considered. Only 17% of studies (15/87) relied upon assumptions that were outside this range with a maximum of 12% and a minimum of 5% of build costs.

The effect of economies of scale is an important consideration in the application of a professional fees allowance. The cost of preparing a planning application, designing and project managing a scheme is likely to be disproportionately higher for smaller schemes. Despite this, our analysis demonstrated that only approximately 10% of studies applied a differentiation on the basis of size of site/total number of units.

Development finance

Definition

The cost of borrowing to finance a development, usually referring to interest rates and arrangement fees.

Development appraisals should account for the timing of developer expenditure and revenue during the construction period. At the start of the construction period the balance between expenditure and income is heavily skewed in favour of costs as site preparation works take place and there are no completed units that can be sold. As more units are completed and sold the balance gradually shifts up to a point where a developer's net cash flow is positive (see Figure 6).

It is common practice in conventional development appraisals to assume that all costs incurred by developers are financed by borrowing and therefore subject to an interest rate. This is a reasonable assumption and even if only some of the scheme was to be debt financed, it would be appropriate to make some allowance for the opportunity cost associated with investment in the project.

An interest rate is therefore applied to the net cash flow throughout the development lifespan until the inflection point of a positive net cash flow is reached. At this point, development appraisals may assume that the surplus generated may be re-invested and therefore subject to a credit balance interest rate. The level of sophistication of cash flow models used will, to a degree, dictate whether or not a credit balance interest rate is accounted for. Additionally, the point at which a scheme starts to turn a profit will vary and is therefore more difficult to generalise on an area-wide basis. As a result, our analysis focuses only on the assumptions used around debt financing. In general, we found that very few area-wide

Lichfields perspective on professional fees

Our analysis provides a strong basis for 8-10% of build costs being a typical range for professional fees assumptions in a local plan viability context. However, it should also be noted that there are a range of factors – including site size – that can affect the appropriate rate to apply. A point that is not clear from the analysis is the extent to which professional fees vary between types of sites, e.g. brownfield/greenfield and location. In sensitive areas, or where the site is heavily contaminated etc, there might be a need to do more by way of technical assessment/justification for the development. By comparison, greenfield sites (even when allocated) may also require higher professional fees to support potentially a more controversial and drawn-out planning case. Due to this complexity it is perhaps unrealistic to expect that a professional fees allowance – particularly within an area-wide context – can adequately reflect this granularity.

85%

applied a debt interest rate of between 6%-7%

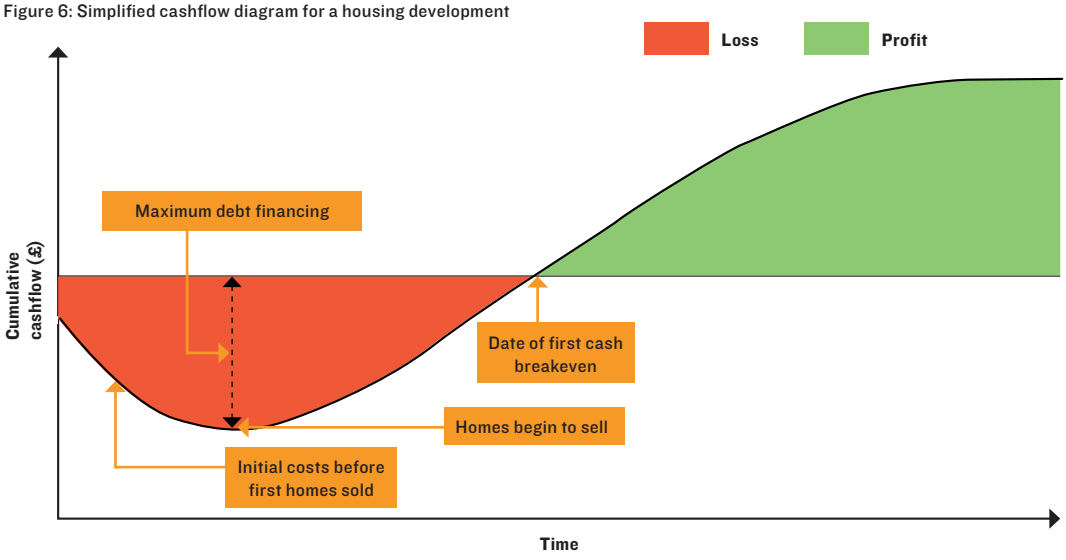
studies made assumptions in respect of a credit balance interest rate.

Within the studies assessed, development finance is illustrated as a percentage and occasionally including a separate percentage on top for an arrangement fee. Our analysis has shown that 85% of studies (79/93) utilised a debt interest rate of between 6% and 7%, incorporating an arrangement fee where relevant. A wider view shows a complete variance of between 5% and 9% with only one study (South Downs National Park) utilising a 9% figure (7% plus arrangement fee of 2%). On the other end of the spectrum the lowest interest rate used in the assessment was 5% - used by three local authorities (Hull, Newark & Sherwood and Newport).

Based on our analysis it appears that a relatively narrow range of values is used in the development appraisals in relation to interest rates (between 6 – 7%) with nine authorities including an arrangement fee of 1 to 2% on top of this. Some authorities did not separate the finance fee from the arrangement fee and provided a single percentage.

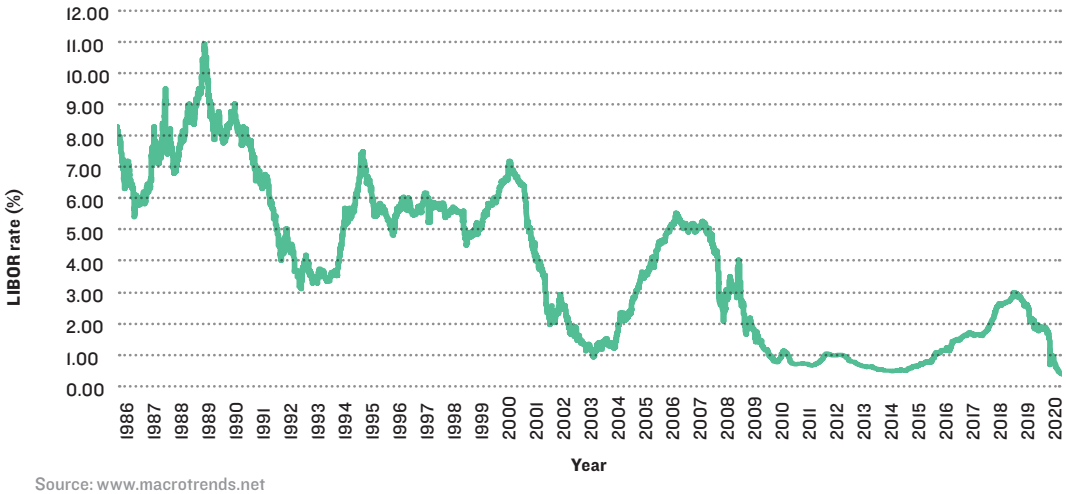
The narrow range of values used for development finance appears to be based on standard assumptions of what interest rates banks are willing to lend on which are based

Figure 6: Simplified cashflow diagram for a housing development



Source: Lichfields analysis

Figure 7: 1 Year LIBOR Rate (1986-2020)



Source: www.macrotrends.net

on the LIBOR (London InterBank Offered Rate). Although currently much lower now than it has been in the recent past (see Figure 7), at the time when several of the studies were prepared LIBOR would have been far higher in comparison to the Bank of England base rate which is currently extremely low. This explains why the interest rates applied appear high within the present context but also the variance in rate may be explained due to the fact the studies reviewed have been prepared across a broad timespan. In seeking to understand the fluctuating LIBOR rates, consideration should also be given to the economic climate and willingness of banks to lend. As set out above, this will have a direct impact on any consideration of whether the assumptions that have been made by individual local planning authorities in respect of finance rates arereasonable.

It is also important to consider the period of time that the money is borrowed for. This is of course influenced by the amount of time that it takes for a development site to go through the planning process and deliver completions and sales on site. Lichfields' Start to Finish research sets out assumptions on development timescales and delivery rates.

Lichfields perspective on finance

Our analysis reveals that debt interest rates applied sit within a relatively narrow range (between 6 – 7%). Within the current context the upper end of this range may seem high, and future applications need to have regard to the prevailing economic conditions and LIBOR rate (or its successor - the Secured Overnight Financing Rate).

91%

adopted a sales and marketing assumption of 2.5-3.5% of GDV

Sales and marketing

Definition

The costs associated with selling completed homes including the costs of setting up show homes, employing marketing staff and advertising as well as associated legal fees.

The costs associated with selling completed homes will vary based upon the scale of development. For larger schemes, most developers incur the costs of opening show homes, operating marketing suites and employing dedicated sales staff. This may not be the case for smaller schemes which might opt for the utilisation of an estate agent to market the properties. Irrespective of scheme size, it is typical that developers incur the cost of digital marketing through online platforms.

Our analysis shows that 96% of assessments (89/93) included an assumption for sales and marketing. Of the assessments that did provide a figure 91% of local authorities (81/89) adopted a figure for sales and marketing between 2.5% and 3.5% of GDV. A wider view shows that the total range was between 2% and 6%. All percentages were based on GDV, with 11 local authorities basing the percentage on open market GDV only. Such an approach is not unreasonable as the transfer of affordable homes to Registered Providers would not necessitate marketing expenses, although there will be some legal costs involved in the process which should be taken intoconsideration.

The London Borough of Bromley utilised a range of between 3% and 6% with 6% being the highest percentage used by any authority in our study, by a considerable distance. There is no explanation for the higher end of the range, although we might speculate that the use of a range reflects a need to differentiate between larger schemes which may incur far higher marketing overheads compared to smallerschemes.

15 local authorities allowed an extra cost for legal fees (represented as a price per unit) in addition to the percentage figure summarised above. The range of figures applied was between £400 and £750 per unit, with 11 authorities applying a figure of £750 per unit. The authorities that included a separate fixed cost for legal fees tended not to apply a lower percentage figure for sales and marketing costs compared to the authorities that did not include an additional fixed cost for legal work.

Lichfields perspective on sales and marketing

Sales and marketing costs are standard metrics that need to be included within a viability assessment. Our research points towards a general consensus that 2.5%-3.5% of GDV is a typical range, with individual circumstances dictating where within this range a local authority sits. For local authorities with a broad range of typologies, it may be appropriate to apply a differential rate, but within this identified range.

Whilst not common throughout the evidence base, it is not unusual for local authorities to include a cost for legal fees on top of the percentage. The evidence suggests that a figure of £750 per unit is reasonable in this instance.

77%

applied a land acquisition allowance of 1.5-2.25% of the purchase price (excluding SDLT)

Land acquisition

Definition

The agency and legal fees, and stamp duty land tax, associated with the acquisition of land by a developer.

Land acquisition costs generally cover both agents and legal fees. This relates to the cost incurred by developers in the acquisition of land. It is separate to the sales, marketing and legal fees that are associated with the disposal of completed homes to purchases.

Our analysis has shown that the viability assessments have exclusively expressed land acquisition costs as a percentage of the land purchase price. Stamp Duty Land Tax (SDLT) is typically applied as a separate, additional component of the land acquisition fees and is based on the land value at the prevailing rate.

81% of assessments (75/93) provided a figure for agent and legal fees or a combined fee for both elements. For those authorities that provided separate figures for agents and legal fees:

1. The agency fee typically ranged from 0.75% to 2%; and,
2. Legal fees typically ranged from 0.25% to 1%.

Combined, the percentage ranged from 1% to 6.8% of purchase price. It is noted, however, that the upper end of this range represents studies that included an 'all in' land acquisition percentage, comprising agents and legal fees as well as SDLT. Stripping out those local authorities who factored in a SDLT component, it appears that the upper limit of the range was 3.5% (Arun).

Considering the data in the round, 84% of studies (63/75) sat between 1% and 3% of purchase price. A significant majority (77%), however, sat within an even tighter range of 1.5% - 2.25%.

Lichfields perspective on land acquisition

Similar to the sales and marketing costs, the land acquisition costs are fairly standard metrics that need to be included within a viability assessment and there appears to be a general consensus that a combined percentage of between 1.5% and 2.25% of the land purchase price is an appropriate allowance for land acquisition costs (agent and legal fees) with SDLT to be added on top of this.

61%

did not apply an allowance for abnormal costs

Factors with greater variation

Abnormals

Definition

Costs generally that are considered outwith the standard construction requirements of a scheme. This can include a variety costs, including (but not exclusively) site clearance/demolition/ remediation, decontamination, enhanced foundations, service diversions, flood mitigation etc.

As the above definition hints at, a precise and all-encompassing definition of what constitutes an 'abnormal' development cost can be hotly contested and different parties involved in viability appraisal will have different definitions. As abnormals are not standard construction costs, often preliminary site investigation work is required to determine their nature and extent. This in of itself can be a time-consuming and costly process and does not necessarily lend itself well to the levels of standardisation that are generally required to input to high level, area-wide viability models.

Perhaps as a result of this inherent uncertainty, 61% of studies (57/93) did not apply an allowance for abnormal costs. We found that there were a variety of reasons for not doing so, although in general terms the authors of many viability assessments suggested that it can be inappropriate to be building in what can be – by their nature – highly variable and site-specific cost assumptions to a high level, area-wide study. Other justifications for non-inclusion were due to abnormal costs being factored into other input assumptions, such as the land value and within a viability 'buffer' (although to a far lesser extent).

Two thirds of the studies that did apply an allowance for abnormals adopted a brownfield-only approach (with no allowance applied to greenfield sites). A minority of studies 34% (12/35) applied a blanket abnormals cost allowance to all sites, and in some cases this was supported by a narrative to articulate why this was necessary. Reasons included the presence of abnormal ground conditions, such as sloping sites or a legacy of coal mining activity, across a range of (brownfield and greenfield) typologies.

Reflecting the inherent complexities associated with modelling abnormal development costs as part of an area-wide viability model, a broad spread of approaches was observed, including:

1. % of build costs allowance - 49% (17/35);
2. Cost per hectare (or acre) allowance - 31% (11/35); and,
3. Cost per unit allowance - 14% (5/35).

A percentage of build costs approach was most commonly observed although there was significant variability in the actual percentage applied – and it is therefore not possible to draw any transferable generalisations from this.

Lichfields perspective on abnormals

Abnormal development costs are inherently difficult to standardise for the purposes of area-wide viability modelling. Despite our analysis revealing that the majority of studies did not apply an allowance for abnormals, the potential impact on viability that such costs can exert cannot be ignored, especially in former industrial areas. Local knowledge of site typologies is therefore important to make a balanced judgment on whether it is appropriate to apply an allowance. If applied, assessment authors should set out clear justification for inclusion, ensuring that these would not overlap with other site costs that are already accounted for. In addition, careful consideration needs to be given to the interface between abnormal costs and land value (see Section 6).

Opening up costs

Definition

Initial costs associated with the provision of infrastructure required to open a site up for development.

In discussing costs that need to be considered in a viability assessment, the PPG does not specifically reference opening up costs. However, it does recognise that costs include:

"Site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy." (Reference ID 10-012-20180724).

Some of these will be opening up costs such as the cost of creating a site access whilst others would fall under the umbrella of externals, perhaps due to the lack of clear guidance in the PPG. The DPM in Wales is more specific and recognises that greenfield sites may have 'opening up' costs.

Within our analysis we found that 'opening up costs' is not a term that is in widespread use and there is quite a lot of crossover between costs being incorporated within different cost assumptions such as externals and other general terms. Where this is the case it is difficult to quantify the basis of the opening up costs. For example, one consultant who has prepared a number of assessments uses a term called 'other normal development costs' which includes costs for roads, drainage and services within the site, parking, footpaths, landscaping and other external costs. Due to this and the wide range of costs identified we have concentrated on the method of calculating the cost assumption as opposed to the actual cost. However, we note that for all sites there was an obvious correlation between the costs applied and the number of dwellings on site. However, flatted schemes are generally afforded a smaller sum or percentage compared to houses due to the reduced need for 'opening up' costs for a higher density scheme on a smaller site area.

58% of assessments (54/93) did not include a specific reference to 'opening up' costs although as explained above, this is not to say that the costs have not been provided as part of another cost input such as externals or a broader definition.

Of the 39 local authorities that specifically referenced 'opening up' costs as an assumption in their viability assessment, 28% (11/39) presented this as a cost per hectare allowance, 53% (21/39) presented this as a cost per unit allowance and 19% (7/39) used a different approach.

Of the authorities that specifically referenced opening up costs 67% (26/39) used a differential allowance, i.e. a range of different costs depending on various factors such as size of site, houses/flats and whether it is greenfield or brownfield.

Lichfields perspective on opening up costs

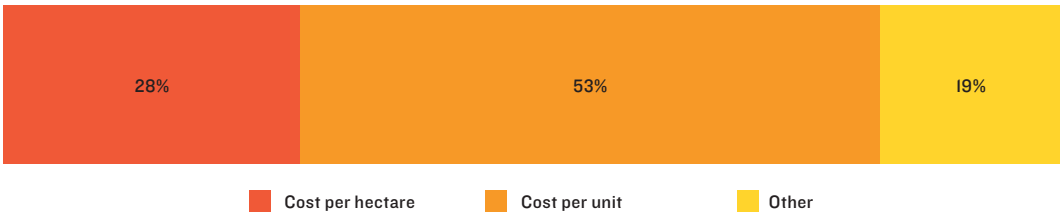
The issues seen in respect of opening-up costs raise an important issue regarding the way in which costs are apportioned to different categories. Local planning authorities should be very clear about their approach to construction costs, externals, abnormals, contingencies and opening-up costs, including a detailed breakdown of the components of each and the assumptions that have informed their identified rates for each. This will allow proper review at plan preparation stage.

It is sensible for local planning authorities to provide a range of different sums/percentages as it is clear that opening up costs will vary from site to site, based on the nature of the location and the extent of work that is required to facilitate the development of the site. A brownfield site is likely to already have provision for access and utilities, albeit they may need to be upgraded. An approaches based on a per hectare basis or a per unit basis can both be considered appropriate as long as they are justified by evidence.

26%

applied a viability buffer of some form

Figure 8: Opening up costs



Source: Lichfields analysis

Viability buffer

Definition

An allowance that is built into a viability assessment in order to allow flexibility for varying circumstances such as increased costs, reduced values or site-specific costs.

It is important that development plans do not plan to the margin of viability. The concept of a viability buffer is one that seeks to ensure that developments can remain viable should circumstances change in the future. To avoid any risk of development becoming unviable and therefore not being delivered, it is appropriate to proactively plan for a viability 'headroom' which can help to mitigate adverse economic conditions.

The PPG advocates the application of a buffer in relation to CIL[6]:

"A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust." (Reference ID 25-020-20190901).

There is no direct equivalent reference in the viability section of the PPG and this is reflected by our analysis which reveals that only 26% of studies (24/93) applied a viability buffer of some form, and that the majority of these (20) were applied within the context of preparing CIL charging schedules. Just over half of all CIL studies analysed included a viability buffer whereas this was the case for less than 5% of all development plan viability assessments. Furthermore, most of the development plan viability assessments that included a buffer were carried out in conjunction with emerging CIL charging schedules or by referring back to CIL charging schedules adopted in relation to the previous local plan.

Where applied, our analysis has indicated that buffers were typically applied as a percentage (ranging quite dramatically from 20%-70%). The application of a 20% buffer essentially means that proposed CIL rates are 20% less than the maximum level of CIL that could be viably supported. Our analysis also found a more nuanced application of a buffer in a small number of cases, with three studies choosing to apply a higher buffer for larger and strategic sites.

The finding that development plan viability studies have not typically applied a buffer might well be a function of structural differences. It is easier to see why appropriate flexibility margins need to be built into headline CIL charging rates from the outset, as once adopted, CIL rates are non-negotiable. By comparison, studies that aim to assess the viability of local plan policy requirements have been prepared in the knowledge that policy requirements can be subject to negotiation on viability grounds – although the new emphasis on frontloading and an assumption of viability

[6]CIL regulations apply both to England and Wales and therefore PPG applies to Wales in this matter

at the decision-taking stage reduces the scope for this in the future. In addition, it is easier to see how a buffer can be applied to a financial contribution such as CIL than to the types of requirement that might be sought through a Section 106 agreement or environmental/ design requirements.

Another possible reason for not including a viability buffer is where flexibility margins are built into other areas of the modelling. One CIL study (North Somerset) did not deem it necessary to set an additional amount as a buffer, *"since buffering had been built into the whole approach"*. There are several possible viability assumptions where this is theoretically possible, through the use of average values and the necessary adjustments to contingencies and developer profit to reflect risk in the process. In Wales, the DPM identifies an allowance for contingencies as a means by which it will be possible to avoid planning to the margin of viability, whilst the viability section of the PPG suggests that assumptions on risk in viability assessments are the primary vehicles by which flexibility is ensured over time:

"As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project." (Reference ID 10-009-20190509).

Lichfields perspective on viability buffer

Flexibility to account for changing circumstances is a fundamental issue in viability, and particularly so in the current economic climate. Whether or not a 'buffer' is directly referred to, that the approach of individual local authorities to addressing flexibility is going to be critical in the success (or otherwise) of the policy approach of frontloading viability considerations to the development plan process. Given the narrowed scope to reconsider viability issues at the decision-taking stage, the inclusion of a buffer provides one way in which flexibility might be achieved in assessing the viability of development plans. However, this involves considerable practical challenges. For instance, to which elements of policy requirements should the buffer be applied? And how could it apply to design/sustainability requirements that are built into the development? Where flexibility is built into other components of the viability assessment, this should be made explicit.

The existing 'decision-maker decides' approach to application stage viability assessment may not provide the required flexibility in the current circumstances, and there is a risk of inconsistency between authorities regarding their willingness to adopt a flexible approach in respect of viability considerations. A better way to achieve flexibility may be through the reinstatement of application-specific viability assessments.

06
It all comes down to land value

An undeveloped parcel of land that is granted planning permission for residential use – or indeed most forms of development – will experience an uplift in value. In many cases, this uplift will be fairly significant. This economic phenomenon is central to an age-old question in planning and development: to whom should the lion's share of the value uplift accrue? Should it benefit the developer, the landowner, or the public in the form of planning obligations? This question continues to represent one of the most challenging issues for practitioners engaged in area-wide viability assessments as they attempt to strike the fine balance between demonstrating that a local authority's pipeline of sites can be delivered viably whilst also complying with planning policy expectations.

The concept of a Benchmark Land Value (BLV) refers to the middle ground that needs to be found to satisfy both local authority and landowner. The PPG reinforces the need for this balance to be struck through stating that the BLV should be established:

"....on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land....while allowing a sufficient contribution to fully comply with policy requirements." (Reference ID 10-013-20190509)

By its nature, a middle ground position is a relative one that is sensitive to both area-wide and site-specific contexts. It is therefore difficult to measure in absolute terms or indeed compare easily between different local authorities. Notwithstanding the obvious complexities associated with this key issue, our analysis focuses on what we have interpreted to be the two areas in which some generalisations may be made:

1. The approach used in determining the BLV; and,
2. The concept of a landowner premium.

Approach

In a previous Lichfields' blog[7] we discussed the implications of the Parkhurst Road High Court judgment from April 2018[8]. This landmark case dismissed the approach used by the appellant to determine the BLV as it focused solely on the

[7]Reassessing land values: https://lichfields.uk/blog/2019/june/20/reassessing-land-values/

[8]Parkhurst Road Ltd (PRL) and Secretary of State for Communities and Local Government and the Council of the London Borough of Islington (2018 EWHC 991)

use of comparable market evidence – evidence which is intrinsically more difficult to compare due to limitations with transaction numbers and also due to lack of transparency regarding how land values are affected by policy requirements. The latter, the judge argued, causes issues of 'circularity' whereby policy non-compliant land values may be used to artificially inflate BLVs over time. To avoid such an issue, the case endorsed an approach which centres around the existing use value (EUV) with the application of an appropriate uplift or premium – the so-called 'EUV+' approach – and demoting the use of market evidence to a supporting or 'sense checking' role. In considering comparable market evidence, it is important to ensure that it is truly comparable in terms of their location, use, and compliance with policy requirements. Taking account of a site that is not actually comparable would undermine its ability to serve any meaningful purpose and could weaken the robustness of a viability assessment and the credibility of its results.

A key element of 2019 NPPF/PPG was the introduction of a requirement to apply the EUV+ approach[9], but our research shows that this was being commonly applied prior to the Parkhurst Road judgement and the publication of the 2019 NPPF. Indeed, our analysis shows that 63% of studies (59/93) used the EUV+ approach as the central method for determining BLV. In several instances, this approach was complemented by other strands of evidence such as market evidence and developer consultation. 23% were found to use alternative approaches which in the main focused around analyses of comparable land transactions. Only 14% of studies failed to include any detail regarding the approach to determining BLVs.

Although this finding might be interpreted as a direct response to the Parkhurst Road judgment (with many of the studies analysed as part of this research post-dating it), the underpinning evidence bases are likely to have been developed over a period of time stretching back several years prior. This suggests that practitioners have been employing the EUV+ approach for some time, and that the Parkhurst Road judgment and subsequent modifications to 2019 NPPF/PPG could in fact be reflections of what was already taking place in practice.

63%

Used the EUV+ approach to determine Benchmark Land Values

[9]It should be noted that the DPM similarly adopts a BLV approach and states on page 143 that "the evidence should be clear as to what financial return (or benchmark land value) would realistically entice a land owner to sell for the proposed use".

Based upon our analysis, it is also interesting to note that EUV+ was being applied widely in spite of the RICS guidance that applied at the time[10] which appeared to distance itself from this approach (however, it is important to note that the latest RICS guidance[11], effective from July 2021, now aligns itself with this approach). The 2012 guidance highlighted the approach's arbitrary notion of a premium: how this can lead to inconsistent practical applications, and also how it can lead to instances of both over- and under-valuation.

Premium

As referenced above, there is no explicit policy guidance on the scale of land value uplift to apply in assessing the BLV. It is perhaps unsurprising that the PPG and DPM both stop short of doing so given the complexity involved in establishing the somewhat arbitrary concept of a 'minimum return' for a 'reasonable landowner'. Practitioners charged with the task of setting area-wide BLVs have been faced with the challenge of reconciling an array of quantitative and qualitative data (including market information and developer representations) whilst also attempting to reconcile site-specific interests with factors relevant at a local authority level. Within the framework of EUV+, we recognise that this is a challenging and contentious exercise which has the potential to leave interested parties feeling aggrieved if BLVs are set too low (risking the non-release of sites to the market) or too high (risking the viability of sites and/or potentially failing to comply with policy expectations).

It is also difficult to undertake a comprehensive analysis of the level of premium applied in each study that we reviewed for a variety of reasons:

1. The assessment of a reasonable premium is sensitive to location (it is not the case that one level of premium should be applicable across multiple sites);
2. EUV+ lends itself to a variety of approaches which cannot always be readily compared. For example, some employed an EUV+ %/multiplier whereas others employed an 'uplift split' approach whereby the increase in land value is shared between the landowner and the public (in line with the approach adopted in the Shinfield Road appeal decision[12]); and,
3. The way in which information is laid out within underlying reports places limitations on our analysis. For example, the issue of premium (over EUV) is not always reported directly and our analysis is therefore contingent on there being the relevant information provided which would allow us to impute the practitioner's approach to the premium. In respect of this point, we note that the judgment of Dove J in *R (Holborn Studios Limited) v London Borough of Hackney*[13] found that the ability of the public to engage on the issue of viability in an informed basis was compromised by the fact that *"no explanation was provided as to how the benchmark land value had been arrived at in terms of establishing an existing use value and identify a premium as was asserted to have been the case."* (Paragraph 71). Whether prepared for a planning application or a development plan, the point is that viability assessments must be very clear in explaining how the BLV was derived.

Although the majority of practitioners used the EUV+ method, our analysis shows that the way in which it is applied varies considerably. The most obvious difference – and one that would be expected – is linked to the existing use of individual sites. For brownfield sites, we found that studies favoured a simple percentage uplift over EUV, whereas for greenfield sites a EUV multiplier was typically preferred. Although this subtle difference may not seem significant, the use of an EUV multiplier is reflective of the fact that, typically, the value of undeveloped agricultural and paddock land (vis à vis greenfield land) is lower and therefore the difference between the EUV and the BLV should be considerably higher in order to incentivise a landowner to release their land for residential development (and one for which a % uplift approach would be cumbersome mathematically).

[10] RICS Professional Guidance Note: Financial Viability in Planning, 1st Edition (2012)

[11] RICS Professional Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England, 1st Edition (2021)

[12] Land at The Manor, Shinfield, Reading (PINS Reference APP/X0360/A/12/2179141) 8 January 2013

[13] R (Holborn Studios Limited) v London Borough of Hackney and GHL (Eagle Wharf Road) Limited (2020 EWHC 1509)

Many studies reported ready-reckoners for agricultural land values. Despite being simplifications of the market for commercial agricultural land, these provide helpful benchmarks that provide a starting point for determining an appropriate EUV multiplier for greenfield sites. As one would expect, there was some variation across the country in the value of bare agricultural land, although where reported there was a broad coalescing of values in the region of £20,000/hectare (c.£8,000/acre). Accordingly, a site with a BLV assessed as £400,000/hectare would represent a multiplier of 20 times EUV (20 × £20,000/hectare). Clearly the same generalisations could not be determined for brownfield sites due to the inherent variation in EUVs. In the absence of reported evidence on EUVs, we note that the use of area-specific land value estimates for industrial and agricultural land published annually by MHCLG may be of use for this purpose[15].

Notwithstanding the caution that should be exercised in doing so, a quantitative summary of the premiums applied to brownfield and greenfield sites is set out below:

1. **Brownfield** – generally a more consistent approach was applied for brownfield sites with the majority of studies using percentage uplift over EUV. Of the 26 studies where we were able to discern the brownfield premium, we found that 69% of these (18/26) assessed a reasonable premium as being EUV+ 20%. We found that the maximum percentage uplift over EUV ranged between 10% and 45%, but the most common uplift was 20%.

1. **Greenfield** – of the 29 studies in which a premium was discernible, 52% sat within a range of 15 to 20 times EUV. The maximum level of premium observed was close to 40 times EUV but we found that the premium tended not to be set any lower than 10 times EUV.

It should be stressed, however, that in line with the conclusions of Holgate J in the Parkhurst Road High Court Judgment, a 'standard' uplift/premium is not appropriate when assessing an appropriate BLV and that consideration should be given to local and site-specific factors. Cognisant of this Judgment, we emphasise that the analysis above serves to provide benchmark for the scale of premium – on an area-wide rather than site-specific basis – that has been found sound by planning inspectors at recent development plan and CIL examinations.

Application in practice

Whilst the analysis above intends to set some broad quantitative parameters to the notion of a 'reasonable incentive', there are other factors that need to be considered when defining a BLV on a site-specific basis.

Principally, this relates to how the BLV (and more specifically the premium applied to define it) should be adjusted to make allowance for the level of costs associated in bringing the site forward for development. The PPG[15] states that the following costs should be taken into account when defining BLVs:

1. **Abnormal costs** including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites;

2. **Site-specific infrastructure costs** which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy;

3. **The total cost of all relevant policy requirements** including contributions towards affordable housing and infrastructure, CIL charges, and any other relevant policies or standards; and,

4. **Any professional site fees** including project management, sales, marketing and legal costs incorporating organisational overheads associated with the site.

One might be forgiven for thinking that this list essentially comprises the majority of the costs that any site may incur, with the exception of base construction costs and externals, and that this feels a rather exhaustive list to factor in. However, what this wording attempts to ensure is that developers and other parties have regard

69%

Reasonable premium: EUV+20% (Brownfield)

52%

Reasonable premium: 15-20 times EUV (Greenfield)

[15] Ministry of Housing, Communities & Local Government: Land Value Estimates for Policy Appraisal (2020)

to the total cumulative cost of development when negotiating land prices. Within a EUV+ context, this means that landowners whose sites are not inherently straightforward to develop (by virtue of their specific remediation, infrastructure, policy-related factors that need to be addressed) should be prepared to accept a land value that reflects a reduced premium above EUV.

This rather important amendment is reinforced with a statement in PPG (on five separate occasions), that:

"Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan." (Reference ID 10-014-20190509)

How all of this plays out in practice is complicated, but we consider the following points represent the main practical considerations:

1. The absolute scale of reduction in premium that should be applied for a site with high abnormals, infrastructure and policy costs is no clearer from this guidance and still leaves a lot of room for subjective interpretation;
2. Notwithstanding the complexities of making the premium adjustments at a site-specific level, it is perhaps even less clear how can this issue can be dealt with equitably on an area-wide basis across a range of sites with different characteristics;
3. It is evident, however, that there is no such thing as a 'one size fits all' uplift to existing use value;
4. Bid prices for land need to be considered even more carefully, and potentially having regard to detailed site investigation work which ordinarily might have been expected at a much later stage of the development process. This cost 'frontloading' will need to be undertaken by developers/ landowners/site promoters at risk which could potentially prove to be a significant obstacle for SME developers;
5. The requirement for price paid not to be taken into account in viability assessments reflects now-established practice but may still take some more time to filter through the system: there may be some more disappointment before this is fully accepted by all; and,
6. For strategic land promoters and developers that have secured option agreements with a pre-agreed purchase price the implications of the updated guidance is potentially a significant problem and one that could severely undermine site viability and deliverability.

Going forwards, the issue of BLV – and more specifically the application of an uplift to EUV – is likely to be a key argument during local plan examinations and inspectors will be called upon to adjudicate between a range of assumptions. But the one thing that cannot be up for debate is that the price paid cannot be factored into any viability assessment or used as a basis for seeking flexibility in respect of the application of policy requirements.

07
The viability challenge of garden communities

Whilst the PPG and DPM both advocate a typology approach to viability assessments in place of individual testing of every site, they recognise the importance of considering the specific circumstances of strategic sites that are significant to delivery of the strategic priorities of the plan. Whilst many development plans will incorporate strategic sites, the scale of these and their contribution to the strategic priorities of the plan will vary considerably. The challenge associated with assessing the viability of the very largest of strategic sites – garden communities – has been brought into sharp focus by the recent experiences of Hart, Uttlesford and the North Essex authorities.

1. In North Essex two of the three proposed garden communities were found to be neither justified nor deliverable. As a result, the spatial strategy and plan itself were found to be unsound;
2. The Uttlesford inspectors recommended that one of the three garden communities that were proposed should be deleted but considered the scale of changes that would be required meant that withdrawal was the most appropriate option; and,
3. The Hart local plan was only found sound after the proposed garden community had been removed.

A number of key themes can be drawn from these three cases. Whilst these ultimately revolve around the scale and complexity of garden communities and point to the importance of ensuring that robust and justifiable assumptions are made about costs and revenues, they are transferable to all viability assessments as they are essential in order to fully understand whether the scheme would be viable and, ultimately, if it could bedelivered.

1. In each case, the inspectors expressed concern about the treatment of costs in the viability assessment. Infrastructure costs are likely to be significant and, despite potential uncertainties, need to be robust and justified, and take account of evidence of funding that has been secured. In North Essex, HIF funding was shown to be available for two of the three proposed garden communities, but in Uttlesford the inspectors were not convinced about the scale of funding necessary or whether the garden communities could support such costs. As such, they did not feel that it had been adequately demonstrated that the garden communities were viable or deliverable. Other sources of funding – including from Homes England – may continue to be critical to the delivery of garden communities in the future.
2. Reflecting on the complexity of delivering new garden community, the Uttlesford inspectors drew on the 2012 RICS guidance in suggesting that professional fees should be set at a commensurate level (20%). They also expressed surprise that the viability assessment had not included any allowance for contingencies. In respect of this, the North Essex inspectors noted that the level of risk and uncertainty associated with planning for garden communities at the plan-making stage means that an appropriately high level of contingency should be provided. In this case, they considered 40% to beappropriate.
3. The amount of land that is required for the development of garden communities creates difficulties in estimating a minimum land price that would constitute a competitive return. It is important to avoid basing the viability assessment on a land price which is too far below such expectations, if landowners are to be persuaded to sell. However, the EUV+ approach applies to garden communities as well as all other development typologies and basing land values on comparable evidence without adjustment to reflect policy requirements can lead to developers overpaying for land. This may then compromise the achievement of policy requirements if the developer seeks to recover overpayment through a reduction in planning obligations. This is the "circularity" point that was identified by Holgate J in the Parkhurst Road Judgment. A phased approach to the delivery of

such large-scale developments affects the approach to land purchase with individual tranches typically being purchased two years prior to development. The impact of this is that land payments are staged through the development process, significantly (and beneficially) impacting on cash flow.

4. The viability assessment should be based on an appropriate build rate. Basing it on an unrealistically high average rate would not provide an accurate indication of viability as this would assume that revenue would be generated more quickly and interest payments would be reduced. It should also be acknowledged that build and sales rates will be slower in early years and that infrastructure costs to be disproportionately high. This should be reflected in the cost of borrowing and the level of peak debt.

5. The PPG advises that current costs and values should be considered when assessing viability of plan policy. Policies should be deliverable and not based on exception of future rises in values for at least the first five years of the plan period. This ensures realism and avoids complicating the assessment with uncertain judgments about the future. The Harman Review recognised that forecasting house prices or costs is notoriously difficult over shorter term, and subject to wider inaccuracies over medium and longer term. There is no guarantee that a specified growth rate will be sustained throughout the decades it would take to build the proposed garden communities. Similar uncertainty also exists in respect of building and infrastructure costs. Application of inflation assumptions can result in dramatic (and unrealistic) increases of residual land value and need to be considered very carefully.

To some extent, the approach to modelling viability for garden communities is no different than in respect of any other form of development. However, the scale and timescales create challenges that are unique to garden communities and the recent examples of North Essex, Uttlesford and Hart provide a cautionary tale for all those involved in the promotion of similar schemes.

08
Conclusions and implications

In what the Government itself has branded an opaque area of practice, viability assessment is becoming increasingly intertwined with planning and plan making. This lack of transparency has been cast into sharper focus by the judgment of Dove J in the Holborn Studios case which highlighted the need for a better understanding of what the PPG describes as 'standardised inputs'.

This Insight provides a means by which we can begin to move towards a true standardisation of viability assessments. It is hoped that it helps to overcome concerns about the publication of commercially sensitive data and thereby allows for a more meaningful debate about development viability, at both the plan-making stage but also at the decision-taking stage, where circumstances permit. By its nature, it is acknowledged that standardisation will not account for all eventualities, and there will inevitably be specific circumstances that justify the application of alternative inputs. Given the array of challenges facing housing developers in the midst of a pandemic, we would expect application stage viability assessments to become increasingly common in the short to medium term. Within a climate of continued uncertainty, there is a risk that standardised inputs can rapidly become out-of-date, and we would therefore urge decision-takers to consider more closely the need for flexibility as circumstances change.

Of course, there are financial implications associated with the standardisation and front-loading of viability assessment. Rather than limiting engagement to application stage negotiations, the new system requires more protracted engagement across the entire development plan-making process, necessitating far greater work and expense for developers. Both English and Welsh Governments have recently made clear their desire to promote competition amongst developers and to assist SMEs and new entrants to sector, but it is not clear to what extent the time and cost investment of extensive engagement will militate against this ambition. What is clear, however, is that this system requires developers to engage heavily in the process of development plan making on viability issues and within the framework of standardisation. As such, we would expect – and are already seeing evidence of – viability issues to play more of a determining role in the success or failure of development plans in the future.

It is unclear yet what the implications of the Government's White Paper proposals will have on viability in planning and plan-making. This is principally due to the fact that the White Paper is, to all intents and purposes, silent on key viability issues that this Insight has highlighted. What does clearly have the potential to have profound implications is the proposal to reform the current system of developer contributions from CIL and Section 106 towards a national flat-rate 'Infrastructure Levy'. More recent (February 2021) messaging, however, from the Chief Planner Joanna Averley among others, would suggest that the proposal could be tempered to allow for 'regional differences' and to develop a more nuanced and localised approach[16]. In this context, it seems likely that the White Paper proposals will not signal the end of the current system of Section 106 and that the viability considerations we have assessed as part of this Insight will continue to apply.

[16]https://www.planningresource.co.uk/article/1706515/key-white-paper-proposals-likely-evolve-inclusion-planning-bill

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APPENDIX 9: ANONYMISED ABNORMAL COSTS SCHEDULE – EXAMPLE SITES

Abnormal / Extra Over Costs Tracker - Anonymised

Local Authority	Greenfield / Brownfield	Units	Abnormals / Extra Over Costs Per Net Acre	Abnormals / Extra Over Costs Per Plot	Date
0 - 99 Units					
Halton	Greenfield	43	£482,000	£36,000	Aug-19
Blackburn	Greenfield	47	£293,000	£21,000	May-21
Wyre	Greenfield	57	£252,000	£20,000	Jul-21
Preston	Greenfield	66	£380,000	£30,000	May-20
Preston	Greenfield	75	£131,000	£14,000	Apr-18
Cheshire West and Chester	Brownfield	98	£462,000	£30,000	Aug-20
Preston	Greenfield	98	£132,000	£11,000	Nov-19
	Average	**69**	**£304,571**	**£23,143**	
100 - 249 Units					
Liverpool	Greenfield	100	£315,000	£52,000	Jan-19
Burnley	Greenfield	101	£483,000	£28,000	Apr-21
Wirral	Brownfield	101	£389,000	£27,000	May-21
Poulton	Greenfield	102	£453,000	£35,000	Aug-19
Wirral	Brownfield	109	£317,000	£21,000	May-21
Wirral	Brownfield	119	£476,000	£29,000	May-21
Cheshire East	Greenfield	120	£120,000	£8,000	Mar-18
Wirral	Brownfield	121	£415,000	£25,000	May-21
Blackburn	Brownfield	140	£122,000	£7,000	Nov-17
Cheshire East	Greenfield	146	£223,000	£17,000	Feb-19
Carlisle	Part Greenfield, Part Brownfield	148	£149,000	£13,000	Nov-20
Knowsley	Brownfield and Greenfield	162	£256,000	£15,000	Jan-21
Carlisle	Part Greenfield, Part Brownfield	164	£313,000	£19,000	Nov-20
Cheshire West and Chester	Brownfield	184	£287,000	£15,000	Jul-20
South Ribble	Brownfield	197	-	£31,000	Sep-18
South Ribble	Brownfield	199	£168,000	£12,000	Apr-18
Chorley	Greenfield	201	£392,000	£31,000	Jul-21
Cheshire West and Chester	Brownfield	205	£406,000	£19,000	Sep-19
Knowsley	Brownfield	227	£267,000	£19,000	Aug-20
Manchester	Brownfield	236	£410,000	£26,000	Nov-20
Halton	Greenfield	245	£300,000	£24,000	Dec-18
	Average	**158**	**£313,050**	**£22,524**	
251 - 550 Units					
St Helens	Brownfield	260	£451,000	£28,000	Jun-20
Halton	Greenfield	271	£276,000	£19,000	Dec-18
Cheshire West and Chester	Greenfield	272	£458,000	£36,000	Jan-19
Knowsley	Greenfield	328	-	£29,000	Mar-20
Halton	Greenfield	334	£251,000	£12,000	Dec-18
Ribble Valley	Greenfield	426	£347,000	£24,000	Feb-20
South Ribble	Greenfield	493	£218,000	£16,000	Jun-19
South Ribble	Greenfield	501	£255,000	£18,000	Jun-19
South Ribble	Greenfield	528	£276,000	£19,000	Jun-19
	Average	**379**	**£316,500**	**£22,333**	
551+ Units					
Cheshire East	Greenfield	784	£223,000	£15,000	Oct-20
	Average	**784**	**£223,000**	**£15,000**	
	Overall Average	**211**	**£309,667**	**£22,395**	

Source: C&W Internal Database based on Housebuilder and Cost Consultant Data

APPENDIX 10: NORTH WEST LPVAS: ANALYSIS OF ABNORMAL COST / S106 ASSUMPTIONS

North West LPVAs - Comparison of Abnormal Costs and S106 Contributions for Generic Typologies and Site Allocations (Estate Housing)

	Cheshire West and Chester LPVA	Liverpool LPVA	St Helens LPVA	Rossendale LPVA	Halton LPVA	Warrington LPVA
Author	**Keppie Massie**	**Keppie Massie**	**Keppie Massie**	**Keppie Massie**	**HDH Planning and Development**	**Cushman and Wakefield**
Date	Dec-17	Oct-18	Dec-18	Mar 19 (Updated Feb 21)	May-19	Aug-21
Total Abnormal Costs (Per Plot)	£0 - £8,300	No details provided for generic assessments. Site-specific assessments - most are low at c. £5,000 - £6,000 per unit or less.	Generic typologies: £0, - £8,300 Site-specific assessments - most are very low at c. £3,000 per unit or less, maximum is c. £9,000 per unit.	£0 - £4,500	Brownfield - 5% of base build costs, equivalent to c. £5,500 per unit Greenfield and Strategic Sites - £0	All Sites: £15,000 4 x MDAs: c. £15,000 - £30,000
Total S106 Contributions (Per Plot)	£1,300	£1,000	£1,000	£1,000	£2,500	Generic typologies: £5,000 - £6,000 Allocated sites: c. £8,000 - £15,000
Total Abnormals and S106 (Per Plot)	**£1,300 - £9,600**	**c. £6,000 - £7,000 or less**	**c. £1,300 - £10,000 or less**	**£1,000 - £5,500**	**c. £2,500 - £8,000**	**Generic typologies: c. £20,000 - £21,000** **Allocated sites: c. £26,000 - £60,000**
	Fylde LPVA Review	**Blackpool LPVA**	**Cheshire East LPVA**	**Blackburn LPVA**	**Wyre LPVA Review**	**Warrington LPVA**
Author	**Keppie Massie**	**Lambert Smith Hampton**	**HDH Planning and Development**	**Keppie Massie**	**Keppie Massie**	**BNP Paribas**
Date	Feb-20	Jul-20	Jul-20	Jan-21	Nov-21	Mar-19
Total Abnormal Costs (Per Plot)	£0 - £9,000 per unit	Greenfield - £0 Brownfield - £6,500 - £9,100 for demolition/site clearance only	Brownfield - 5% of base build costs, equivalent to c. £6,500 per unit Greenfield and Strategic Sites - £0	£0 - £8,300	Greenfield - £0 Brownfield sites - £5.26 psf Separate abnormal allowances for 15 x site-specific assessments ranging from c. £1,500 - £9,000 per unit.	"On site infrastructure" (utilities, estate roads, drainage, utilities diversions, landscaping) = £7,986 per unit
Total S106 Contributions (Per Plot)	£5,000 - £10,000	£0	£5,202	Not Tested	£1,200	Generic typologies: £2,500 - £5,000 Allocated sites: c. £8,500 - £9,500
Total Abnormals and S106 (Per Plot)	**£5,000 - £19,000**	**£0 - £9,100**	**c. £5,200 - £11,700**	**£0 - £8,300**	**c. £1,200 - £10,200**	**c. £10,500 - £17,500**

Source: C&W Analysis of LPVAs

Note: Whilst we have anaysed the range of abnormal costs in each LPVA, in those studies where allowances up to c. £8,000-£10,000 per plot have been included, we have found that the overall average abnormal cost allowance for the majority of sites is often below c. £5,000 - £6,000 per plot.

APPENDIX 11: FIDDLERS FERRY CASH FLOWS

Fiddlers Ferry

Development Appraisal
Cushman & Wakefield
11 January 2022

Fiddlers Ferry

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

	001:Apr 2017	002:May 2017	003:Jun 2017	004:Jul 2017	005:Aug 2017	006:Sep 2017
Monthly B/F	0	-7,445,719	-8,592,945	-9,812,491	-10,943,970	-12,067,576
Revenue						
Sale - Market Housing	0	0	0	0	0	0
Sale - Aff Housing	0	0	0	0	0	0
Sale - Commercial - Retail	0	0	0	0	0	0
Sale - Commercial - Industrial	0	0	0	0	0	0
Disposal Costs						
Marketing & Sales Agent Fees (Resi)	0	0	0	0	0	0
Marketing & Sales Agent Fees (Com.)	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0
Unit Information						
Market Housing						
Aff Housing						
Commercial - Retail						
Commercial - Industrial						
Acquisition Costs						
Residualised Price	-3,808,191	0	0	0	0	0
Stamp Duty	-1,025,328	0	0	0	0	0
Construction Costs						
Con. - Market Housing	0	0	0	0	0	0
Con. - Aff Housing	0	0	0	0	0	0
Con. - Commercial - Retail	0	0	0	0	0	0
Con. - Commercial - Industrial	0	0	0	0	0	0
Resi Ext. Works	0	0	0	0	0	0
Accessibility Standards	0	0	0	0	0	0
Resi Energy Requirements	0	0	0	0	0	0
Resi Abnormal and Extra Over Costs	-146,739	-144,565	-142,391	-140,217	-138,043	-135,870
Comm Energy Requirements	0	0	0	0	0	0
Comm Ext. Works	0	0	0	0	0	0
Strategic Infra. and Abnormals	-480,652	-475,221	-469,790	-464,359	-458,928	-453,497
BNG Delivery Costs	0	0	0	0	0	0
Demolition	-509,586	-509,586	-509,586	-509,586	-509,586	-509,586
Contingency	-7,337	-7,228	-7,120	-7,011	-6,902	-6,793
Statutory/LA	-1,457,100	0	0	0	0	0
Professional Fees						
Prof Fees	-10,785	-10,626	-10,466	-10,306	-10,146	-9,986
Net Cash Flow Before Finance	**-7,445,719**	**-1,147,226**	**-1,139,353**	**-1,131,479**	**-1,123,606**	**-1,115,732**
Debit Rate 6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
Credit Rate 0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Finance Costs (All Sets)	0	-37,229	-42,965	-49,062	-54,720	-60,338
Net Cash Flow After Finance	**-7,445,719**	**-1,184,455**	**-1,182,317**	**-1,180,542**	**-1,178,326**	**-1,176,070**
Cumulative Net Cash Flow Monthly	-7,445,719	-8,630,173	-9,812,491	-10,993,032	-12,171,358	-13,347,428

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Detailed Cash flow Phase 1 **Page A 2**

007:Oct 2017	008:Nov 2017	009:Dec 2017	010:Jan 2018	011:Feb 2018	012:Mar 2018	013:Apr 2018	014:May 2018
-13,347,428	-15,542,611	-17,730,248	-20,143,422	-22,315,916	-24,480,815	-26,972,803	-29,456,917
0	0	0	0	0	0	1,797,750	1,797,750
0	0	0	0	0	0	1,747,646	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	-53,933	-53,933
0	0	0	0	0	0	0	0
0	0	0	0	0	0	-17,727	-8,989
0	0	0	0	0	0	-3,808,191	0
0	0	0	0	0	0	0	0
-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538
-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492
-291	-576	-847	-1,103	-1,346	-1,575	-1,789	-1,990
0	0	0	0	0	0	0	0
-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754
-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508
-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875
-133,696	-131,522	-129,348	-127,174	-125,000	-122,826	-120,652	-118,478
-6	-12	-17	-22	-27	-31	-36	-40
0	0	0	0	0	0	0	0
-448,065	-442,634	-437,203	-431,772	-426,341	-420,910	-415,479	-410,048
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738
-509,586	-509,586	-509,586	-509,586	-509,586	-509,586	-509,586	-509,586
-54,508	-54,414	-54,319	-54,223	-54,127	-54,030	-53,932	-53,834
0	0	0	0	0	0	0	0
-80,127	-79,988	-79,849	-79,708	-79,567	-79,424	-79,280	-79,136
-2,195,183	**-2,187,636**	**-2,180,073**	**-2,172,494**	**-2,164,899**	**-2,157,287**	**-2,484,114**	**-407,187**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-66,737	-77,713	-88,651	-100,717	-111,580	-122,404	-117,137	-138,296
-2,261,920	**-2,265,349**	**-2,268,724**	**-2,273,211**	**-2,276,478**	**-2,279,691**	**-2,601,251**	**-545,483**
-15,609,349	-17,874,698	-20,143,422	-22,416,633	-24,693,112	-26,972,803	-29,574,054	-30,119,537

Fiddlers Ferry

Detailed Cash flow Phase 1

015:Jun 2018	016:Jul 2018	017:Aug 2018	018:Sep 2018	019:Oct 2018	020:Nov 2018	021:Dec 2018	022:Jan 2019
-29,864,104	-30,659,396	-31,051,248	-31,435,407	-32,250,623	-30,880,442	-31,241,429	-32,030,818
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	1,747,646	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	0	0
-8,989	-8,989	-8,989	-8,989	-17,727	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538
-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492
-2,176	-2,349	-2,507	-2,652	-2,782	-2,898	-3,000	-3,088
0	0	0	0	0	0	0	0
-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754
-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508
-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875
-116,304	-114,130	-111,957	-109,783	-107,609	-105,435	-103,261	-101,087
-44	-47	-50	-53	-56	-58	-60	-62
0	0	0	0	0	0	0	0
-404,617	-399,186	-393,755	-388,323	-382,892	-377,461	-372,030	-366,599
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738
-509,586	-509,586	-509,586	-509,586	-509,586	-509,586	-509,586	-509,586
-53,735	-53,635	-53,534	-53,433	-53,331	-53,228	-53,124	-53,020
0	0	0	0	0	0	0	0
-78,990	-78,843	-78,695	-78,546	-78,396	-78,245	-78,093	-77,940
-399,527	**-391,852**	**-384,160**	**-376,451**	**1,370,181**	**-360,987**	**-353,231**	**-345,458**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-140,332	-144,308	-146,267	-148,188	-143,526	-145,413	-147,218	-151,165
-539,859	**-536,160**	**-530,427**	**-524,640**	**1,226,654**	**-506,400**	**-500,449**	**-496,623**
-30,659,396	-31,195,556	-31,725,983	-32,250,623	-31,023,968	-31,530,369	-32,030,818	-32,527,441

Fiddlers Ferry

Detailed Cash flow Phase 1

023:Feb 2019	024:Mar 2019	025:Apr 2019	026:May 2019	027:Jun 2019	028:Jul 2019	029:Aug 2019	030:Sep 2019
-32,376,276	-32,713,945	-33,502,449	-35,879,666	-36,468,638	-37,816,256	-38,919,481	-40,255,920
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	1,747,646	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	0	0
-8,989	-8,989	-17,727	-8,989	-8,989	-8,989	-8,989	-8,989
0	0	-3,808,191	0	0	0	0	0
0	0	0	0	0	0	0	0
-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538
-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492
-3,162	-3,222	-3,268	-3,300	-3,318	-3,322	-3,311	-3,287
0	0	-245,733	-497,811	-735,993	-960,279	-1,170,669	-1,367,162
-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754
-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508
-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875
-98,913	-96,739	-94,565	-92,391	-90,217	-88,043	-85,870	-83,696
-63	-64	-4,980	-10,022	-14,786	-19,272	-23,480	-27,409
0	0	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365
-361,168	-355,737	-350,306	-344,875	-339,444	-334,012	-328,581	-323,150
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738
-509,586	-509,586	0	0	0	0	0	0
-52,915	-52,810	-74,754	-87,503	-99,542	-110,872	-121,493	-131,404
0	0	0	0	0	0	0	-1,457,100
-77,785	-77,630	-109,888	-128,629	-146,327	-162,982	-178,595	-193,164
-337,669	**-329,865**	**-2,377,218**	**-588,972**	**-854,069**	**-1,103,224**	**-1,336,439**	**-3,010,813**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-152,893	-154,581	-149,785	-170,410	-173,354	-180,093	-185,609	-192,291
-490,562	**-484,446**	**-2,527,003**	**-759,382**	**-1,027,423**	**-1,283,317**	**-1,522,048**	**-3,203,104**
-33,018,003	-33,502,449	-36,029,452	-36,788,833	-37,816,256	-39,099,573	-40,621,621	-43,824,726

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Detailed Cash flow Phase 1 **Page A 5**

031:Oct 2019	032:Nov 2019	033:Dec 2019	034:Jan 2020	035:Feb 2020	036:Mar 2020	037:Apr 2020	038:May 2020
-43,824,726	-43,840,864	-45,781,304	-48,522,724	-50,786,126	-53,187,098	-56,445,212	-10,819,699
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
1,747,646	0	0	0	0	0	1,747,646	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	51,089,426	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	-510,894	0
-17,727	-8,989	-8,989	-8,989	-8,989	-8,989	-273,174	-8,989
0	0	0	0	0	0	-3,808,191	0
0	0	0	0	0	0	0	0
-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538
-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492	-200,492
-3,248	-3,196	-3,129	-3,049	-2,954	-2,845	-2,723	-2,586
-1,549,759	-1,718,460	-1,873,265	-2,014,173	-2,141,185	-2,254,301	-2,353,520	-2,438,843
-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754	-120,754
-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508
-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875
-81,522	-79,348	-77,174	-75,000	-72,826	-70,652	-68,478	-66,304
-31,060	-34,433	-37,528	-40,344	-42,883	-45,143	-47,125	-48,829
-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365
-317,719	-312,288	-306,857	-301,426	-295,995	-290,564	-285,133	-279,701
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738
0	0	0	0	0	0	0	0
-140,606	-149,098	-156,881	-163,955	-170,319	-175,974	-180,919	-185,155
0	0	0	0	0	0	0	0
-206,691	-219,175	-230,616	-241,014	-250,369	-258,681	-265,951	-272,177
-16,139	**-1,940,439**	**-2,109,891**	**-2,263,402**	**-2,400,972**	**-2,522,601**	**45,625,513**	**-2,718,037**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-201,397	-210,216	-219,918	-233,625	-244,942	-256,947	-9,052	-45,110
-217,536	**-2,150,655**	**-2,329,809**	**-2,497,027**	**-2,645,913**	**-2,779,547**	**45,616,461**	**-2,763,146**
-44,042,261	-46,192,916	-48,522,724	-51,019,751	-53,665,664	-56,445,212	-10,828,751	-13,591,898

Fiddlers Ferry

Detailed Cash flow Phase 1

039:Jun 2020	040:Jul 2020	041:Aug 2020	042:Sep 2020	043:Oct 2020	044:Nov 2020	045:Dec 2020	046:Jan 2021
-13,537,736	-16,442,441	-19,292,150	-22,183,784	-25,364,028	-26,293,741	-28,956,465	-31,964,717
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	1,747,646	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	0	0
-8,989	-8,989	-8,989	-8,989	-17,727	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538	-604,538
-200,492	-200,492	-200,492	-200,492	0	0	0	0
-2,435	-2,270	-2,091	-1,898	-1,691	-1,470	-1,235	-985
-2,510,270	-2,567,801	-2,611,435	-2,641,173	-2,657,015	-2,658,960	-2,647,010	-2,621,163
-120,754	-120,754	-120,754	-120,754	-90,681	-90,681	-90,681	-90,681
-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508	-13,508
-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875	-16,875
-64,130	-61,957	-59,783	-57,609	-55,435	-53,261	-51,087	-48,913
-50,254	-51,401	-52,271	-52,861	-53,174	-53,209	-52,965	-52,443
-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365
-274,270	-268,839	-263,408	-257,977	-252,546	-247,115	-241,684	-236,253
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738
0	0	0	0	0	0	0	0
-188,681	-191,498	-193,606	-195,004	-184,164	-184,143	-183,413	-181,974
0	0	0	0	0	0	0	0
-277,361	-281,502	-284,600	-286,655	-270,721	-270,691	-269,617	-267,501
-2,791,843	**-2,849,709**	**-2,891,634**	**-2,917,618**	**-929,714**	**-2,662,724**	**-2,640,886**	**-2,603,106**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-58,700	-73,223	-87,472	-101,930	-109,093	-122,480	-135,794	-150,835
-2,850,543	**-2,922,933**	**-2,979,106**	**-3,019,548**	**-1,038,807**	**-2,785,204**	**-2,776,679**	**-2,753,941**
-16,442,441	-19,365,373	-22,344,479	-25,364,028	-26,402,834	-29,188,038	-31,964,717	-34,718,659

Fiddlers Ferry

Detailed Cash flow Phase 1

047:Feb 2021	048:Mar 2021	049:Apr 2021	050:May 2021	051:Jun 2021	052:Jul 2021	053:Aug 2021	054:Sep 2021
-34,567,824	-36,160,417	-40,004,219	7,052,928	3,885,740	833,227	-2,088,686	-4,864,076
1,797,750	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
89,585	0	0	0	0	0	0	0
0	0	51,089,426	0	0	0	0	0
-53,933	0	0	0	0	0	0	0
-896	0	-510,894	0	0	0	0	0
-9,437	0	-255,447	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-2,581,419	-2,527,780	-2,460,244	-2,378,811	-2,283,483	-2,174,258	-2,051,137	-1,914,120
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-51,628	-50,556	-49,205	-47,576	-45,670	-43,485	-41,023	-38,282
-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	-190,365
-230,822	-225,391	-219,959	-214,528	-209,097	-203,666	-198,235	-192,804
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	-12,738
0	0	0	0	0	0	0	0
-141,171	-138,435	-134,991	-130,838	-125,976	-120,405	-114,126	-107,138
0	0	0	0	0	0	0	0
-207,521	-203,499	-198,436	-192,331	-185,185	-176,996	-167,766	-157,493
-1,592,593	**-3,348,763**	**47,057,147**	**-3,167,188**	**-3,052,513**	**-2,921,914**	**-2,775,390**	**-2,612,941**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-163,402	-180,802	0	0	0	0	-10,443	-24,320
-1,755,996	**-3,529,565**	**47,057,147**	**-3,167,188**	**-3,052,513**	**-2,921,914**	**-2,785,833**	**-2,637,261**
-36,474,654	-40,004,219	7,052,928	3,885,740	833,227	-2,088,686	-4,874,519	-7,511,780

Fiddlers Ferry

Detailed Cash flow Phase 1

055:Oct 2021	056:Nov 2021	057:Dec 2021	058:Jan 2022	059:Feb 2022	060:Mar 2022	061:Apr 2022
-7,511,780	-9,946,348	-12,186,616	-14,364,886	-16,168,784	-17,730,610	-19,275,760
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	51,089,426
0	0	0	0	0	0	0
0	0	0	0	0	0	-510,894
0	0	0	0	0	0	-255,447
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
-1,763,206	-1,598,396	-1,419,690	-1,227,088	-1,020,589	-800,194	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
-35,264	-31,968	-28,394	-24,542	-20,412	-16,004	0
-190,365	-190,365	-190,365	-190,365	-190,365	-190,365	0
-187,373	-181,942	-176,511	-171,080	-165,648	-160,217	0
-12,738	-12,738	-12,738	-12,738	-12,738	-12,738	0
0	0	0	0	0	0	0
-99,442	-91,036	-81,922	-72,100	-61,568	-50,328	0
0	0	0	0	0	0	0
-146,179	-133,824	-120,426	-105,987	-90,505	-73,982	0
-2,434,567	**-2,240,269**	**-2,030,046**	**-1,803,898**	**-1,561,826**	**-1,303,829**	**50,323,085**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-37,559	-49,732	-60,933	-71,824	-80,844	-88,653	0
-2,472,126	**-2,290,001**	**-2,090,979**	**-1,875,723**	**-1,642,670**	**-1,392,482**	**50,323,085**
-9,983,906	-12,273,907	-14,364,886	-16,240,609	-17,883,278	-19,275,760	31,047,325

Fiddlers Ferry

Development Appraisal
Cushman & Wakefield
11 January 2022

Fiddlers Ferry

Detailed Cash flow Phase 1

	001:Apr 2017	002:May 2017	003:Jun 2017	004:Jul 2017	005:Aug 2017	006:Sep 2017
Monthly B/F	0	-12,040,559	-13,917,985	-15,919,936	-17,786,826	-19,648,447
Revenue						
Sale - Market Housing	0	0	0	0	0	0
Sale - Aff Housing	0	0	0	0	0	0
Sale - Commercial - Retail	0	0	0	0	0	0
Sale - Commercial - Industrial	0	0	0	0	0	0
Disposal Costs						
Marketing & Sales Agent Fees (Resi)	0	0	0	0	0	0
Marketing & Sales Agent Fees (Com.)	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0
Unit Information						
Market Housing						
Aff Housing						
Commercial - Retail						
Commercial - Industrial						
Acquisition Costs						
Residualised Price	-6,296,818	0	0	0	0	0
Stamp Duty	-2,986,785	0	0	0	0	0
Construction Costs						
Con. - Market Housing	0	0	0	0	0	0
Con. - Aff Housing	0	0	0	0	0	0
Con. - Commercial - Retail	0	0	0	0	0	0
Con. - Commercial - Industrial	0	0	0	0	0	0
Resi Ext. Works	0	0	0	0	0	0
Accessibility Standards	0	0	0	0	0	0
Resi Energy Requirements	0	0	0	0	0	0
Resi Abnormal and Extra Over Costs	-174,569	-173,557	-172,545	-171,533	-170,521	-169,509
Comm Energy Requirements	0	0	0	0	0	0
Comm Ext. Works	0	0	0	0	0	0
Strategic Infra. and Abnormals	-712,691	-708,559	-704,428	-700,296	-696,165	-692,033
BNG Delivery Costs	0	0	0	0	0	0
Demolition	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876
Contingency	-8,728	-8,678	-8,627	-8,577	-8,526	-8,475
Statutory/LA	-874,260	0	0	0	0	0
Professional Fees						
Prof Fees	-12,831	-12,756	-12,682	-12,608	-12,533	-12,459
Net Cash Flow Before Finance	**-12,040,559**	**-1,877,427**	**-1,872,158**	**-1,866,890**	**-1,861,621**	**-1,856,352**
Debit Rate 6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
Credit Rate 0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Finance Costs (All Sets)	0	-60,203	-69,590	-79,600	-88,934	-98,242
Net Cash Flow After Finance	**-12,040,559**	**-1,937,629**	**-1,941,748**	**-1,946,489**	**-1,950,555**	**-1,954,595**
Cumulative Net Cash Flow Monthly	-12,040,559	-13,978,188	-15,919,936	-17,866,425	-19,816,980	-21,771,575

Fiddlers Ferry

Detailed Cash flow Phase 1

007:Oct 2017	008:Nov 2017	009:Dec 2017	010:Jan 2018	011:Feb 2018	012:Mar 2018	013:Apr 2018	014:May 2018
-21,771,575	-24,804,506	-27,832,212	-31,226,734	-34,243,988	-37,256,015	-40,776,447	-47,373,070
0	0	0	0	0	0	1,797,750	1,797,750
0	0	0	0	0	0	1,850,449	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	-53,933	-53,933
0	0	0	0	0	0	0	0
0	0	0	0	0	0	-18,241	-8,989
0	0	0	0	0	0	-6,296,818	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-72	-111	-149	-186	-223	-259	-295	-330
0	0	0	0	0	0	0	0
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-168,497	-167,485	-166,473	-165,461	-164,449	-163,437	-162,425	-161,413
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-687,902	-683,770	-679,639	-675,507	-671,376	-667,244	-663,112	-658,981
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876
-60,213	-60,164	-60,116	-60,067	-60,018	-59,969	-59,921	-59,872
0	0	0	0	0	0	-874,260	0
-88,513	-88,442	-88,370	-88,299	-88,227	-88,155	-88,083	-88,012
-3,032,931	**-3,027,706**	**-3,022,480**	**-3,017,254**	**-3,012,027**	**-3,006,799**	**-6,596,623**	**-1,261,512**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-108,858	-124,023	-139,161	-156,134	-171,220	-186,280	-185,641	-227,877
-3,141,789	**-3,151,728**	**-3,161,641**	**-3,173,388**	**-3,183,247**	**-3,193,079**	**-6,782,265**	**-1,489,389**
-24,913,364	-28,065,092	-31,226,734	-34,400,121	-37,583,368	-40,776,447	-47,558,712	-49,048,100

Fiddlers Ferry

Detailed Cash flow Phase 1

015:Jun 2018	016:Jul 2018	017:Aug 2018	018:Sep 2018	019:Oct 2018	020:Nov 2018	021:Dec 2018	022:Jan 2019
-48,634,583	-50,538,566	-51,789,617	-53,035,437	-55,025,875	-54,420,032	-55,650,152	-57,664,299
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	1,850,449	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	0	0
-8,989	-8,989	-8,989	-8,989	-18,241	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-364	-397	-430	-462	-494	-524	-554	-584
0	0	0	0	0	0	0	0
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-160,401	-159,389	-158,377	-157,365	-156,353	-155,341	-154,329	-153,317
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-654,849	-650,718	-646,586	-642,455	-638,323	-634,192	-630,060	-625,929
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876
-59,823	-59,774	-59,725	-59,676	-59,627	-59,578	-59,529	-59,480
0	0	0	0	0	0	0	0
-87,940	-87,868	-87,796	-87,724	-87,652	-87,580	-87,507	-87,435
-1,256,282	**-1,251,051**	**-1,245,819**	**-1,240,587**	**605,843**	**-1,230,120**	**-1,224,885**	**-1,219,649**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-234,184	-243,704	-249,959	-256,188	-256,888	-263,111	-269,262	-279,333
-1,490,466	**-1,494,755**	**-1,495,779**	**-1,496,775**	**348,954**	**-1,493,231**	**-1,494,147**	**-1,498,982**
-50,538,566	-52,033,321	-53,529,100	-55,025,875	-54,676,921	-56,170,152	-57,664,299	-59,163,281

Fiddlers Ferry

Detailed Cash flow Phase 1

023:Feb 2019	024:Mar 2019	025:Apr 2019	026:May 2019	027:Jun 2019	028:Jul 2019	029:Aug 2019	030:Sep 2019
-58,883,948	-60,098,361	-62,163,804	-69,158,466	-70,955,048	-73,855,674	-75,907,081	-78,081,512
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	1,850,449	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	0	0
-8,989	-8,989	-18,241	-8,989	-8,989	-8,989	-8,989	-8,989
0	0	-6,296,818	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-612	-641	-668	-695	-721	-746	-771	-795
0	0	-192,733	-312,316	-429,346	-543,825	-655,750	-765,124
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-152,305	-151,293	-150,281	-149,269	-148,257	-147,245	-146,233	-145,221
0	0	-3,857	-6,249	-8,591	-10,882	-13,121	-15,310
0	0	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-621,797	-617,665	-613,534	-609,402	-605,271	-601,139	-597,008	-592,876
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	-973,876
-59,431	-59,381	-79,841	-85,891	-91,810	-97,599	-103,258	-108,787
0	0	-874,260	0	0	0	0	0
-87,363	-87,291	-117,367	-126,260	-134,961	-143,471	-151,790	-159,917
-1,214,413	**-1,209,176**	**-6,994,662**	**-1,796,582**	**-1,925,457**	**-2,051,407**	**-2,174,431**	**-2,294,529**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-285,431	-291,503	-292,578	-336,804	-345,786	-360,290	-370,547	-381,419
-1,499,844	**-1,500,679**	**-7,287,240**	**-2,133,385**	**-2,271,244**	**-2,411,697**	**-2,544,978**	**-2,675,948**
-60,663,125	-62,163,804	-69,451,044	-71,584,430	-73,855,674	-76,267,370	-78,812,348	-81,488,296

Fiddlers Ferry

Detailed Cash flow Phase 1 **Page A 5**

031:Oct 2019	032:Nov 2019	033:Dec 2019	034:Jan 2020	035:Feb 2020	036:Mar 2020	037:Apr 2020	038:May 2020
-81,488,296	-82,058,801	-84,584,749	-88,426,458	-91,172,122	-94,023,254	-98,318,072	-74,778,673
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
1,850,449	0	0	0	0	0	1,850,449	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	31,419,997	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	0	0	-314,200	0
-18,241	-8,989	-8,989	-8,989	-8,989	-8,989	-175,341	-8,989
0	0	0	0	0	0	-6,296,818	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-818	-840	-862	-884	-904	-924	-944	-962
-871,945	-976,213	-1,077,929	-1,177,092	-1,273,703	-1,367,762	-1,459,268	-1,548,221
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-144,209	-143,197	-142,185	-141,173	-140,161	-139,149	-138,137	-137,125
-17,447	-19,534	-21,569	-23,553	-25,486	-27,368	-29,199	-30,979
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-588,745	-584,613	-580,482	-576,350	-572,219	-568,087	-563,955	-559,824
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
-973,876	-973,876	-973,876	-973,876	-973,876	-973,876	0	0
-114,185	-119,454	-124,592	-129,600	-134,477	-139,225	-143,842	-148,329
0	0	0	0	0	0	-874,260	0
-167,852	-175,597	-183,150	-190,511	-197,681	-204,660	-211,447	-218,043
-570,505	**-2,525,948**	**-2,637,269**	**-2,745,663**	**-2,851,132**	**-2,953,675**	**23,539,399**	**-2,176,108**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-389,200	-401,305	-413,935	-433,144	-446,872	-461,128	-316,249	-364,905
-959,706	**-2,927,253**	**-3,051,204**	**-3,178,807**	**-3,298,004**	**-3,414,803**	**23,223,150**	**-2,541,013**
-82,448,002	-85,375,255	-88,426,458	-91,605,265	-94,903,269	-98,318,072	-75,094,923	-77,635,935

Fiddlers Ferry

Detailed Cash flow Phase 1

039:Jun 2020	040:Jul 2020	041:Aug 2020	042:Sep 2020	043:Oct 2020	044:Nov 2020	045:Dec 2020	046:Jan 2021
-76,954,781	-80,281,594	-82,642,307	-85,090,934	-88,837,658	-58,663,441	-61,358,255	-64,980,258
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	1,850,449	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	31,419,997	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	-314,200	0	0	0
-8,989	-8,989	-8,989	-8,989	-175,341	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-980	-997	-1,014	-1,030	-1,045	-1,059	-1,073	-1,086
-1,634,622	-1,718,471	-1,799,767	-1,878,511	-1,954,702	-2,028,340	-2,099,427	-2,167,960
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-136,113	-135,101	-134,089	-133,077	-132,065	-131,053	-130,041	-129,029
-32,708	-34,386	-36,013	-37,588	-39,113	-40,586	-42,009	-43,380
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-555,692	-551,561	-547,429	-543,298	-539,166	-535,035	-530,903	-526,772
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-152,686	-156,912	-161,009	-164,975	-168,811	-172,516	-176,092	-179,537
0	0	0	0	0	0	0	0
-224,448	-230,661	-236,683	-242,513	-248,152	-253,599	-258,855	-263,920
-2,269,874	**-2,360,713**	**-2,448,627**	**-2,533,615**	**30,174,216**	**-2,694,814**	**-2,771,024**	**-2,844,309**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-375,785	-392,419	-404,223	-416,466	-268,847	-284,328	-297,803	-315,913
-2,645,659	**-2,753,133**	**-2,852,850**	**-2,950,081**	**29,905,369**	**-2,979,142**	**-3,068,827**	**-3,160,222**
-80,281,594	-83,034,727	-85,887,577	-88,837,658	-58,932,288	-61,911,431	-64,980,258	-68,140,479

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Detailed Cash flow Phase 1 **Page A 7**

047:Feb 2021	048:Mar 2021	049:Apr 2021	050:May 2021	051:Jun 2021	052:Jul 2021	053:Aug 2021	054:Sep 2021
-67,824,567	-70,739,234	-74,712,089	-52,139,882	-55,248,071	-59,132,097	-62,354,672	-65,630,050
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	1,850,449	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	31,419,997	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	-314,200	0	0	0	0	0
-8,989	-8,989	-175,341	-8,989	-8,989	-8,989	-8,989	-8,989
0	0	-6,296,818	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-1,099	-1,111	-1,122	-1,132	-1,142	-1,151	-1,160	-1,167
-2,233,942	-2,297,371	-2,358,247	-2,416,571	-2,472,342	-2,525,561	-2,576,228	-2,624,342
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-128,017	-127,005	-125,993	-124,981	-123,969	-122,957	-121,945	-120,933
-44,700	-45,970	-47,188	-48,355	-49,471	-50,536	-51,549	-52,512
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-522,640	-518,508	-514,377	-510,245	-506,114	-501,982	-497,851	-493,719
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-182,852	-186,037	-189,092	-192,016	-194,811	-197,475	-200,009	-202,412
0	0	-874,260	0	0	0	0	0
-268,793	-273,475	-277,965	-282,264	-286,372	-290,288	-294,013	-297,546
-2,914,668	**-2,982,101**	**22,572,208**	**-3,108,189**	**-3,166,845**	**-3,222,574**	**-3,275,378**	**-3,325,256**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-330,134	-344,707	-198,219	-251,711	-267,252	-286,672	-302,785	-319,162
-3,244,802	**-3,326,808**	**22,373,988**	**-3,359,900**	**-3,434,096**	**-3,509,246**	**-3,578,163**	**-3,644,418**
-71,385,281	-74,712,089	-52,338,101	-55,698,001	-59,132,097	-62,641,344	-66,219,507	-69,863,924

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Detailed Cash flow Phase 1 **Page A 8**

055:Oct 2021	056:Nov 2021	057:Dec 2021	058:Jan 2022	059:Feb 2022	060:Mar 2022	061:Apr 2022	062:May 2022
-69,863,924	-40,446,239	-43,862,473	-47,897,353	-51,392,863	-54,923,621	-59,230,806	-37,204,468
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
1,850,449	0	0	0	0	0	1,850,449	0
0	0	0	0	0	0	0	0
31,419,997	0	0	0	0	0	31,419,997	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
-314,200	0	0	0	0	0	-314,200	0
-175,341	-8,989	-8,989	-8,989	-8,989	-8,989	-175,341	-8,989
0	0	0	0	0	0	-6,296,818	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-1,174	-1,181	-1,187	-1,192	-1,196	-1,200	-1,203	-1,205
-2,669,903	-2,712,913	-2,753,369	-2,791,273	-2,826,625	-2,859,424	-2,889,671	-2,917,365
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-119,921	-118,909	-117,897	-116,885	-115,873	-114,861	-113,849	-112,837
-53,424	-54,284	-55,094	-55,852	-56,560	-57,216	-57,821	-58,376
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-489,588	-485,456	-481,325	-477,193	-473,062	-468,930	-464,798	-460,667
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-204,686	-206,829	-208,842	-210,725	-212,477	-214,099	-215,592	-216,954
0	0	0	0	0	0	-874,260	0
-300,888	-304,038	-306,997	-309,765	-312,341	-314,726	-316,920	-318,922
29,417,686	**-3,416,235**	**-3,457,335**	**-3,495,510**	**-3,530,758**	**-3,563,081**	**22,026,337**	**-3,618,950**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-173,979	-193,242	-210,324	-230,498	-247,976	-265,629	-120,813	-177,034
29,243,707	**-3,609,477**	**-3,667,659**	**-3,726,008**	**-3,778,734**	**-3,828,711**	**21,905,524**	**-3,795,983**
-40,620,217	-44,229,694	-47,897,353	-51,623,361	-55,402,095	-59,230,806	-37,325,281	-41,121,265

Fiddlers Ferry

Detailed Cash flow Phase 1

063:Jun 2022	064:Jul 2022	065:Aug 2022	066:Sep 2022	067:Oct 2022	068:Nov 2022	069:Dec 2022	070:Jan 2023
-40,823,418	-44,958,888	-48,622,003	-52,302,811	-56,700,840	-27,618,364	-31,334,699	-35,441,975
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	1,850,449	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	31,419,997	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	-314,200	0	0	0
-8,989	-8,989	-8,989	-8,989	-175,341	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-1,207	-1,208	-1,208	-1,208	-1,207	-1,205	-1,203	-1,200
-2,942,507	-2,965,096	-2,985,133	-3,002,618	-3,017,550	-3,029,929	-3,039,756	-3,047,031
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-111,825	-110,813	-109,801	-108,789	-107,777	-106,765	-105,753	-104,741
-58,879	-59,331	-59,732	-60,081	-60,380	-60,628	-60,825	-60,970
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-456,535	-452,404	-448,272	-444,141	-440,009	-435,878	-431,746	-427,615
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-218,185	-219,287	-220,258	-221,099	-221,810	-222,391	-222,841	-223,162
0	0	0	0	0	0	0	0
-320,732	-322,352	-323,779	-325,016	-326,061	-326,914	-327,577	-328,047
-3,642,495	**-3,663,115**	**-3,680,808**	**-3,695,576**	**29,082,476**	**-3,716,335**	**-3,722,325**	**-3,725,389**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-195,128	-215,806	-234,121	-252,525	-108,163	-129,103	-147,685	-168,221
-3,837,623	**-3,878,920**	**-3,914,930**	**-3,948,102**	**28,974,312**	**-3,845,438**	**-3,870,010**	**-3,893,611**
-44,958,888	-48,837,808	-52,752,738	-56,700,840	-27,726,527	-31,571,965	-35,441,975	-39,335,585

Fiddlers Ferry

Detailed Cash flow Phase 1

071:Feb 2023	072:Mar 2023	073:Apr 2023	074:May 2023	075:Jun 2023	076:Jul 2023	077:Aug 2023	078:Sep 2023
-39,167,364	-42,892,892	-47,176,178	-25,274,391	-28,982,780	-32,993,453	-36,675,787	-40,340,704
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	1,850,449	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	31,419,997	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	-314,200	0	0	0	0	0
-8,989	-8,989	-175,341	-8,989	-8,989	-8,989	-8,989	-8,989
0	0	-6,296,818	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-1,196	-1,192	-1,186	-1,181	-1,174	-1,167	-1,159	-1,151
-3,051,753	-3,053,922	-3,053,539	-3,050,604	-3,045,116	-3,037,076	-3,026,483	-3,013,338
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-103,729	-102,717	-101,705	-100,693	-99,681	-98,669	-97,657	-96,645
-61,065	-61,108	-61,100	-61,042	-60,932	-60,771	-60,559	-60,296
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-423,483	-419,351	-415,220	-411,088	-406,957	-402,825	-398,694	-394,562
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-223,352	-223,411	-223,341	-223,140	-222,810	-222,349	-221,757	-221,036
0	0	-874,260	0	0	0	0	0
-328,327	-328,415	-328,311	-328,016	-327,530	-326,852	-325,983	-324,923
-3,725,528	**-3,722,741**	**21,901,788**	**-3,708,389**	**-3,696,825**	**-3,682,334**	**-3,664,918**	**-3,644,575**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-186,848	-205,476	-60,540	-117,383	-135,925	-155,979	-174,390	-192,715
-3,912,376	**-3,928,217**	**21,841,248**	**-3,825,772**	**-3,832,750**	**-3,838,313**	**-3,839,308**	**-3,837,290**
-43,247,962	-47,176,178	-25,334,931	-29,160,703	-32,993,453	-36,831,765	-40,671,073	-44,508,363

Fiddlers Ferry

Detailed Cash flow Phase 1

079:Oct 2023	080:Nov 2023	081:Dec 2023	082:Jan 2024	083:Feb 2024	084:Mar 2024	085:Apr 2024	086:May 2024
-44,508,363	-15,339,777	-18,934,890	-22,701,481	-26,235,429	-29,734,406	-33,561,876	-5,066,499
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
1,850,449	0	0	0	0	0	1,850,449	0
0	0	0	0	0	0	0	0
31,419,997	0	0	0	0	0	31,419,997	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
-314,200	0	0	0	0	0	-314,200	0
-175,341	-8,989	-8,989	-8,989	-8,989	-8,989	-175,341	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-1,142	-1,132	-1,121	-1,110	-1,098	-1,086	-1,073	-1,059
-2,997,640	-2,979,390	-2,958,588	-2,935,233	-2,909,325	-2,880,865	-2,849,852	-2,816,287
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-95,633	-94,621	-93,609	-92,597	-91,585	-90,573	-89,561	-88,549
-59,982	-59,617	-59,200	-58,733	-58,215	-57,645	-57,025	-56,353
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-390,431	-386,299	-382,168	-378,036	-373,905	-369,773	-365,641	-361,510
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-220,184	-219,202	-218,090	-216,848	-215,476	-213,973	-212,340	-210,577
0	0	0	0	0	0	-874,260	0
-323,671	-322,228	-320,593	-318,767	-316,749	-314,540	-312,140	-309,548
29,168,586	**-3,595,114**	**-3,565,994**	**-3,533,948**	**-3,498,977**	**-3,461,080**	**28,495,377**	**-3,376,508**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-47,201	-67,710	-85,686	-104,519	-122,188	-139,683	0	-16,344
29,121,386	**-3,662,824**	**-3,651,680**	**-3,638,467**	**-3,621,165**	**-3,600,763**	**28,495,377**	**-3,392,852**
-15,386,978	-19,049,801	-22,701,481	-26,339,948	-29,961,113	-33,561,876	-5,066,499	-8,459,351

Fiddlers Ferry

Detailed Cash flow Phase 1

087:Jun 2024	088:Jul 2024	089:Aug 2024	090:Sep 2024	091:Oct 2024	092:Nov 2024	093:Dec 2024	094:Jan 2025
-8,443,007	-11,822,410	-15,102,643	-18,330,349	-21,701,913	7,974,105	4,921,533	1,933,191
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	1,850,449	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	31,419,997	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	-314,200	0	0	0
-8,989	-8,989	-8,989	-8,989	-175,341	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-1,044	-1,029	-1,013	-997	-979	-961	-943	-924
-2,780,170	-2,741,500	-2,700,278	-2,656,503	-2,610,176	-2,561,296	-2,509,864	-2,455,879
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-87,537	-86,525	-85,513	-84,501	-83,490	-82,478	-81,466	-80,454
-55,630	-54,857	-54,032	-53,156	-52,229	-51,251	-50,222	-49,141
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-357,378	-353,247	-349,115	-344,984	-340,852	-336,721	-332,589	-328,458
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-208,684	-206,660	-204,506	-202,222	-199,808	-197,264	-194,589	-191,784
0	0	0	0	0	0	0	0
-306,765	-303,790	-300,624	-297,267	-293,718	-289,978	-286,046	-281,923
-3,329,833	**-3,280,232**	**-3,227,706**	**-3,172,254**	**29,676,018**	**-3,052,572**	**-2,988,342**	**-2,921,186**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
-33,226	-50,123	-66,524	-82,663	0	0	0	0
-3,363,059	**-3,330,356**	**-3,294,231**	**-3,254,917**	**29,676,018**	**-3,052,572**	**-2,988,342**	**-2,921,186**
-11,822,410	-15,152,766	-18,446,996	-21,701,913	7,974,105	4,921,533	1,933,191	-987,995

Fiddlers Ferry

Detailed Cash flow Phase 1 **Page A 13**

095:Feb 2025	096:Mar 2025	097:Apr 2025	098:May 2025	099:Jun 2025	100:Jul 2025	101:Aug 2025	102:Sep 2025
-987,995	-3,839,100	-6,627,404	22,586,065	19,962,760	17,421,239	14,964,429	12,595,255
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	1,850,449	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	31,419,997	0	0	0	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	-314,200	0	0	0	0	0
-8,989	-8,989	-175,341	-8,989	-8,989	-8,989	-8,989	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	-212,285
-904	-883	-862	-840	-817	-794	-770	-745
-2,399,342	-2,340,252	-2,278,610	-2,214,415	-2,147,668	-2,078,369	-2,006,517	-1,932,112
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-130,767
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-79,442	-78,430	-77,418	-76,406	-75,394	-74,382	-73,370	-72,358
-48,010	-46,828	-45,594	-44,310	-42,974	-41,587	-40,150	-38,661
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-324,326	-320,194	-316,063	-311,931	-307,800	-303,668	-299,537	-295,405
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-188,849	-185,784	-182,589	-179,263	-175,807	-172,221	-168,505	-164,658
0	0	-874,260	0	0	0	0	0
-277,608	-273,103	-268,405	-263,517	-258,436	-253,165	-247,702	-242,048
-2,851,105	**-2,778,098**	**29,213,469**	**-2,623,305**	**-2,541,521**	**-2,456,810**	**-2,369,174**	**-2,278,611**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
0	-10,207	0	0	0	0	0	0
-2,851,105	**-2,788,304**	**29,213,469**	**-2,623,305**	**-2,541,521**	**-2,456,810**	**-2,369,174**	**-2,278,611**
-3,839,100	-6,627,404	22,586,065	19,962,760	17,421,239	14,964,429	12,595,255	10,316,644

Fiddlers Ferry

Detailed Cash flow Phase 1

103:Oct 2025	104:Nov 2025	105:Dec 2025	106:Jan 2026	107:Feb 2026	108:Mar 2026	109:Apr 2026	110:May 2026
10,316,644	40,921,415	38,832,706	36,843,337	34,956,234	33,174,322	31,500,527	62,127,688
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
1,850,449	0	0	0	0	0	1,850,449	0
0	0	0	0	0	0	0	0
31,419,997	0	0	0	0	0	31,419,997	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
-314,200	0	0	0	0	0	-314,200	0
-175,341	-8,989	-8,989	-8,989	-8,989	-8,989	-175,341	-8,989
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	-659,495
-212,285	-212,285	-212,285	-212,285	-212,285	-212,285	0	0
-720	-694	-667	-640	-612	-583	-553	-523
-1,855,155	-1,775,646	-1,693,584	-1,608,970	-1,521,803	-1,432,084	-1,339,812	-1,244,988
-130,767	-130,767	-130,767	-130,767	-130,767	-130,767	-98,924	-98,924
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	-14,736
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	-18,409
-71,346	-70,334	-69,322	-68,310	-67,298	-66,286	-65,274	-64,262
-37,121	-35,530	-33,888	-32,195	-30,451	-28,656	-26,809	-24,912
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	-213,595
-291,274	-287,142	-283,011	-278,879	-274,748	-270,616	-266,484	-262,353
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	-18,165
0	0	0	0	0	0	0	0
-160,682	-156,575	-152,337	-147,970	-143,473	-138,845	-121,880	-116,992
0	0	0	0	0	0	-874,260	0
-236,202	-230,165	-223,936	-217,516	-210,905	-204,102	-179,164	-171,979
30,604,771	**-2,088,709**	**-1,989,369**	**-1,887,103**	**-1,781,912**	**-1,673,795**	**30,627,160**	**-1,174,504**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
0	0	0	0	0	0	0	0
30,604,771	**-2,088,709**	**-1,989,369**	**-1,887,103**	**-1,781,912**	**-1,673,795**	**30,627,160**	**-1,174,504**
40,921,415	38,832,706	36,843,337	34,956,234	33,174,322	31,500,527	62,127,688	60,953,183

Fiddlers Ferry

Detailed Cash flow Phase 1 **Page A 15**

111:Jun 2026	112:Jul 2026	113:Aug 2026	114:Sep 2026	115:Oct 2026	116:Nov 2026	117:Dec 2026
60,953,183	59,895,574	58,957,785	58,142,743	57,453,373	88,680,821	88,964,879
1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750	1,797,750
0	0	0	0	0	0	0
0	0	0	0	0	0	89,585
0	0	0	0	31,419,997	0	0
-53,933	-53,933	-53,933	-53,933	-53,933	-53,933	-53,933
0	0	0	0	-314,200	0	-896
-8,989	-8,989	-8,989	-8,989	-166,089	-8,989	-9,437
0	0	0	0	0	0	0
0	0	0	0	0	0	0
-659,495	-659,495	-659,495	-659,495	-659,495	-659,495	0
0	0	0	0	0	0	0
-493	-461	-429	-396	-363	-329	0
-1,147,611	-1,047,682	-945,200	-840,166	0	0	0
-98,924	-98,924	-98,924	-98,924	-98,924	-98,924	0
-14,736	-14,736	-14,736	-14,736	-14,736	-14,736	0
-18,409	-18,409	-18,409	-18,409	-18,409	-18,409	0
-63,250	-62,238	-61,226	-60,214	-59,202	-58,190	0
-22,963	-20,964	-18,913	-16,811	0	0	0
-213,595	-213,595	-213,595	-213,595	-213,595	-213,595	0
-258,221	-254,090	-249,958	-245,827	-241,695	-237,564	0
-18,165	-18,165	-18,165	-18,165	-18,165	-18,165	0
0	0	0	0	0	0	0
-111,974	-106,825	-101,546	-96,137	-53,236	-53,184	0
0	0	0	0	0	0	0
-164,602	-157,033	-149,273	-141,322	-78,257	-78,180	0
-1,057,609	**-937,789**	**-815,042**	**-689,370**	**31,227,448**	**284,058**	**1,823,070**
6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%	6.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
0	0	0	0	0	0	0
-1,057,609	**-937,789**	**-815,042**	**-689,370**	**31,227,448**	**284,058**	**1,823,070**
59,895,574	58,957,785	58,142,743	57,453,373	88,680,821	88,964,879	90,787,949

APPENDIX 12: RETIREMENT LIVING CHECK APPRAISAL

Warrington Model Sheltered as Submission Mc&S Assuming No Ground Rental

Development Appraisal
Cushman & Wakefield
10 January 2022

APPRAISAL SUMMARY — CUSHMAN & WAKEFIELD

Warrington Model Sheltered as Submission Mc&S
Assuming No Ground Rental

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
1 Bedroom Apartments	36	19,368	492.57	265,000	9,540,000
2 Bedroom Apartment	24	19,223	412.01	330,000	7,920,000
Totals	**60**	**38,591**			**17,460,000**

NET REALISATION	**17,460,000**

OUTLAY

ACQUISITION COSTS				
Residualised Price			1,048,035	
				1,048,035
Stamp Duty			60,766	
				60,766
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
1 Bedroom Apartments	27,648	160.00	4,423,680	
2 Bedroom Apartment	27,456	160.00	4,392,960	
Totals	**55,104**		**8,816,640**	**8,816,640**
Contingency		5.00%	448,326	
				448,326
Other Construction				
Energy Requirement		1.70%	149,883	
				149,883
Section 106 Costs				
Section 106			300,000	
				300,000
PROFESSIONAL FEES				
Proessional Fees		10.00%	896,652	
				896,652
DISPOSAL FEES				
Marketing & Disposal		3.00%	523,800	
Sales Agent Fee		2.00%	349,200	
Sales Legal Fee	60 un	600.00 /un	36,000	
				909,000
Additional Costs				
Additional Costs			180,000	
				180,000
FINANCE				
Debit Rate 6.0000%, Credit Rate 1.0000% (Nominal)				
Land			79,808	
Construction			290,152	
Other			788,737	
Total Finance Cost				1,158,698
TOTAL COSTS				**13,968,000**
PROFIT				
				3,492,000

Performance Measures	
Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
IRR	18.53%
Profit Erosion (finance rate 6.000)	3 yrs 9 mths

APPENDIX 13: TERMS OF ENGAGEMENT

[redacted]
[redacted]
Tel [redacted]
Fax [redacted]
cushwake.com

5 January 2022

Our Ref: DRN/HG/kja211AMC00

Michael Bell
Warrington Borough Council
[redacted]

Dear Michael,

Warrington Local Plan – Further Work

We are delighted that you have asked Cushman & Wakefield to continue to work with you in relation to the above matter and would refer you back to our original signed engagement letter dated 6 July 2021 (a copy of which is attached to this letter for your ease) and which details the continued basis of our appointment with you.

Clients Instructions:

You have advised that you wish us to:

(a) Review the representations submitted in respect of the LPVA during the 2021 Local Plan consultation period;

(b) Provide comprehensive responses to all pertinent points including new/additional market research on sales values, build costs etc. where necessary;

(c) Undertake additional Town Centre sensitivity testing; and

(d) Prepare an Addendum to LPVA.

I will have overall responsibility for the provision of our services to you, assisted by Hannah Gradwell, MRICS. Hannah will be your first point of contact on this matter.

Scope of Services:

Included in the Services are:

(a) Review of stakeholder representations including the bespoke appraisals for the SWUE, Fiddlers Ferry and extra care/sheltered housing;

(a) Liaison with WBC including 4 x pre-Christmas meetings regarding strategy as well as additional meetings in the New Year as necessary;

(b) Provision of comprehensive responses to all pertinent points including new/additional market research on sales values, build costs etc. where necessary;

(c) Additional Town Centre sensitivity testing;

(d) Addendum to LPVA to:

- Write up the findings of the Town Centre modelling and any revisions to our conclusions and recommendations to WBC;
- Provide qualitative commentary on the Part L / garage cost increase which would be offset by the increase in sales values which we would have proposed at April 2021 based on new market research. This commentary will include the new market evidence and analysis and the revised sales value assumptions for all typologies/allocations;
- Provide commentary on the geography of the anticipated supply and its deliverability; and
- Provide commentary on the future sensitivity testing which will need to be undertaken.

Fees:

We confirm that our fees in providing the services (a) and (b) above will we in the order of **£4,000** and our fees for services (c) and (d) will be in the order of **£6,450**. Should further works be required we would agree any additional fees with you prior to undertaking any work.

The above fees do not include VAT and incidental expenses which shall also be payable in accordance with the Terms of Business.

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries.

We continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our advice is provided subject to this material uncertainty and a higher degree of caution should be attached to our advice than would normally be the case.

This explanatory note is included to ensure transparency and to provide further insight as to the market context under which our advice has been prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the date on which the advice is provided.

I should be grateful if you would return a signed and dated a copy of the this further Engagement Letter as soon as possible to confirm that you accept the basis of the Engagement.

Please be aware that your continuing instructions in relation to this matter will amount to your acceptance of the terms of the Engagement. If there is any matter that requires clarification please do not hesitate to contact me.

Yours faithfully,

[redacted]

Derek Nesbitt, MRICS APAEWE
Partner
RICS Registered Valuer
For and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

Direct: [redacted]
Mobile: [redacted]
[redacted]

Acceptance of Cushman & Wakefield Engagement Letter and Terms of Business

I have read the Engagement Letter (including the Services Schedule and incorporating the Cushman & Wakefield Terms of Business (Version 3.2 – April 2021) and hereby accept the terms and confirm this Engagement.

_____ [redacted] _____ **Date:** 21st January 2022

Michael Bell
Planning Policy and Programmes Manager
For and on behalf of Warrington Borough Council

Purchase Order No: 3500176867

Encl. Signed Engagement Letter dated 6 July 2021

[redacted]
Tel +[redacted]
Fax [redacted]
cushwake.com

6 July 2021

Our Ref: DRN/HG/kja211AMC00

Michael Bell
Warrington Borough Council
[redacted]

Dear Michael,

Warrington Local Plan Viability Update

We are delighted that you have chosen Cushman & Wakefield to work with you in relation to the above matter. The schedule to this letter details the services we will provide, the basis of our appointment, our fees and anticipated expenses, together with other information relevant to our services (the "**Services Schedule**" and together with this letter, the "**Engagement Letter**").

Enclosed are our standard terms of business containing exclusions and limitations on our liability and detailing our respective obligations (the "**Terms of Business**") which, together with the Engagement Letter, comprise the terms of our engagement (the "**Engagement**"). Please take a moment to check that you are happy with the contents of the Engagement Letter, the Services Schedule and the Terms of Business and understand the basis of the Engagement.

I will have overall responsibility for the provision of our services to you, assisted by Hannah Gradwell, MRICS. Hannah will be your first point of contact on this matter.

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries.

We continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our advice is provided subject to this material uncertainty and a higher degree of caution should be attached to our advice than would normally be the case.

This explanatory note is included to ensure transparency and to provide further insight as to the market context under which our advice has been prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the date on which the advice is provided.

I should be grateful if you would return a signed and dated a copy of the Engagement Letter as soon as possible to confirm that you accept the basis of the Engagement. Please be aware that your continuing instructions in relation to this matter will amount to your acceptance of the terms of the Engagement. If there is any matter that requires clarification please do not hesitate to contact me.

Yours faithfully,

[redacted]

Derek Nesbitt, MRICS APAEWE
Partner
RICS Registered Valuer
For and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

Direct: [redacted]
Mobile: [redacted]
[redacted]

Acceptance of Cushman & Wakefield Engagement Letter and Terms of Business

I have read the Engagement Letter (including the Services Schedule and incorporating the Cushman & Wakefield Terms of Business (Version 3.02 – April 2021) and hereby accept the terms and confirm this Engagement.

[redacted] _____ **Date:** 26th July 2021

Michael Bell
Planning Policy and Programmes Manager
For and on behalf of Warrington Borough Council

Purchase Order No: _____

CUSHMAN &
WAKEFIELD