Trafford Community Infrastructure Levy

Economic Viability Study – Addendum Report

On behalf of **Trafford Council**

Project Ref: 26828/005 | Rev: -- | Date: September 2013

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1 Introduction

1.1.1 The consultation on Trafford Council's Draft Charging Schedule (DCS) took place during May and June 2013. Peter Brett Associates (formerly Roger Tym & Partners) have been retained by Trafford Council to support them in refining the viability evidence as a result of consultation comments received (see Appendix A for a summary of the comments).

1.1.2 This Addendum Report does not seek to repeat everything that has been included in the previous reports, but instead focuses on the key changes proposed to the approach to CIL in Trafford, the structure of the proposed Charging Schedule and the viability assessments that underpin it.

1.1.3 The changes set out in this report seek to reflect:

- Emerging best practice and the conclusions of recent Examiner's Reports on CIL charging schedules;
- The most recent update for the Government's guidance on CIL (April 2013) and CIL (Amendment) Regulations 2012; and
- Comments received on the DCS.

1.1.4 The key changes in approach and areas of additional evidence and/or clarification of approach that are set out in this report include:

- Review the proposed definitions of retail uses in the context of recent examiners reports and revised guidance and comments received on the DCS relating to supermarkets in town centre locations;
- Provide additional evidence in respect of the potential impact of the proposed charges on retail uses;
- Provide additional evidence to support the proposed 'base charge' for non-residential developments (building on the sensitivity analyses already undertaken), through additional appraisals reflecting the likely changes to assumptions that would result from 'pre-lets' being in place;
- Sensitivity testing of the viability of apartments in moderate and cold market areas;
- Undertake new viability assessments of sheltered/retirement housing, big box leisure, hotels and food & drink uses to determine appropriate charging levels; and
- Site specific viability assessments for the Strategic Locations, taking account of the proposed scale and nature of development as well as site specific characteristics, to determine whether they would remain viable in the context of the charges proposed.

2 Retail

2.1 Introduction

2.1.1 This section of the report provides a review of the proposed definitions of different retail uses adopted for the purposes of CIL in Trafford. Our aim is to ensure conformity with the CIL regulations and guidance and to ensure clarity and certainty for developers.

2.1.2 This section of the report also seeks to address issues raised through consultation and provide additional evidence in respect of the potential impact of the proposed charges on various retail uses.

2.2 Existing Definitions & Issues

2.2.1 Differential charging for differed retail uses has been discussed at the majority of CIL examinations to date, with different approaches having been taken. Some of these approaches have been found sound, others not. CIL charges may vary where viability is different by value zone(s) or by the use of buildings. In this context, the word 'use' does not relate to the Use Classes Order. Rather, it takes its normal definition. Therefore, in order to justify charge differentiation by use, it must be demonstrable that buildings will be used differently.

2.2.2 Recent examinations have found that the use of floorspace thresholds alone to differentiate uses does not meet this requirement, unless it can be demonstrated that size is a proxy for different uses and that viability is materially different at floorspaces immediately either side of the threshold identified. Generally, this is not feasible.

2.2.3 In response to this, we sought to define how different types of retail development are used differently as part of the rationale for setting different rates for different types of retail development, for which the evidence shows that viability is materially different. In order to meet the requirements of the regulations and taking account of the issues identified above, our previous Addendum Report set out the following definitions of different retail uses:

- Supermarkets provide a very wide range of convenience goods, often along with some element of comparison goods also. Most customers use supermarkets for their main weekly shop, using a trolley to buy a large number of different products. The vast majority of custom at supermarkets arrives by car, using the large adjacent car parks provided.
- Neighbourhood convenience stores – Neighbourhood convenience stores tend only to provide a limited range of convenience goods. They largely cater for 'top-up shopping' for a small number of items that can be carried by hand or in a small basket. The vast majority of custom will access the store on foot and as such there are no large adjacent car parks.
- Retail warehouses are usually large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods. They can be standalone units, but are also often developed as part of retail parks. In either case, they are usually located outside of existing town centres and cater mainly for car-borne customers. As such, they usually have large adjacent, dedicated surface parking.

- 'Town Centre comparison retail will usually involve redevelopment of existing buildings to provide new retail accommodation that better meets the demands of modern retail businesses. Typically, such development will provide a wide range of unit sizes, including one or two large spaces for 'anchor tenants' and a much larger number of small spaces. They will typically have frontage on to areas of high footfall, aiming to capture the passing trade of shoppers on foot, who are also likely to visit other stores and other parts of the centre, many of whom will arrive in the centre by non-car modes.

2.2.4 Of these four uses, use-specific charge rates are only proposed for 'Supermarkets' and 'Retail Warehouses' and as such it is only these two definitions that were included in the Draft Charging Schedule (DCS).

2.2.5 Several representations have suggested that the definitions proposed are not adequately clear, so the developers are certain as to the rate they will pay. The review below seeks to address these concerns. It appears from these representations that the greatest need for additional clarity is around the differentiation between 'supermarkets' and 'neighbourhood convenience stores'.

2.2.6 In order to achieve this clarity, we propose to refine the definitions slightly, to introduce a main test of whether any particular development proposal should be considered a supermarket or a neighbourhood convenience store, and a number of indicators that will assist both developers/land-owners and development management officers in interpreting the main test.

2.2.7 This main test is whether the majority of customers will use the development for their main weekly food shop. Supermarkets clearly meet this test, whereas smaller format convenience store, forecourt retailing, corner shops and the like clearly do not. Our proposed revised definitions for supermarkets and neighbourhood convenience stores are set out below.

2.3 Revised definitions

2.3.1 The revised definitions are as follows:

2.3.2 Supermarkets are large convenience-led stores where the majority of custom is from people doing their main weekly food shop. As such, they provide a very wide range of convenience goods, often along with some element of comparison goods. In addition to this, the key characteristics of the way a supermarket is used include:

- The area used for the sale of goods will generally be above that applied for the purposes of the Sunday Trading Act of 280sq. m.
- The majority of customers will use a trolley to gather a large number of products;
- The majority of customers will access the store by car, using the large adjacent car parks provided; and
- Servicing is undertaken via a dedicated service area, rather than from the street.

2.3.3 Neighbourhood convenience stores are used primarily by customers undertaking 'top-up' shopping. They sell a limited range of convenience goods and usually do not sell comparison goods. The key characteristics of their use include:

- Trading areas of less than the Sunday Trading Act threshold of 280 sq. m;
- The majority of customers will buy only a small number of items that can be carried around the store by hand or in a small basket;

- The majority of customers will access the store on food and as such there is usually little or no dedicated parking; and
- Servicing is often undertaken from the street, rather than dedicated service areas.

2.3.4 These revised definitions provide an easy to understand approach for differentiating between supermarkets and neighbourhood convenience stores. The number of development proposals where the outcome of the main test – whether the proposed store is principally used for main weekly food shopping - is not clear will be minimal. In such cases, the revised definitions provide additional indicators that will aid the determination of the main test.

2.3.5 The definitions of retail warehousing and 'town centre' comparison retail are considered to be adequately clear and unambiguous such that further refinement and detail to the previously proposed definitions is not required.

2.4 Supermarkets in Town Centres

2.4.1 In response to the consultation on the DCS, comments were received suggesting that a different rate should be applied to supermarkets in town centre locations, as oppose to those in edge or out of centre locations. In particular, the comments note that, build costs, external works, S106/278 and land acquisition cost assumptions may be higher than assumed.

2.4.2 In respect of build costs, the BCIS index takes account of the whole range of formats and locations of development and as such will reflect the higher costs of more challenging and costly to develop schemes as well as more straight forward ones. The purpose of drawing down from the theoretical 'ceiling' of viability as we have done in setting the proposed charge is precisely to take account of such differences between schemes.

2.4.3 Our assumption in respect of 'external works' for supermarkets is already rather conservative at 12% of build costs. More typically, this figure is c10% of build costs. This additional leeway is again aimed at ensuring that any additional costs of more challenging schemes are adequately reflected in our assessments.

2.4.4 In respect of S106/278 costs, it is our experience that these tend to be higher in out of centre locations, given the likely greater impact on nearby roads and proportionately greater impact on smaller centres that is to be ameliorated. Conversely, town centre schemes often have significantly smaller or nil S106 costs. We have analysed a number of recent supermarket S106 agreements that support this assertion. This research suggests that the assumption previously applied in this respect may well be a significant over-estimation for the purposes of a town centre supermarket scheme.

2.4.5 It is likely that land costs within town centres will be somewhat higher than elsewhere, particularly if it is necessary to acquire a number of interests in order to enable a scheme to proceed. However, in smaller centres, this differential will be significantly more limited than is likely to be the case in larger centres. Furthermore, sites proposed for supermarket development are likely to be on the periphery of the core shopping area rather than at the 'heart' of the high street where values will be greatest. Land values will fall away significantly over short distances, especially in smaller centres, given the value that retailers place on footfall. The assumption made in respect of land value reflects those of supermarket development sites which, in turn, reflect the high value nature of such development and are often of a similar order to those in smaller centres and on the periphery of larger ones.

2.4.6 Notwithstanding the above, we set out below what we believe to be a 'worst case' scenario in respect of a supermarket development within one of Trafford's smaller town centres. This assessment assumes land acquisition costs are 10% above the standard assessment, build costs are 10% higher and external works costs increase from 12% to 14% of costs. In order to reflect our additional research into s106 costs, our assumption in this regard has been revised downwards. Also, the assessment below includes a change to the assumed cost of tenant inducements, which we believe to be lower than previously estimated and now equate to the cost of a 1 year rent free period on a 20 year lease.

		Supermarkets
Rent		£200
Yield %		5.50
Minus inducements	1	182
VALUES	2	**3,455**
COSTS	2	
Land + Purchase Costs	3	550
Basic Build Cost		1,100
External Works	4	154
Fees	5	125
Section 106	6	20
CIL		0
Marketing & Sales		173
Contingencies	7	69
Interest	8	195
Margin	9	483
Total Cost Benchmark		**2,869**
Surplus/Deficit		**585**
Surplus/Deficit % on cost		**20.40%**

		Supermarkets
Rent		£200
Yield %		5.50
Minus inducements	1	182
VALUES	2	**3,455**
COSTS	2	
Land + Purchase Costs	3	550
Basic Build Cost		1,100
External Works	4	154
Fees	5	125
Section 106	6	20
CIL		225
Marketing & Sales		173
Contingencies	7	69
Interest	8	195
Margin	9	528
Total Cost Benchmark		**3,139**
Surplus/Deficit		**315**
Surplus/Deficit % on cost		**10.04%**

1 A reduction of 10% of development value is made to reflect current market norms for rent free periods and other tenant inducements

2 All values and costs per m² unless stated

3 The total cost of purchasing land, including related costs. It is assumed that this will be higher in urban areas.

4 Works outside built structure. Higher where extensive servicing and landscaping is required. Usually negligible in town centres.

5 Fees are higher for smaller and/or more complex structures.

6 Site/development specific mitigation such as on-site and access or public relam works close to it.

7 Contingencies at 5% of costs

8 Interest costs vary with the nature and length of a typical project.

9 Profit normally allowed at 20% on all costs and effectively assumed development is speculative.

Costs exceed values
Values exceed costs by less than 10%
Values exceed costs by more than 10%

2.4.7 The assessments above show that, on the basis of the revised assumptions, before CIL there is a surplus of 20.4% of cost (over and above developer's profit at 20% of cost). Taking the proposed CIL rate for supermarkets of £225 into account, this surplus falls to 10.04%, still leaving a comfortable viability buffer.

2.5 Base Charge Sensitivity Analysis for Retail Uses

2.5.1 In our previous Addendum Report, we provided sensitivity analyses to show the impact on viability of the proposed base charge on employment uses. For completeness and consistency, we set out below the same assessment for those retail uses that are proposed to attract the base charge.

Table 2.1: Base Charge Sensitivity Analysis

Use	Base Charge Level (per sq. m)			
	£0	£5	£10	£15
Altrincham High St. Comp	-9.77%	-9.90%	-10.04%	-10.17%
Other High St. Comp	-14.0%	-14.24%	-14.40%	-14.56%
Neighbourhood Conv.	9.97%	9.55%	9.13%	8.71%

2.5.2 The sensitivity analyses set out above shows that the proposed base charge of £10 per sq. m has an impact on the viability of development of substantially less that 1% of total development costs in each case. At this level, it is therefore highly unlikely that it would be a determining factor as to whether development takes places or not. Relatively minimal changes in rental values, yield or build costs would have substantially greater impacts on viability.

3 Additional Viability Assessments

3.1 Introduction

3.1.1 This section of the report provides additional viability assessments of uses not previously considered as part of the Trafford CIL evidence base. Specifically, these assessments cover ‘big box’ leisure development, food and drink uses, hotel developments and retirement apartments. The key purpose of undertaking the additional assessments is to understand the ability of each development type to accommodate the proposed base charge of £10 per sq. m, or in the case of the sheltered/retirement apartments the ability to accommodate the proposed apartment charges in hot, moderate and cold market areas.

3.2 ‘Big Box’ Leisure

3.2.1 Uses that fall within this category include developments such as cinemas, bowling alleys and bingo halls. They are sometimes built as standalone developments, but often as part of leisure complexes, which include these uses as well as food and drink uses such as restaurants and bars.

3.2.2 Given the relatively large space requirements of cinema, bowling and bingo uses, rental values can be relatively low on a per sq. m basis, especially where they are developed as part of a larger leisure scheme including food and drink uses for which there are higher per sq. m rental values, partly as a function of the footfall generated by the ‘anchor’ leisure use.

3.2.3 Our research suggests that cinema and bowling rental values can vary from c£110 - £180 per sq. m, whereas the restaurant and café uses as part of leisure box developments will often achieve £250 - £320 per sq. m. A blended average of these two elements, taking account of the typical proportion of each within a leisure box development would be c£210 per sq. m. Given the covenant strength and typical lease terms, we consider yields are likely to be around 7%.

3.2.4 BCIS data suggests the build costs for cinemas are somewhat lower than for restaurants, which reflects likely higher fit-out costs for the latter. There is a significant difference between the mean and median average cinema build costs, with the mean at £1,236 per sq. m and the median at £1055 per sq. m, although this may be a function of the relatively low sample size. Restaurant build costs show a mean average of £1,720 per sq. m and a median of £1,527 per sq. m. A weighted average of these is likely to be in the region of £1,400 per sq. m.

Findings

		'Big box' Leisure			'Big box' Leisure
Rent		£210	Rent		£210
Yield %		7.00	Yield %		7.00
Minus inducements	1	300	Minus inducements	1	300
VALUES	2	**2,700**	**VALUES**	2	**2,700**
COSTS	2		**COSTS**	2	
Land + Purchase Costs	3	100	Land + Purchase Costs	3	100
Basic Build Cost		1,400	Basic Build Cost		1,400
External Works	4	140	External Works	4	140
Fees	5	154	Fees	5	154
Section 106/278	6	0	Section 106/278	6	0
CIL		0	CIL		10
Marketing & Sales		135	Marketing & Sales		135
Contingencies	7	91	Contingencies	7	92
Interest	8	193	Interest	8	194
Margin	9	443	Margin	9	445
Total Cost		**2,656**	**Total Cost**		**2,670**
Surplus/Deficit		**44**	**Surplus/Deficit**		**30**
Surplus/Deficit % on cost		**1.66%**	**Surplus/Deficit % on cost**		**1.13%**

1 A reduction of 10% of development value is made to reflect current market norms for rent free periods and other tenant inducements
2 All values and costs per m² unless stated
3 The total cost of purchasing land, including related costs. It is assumed that this will be higher in urban areas.
4 Works outside built structure. Higher where extensive servicing and landscaping is required. Usually negligible in town centres.
5 Fees are higher for smaller and/or more complex structures.
6 Site/development specific mitigation such as on-site and access or public relam works close to it.
7 Contingencies at 5% of costs
8 Interest costs vary with the nature and length of a typical project.
9 Profit normally allowed at 20% on all costs and effectively assumed development is speculative.

Costs exceed values
Values exceed costs by less than 10%
Values exceed costs by more than 10%

3.2.5 The findings above show the viability of big box leisure development to be marginal, producing a surplus of just 1.66% of costs (after developer's margin of 20% on cost) with CIL at £0. The impact of the base charge as proposed on the viability of this form of development amounts to 0.53% of total development costs, decreasing the surplus from 1.66% to 1.13% on cost.

3.3 Food & Drink

3.3.1 Food and drink uses within town centres will have a similar rent and yield profile and are broadly equivalent in viability to the retail uses that surround it. We have not therefore separately assessed this type of development. Rather, in considering the viability of food and drink uses, we have focussed on another common development type that is stand-alone restaurants and takeaways.

3.3.2 This type of development is typically occupied by the major fast food operators. They are sometimes developed as 'stand-alone' facilities, but more commonly can be seen as part of the mix of uses at retail warehouse parks and the like. They are usually single storey developments with car parking for customers wishing to sit inside the restaurant as well as 'drive-thru' [sic] facilities. Typically, these developments range in size from 200sq. m – 340sq.m.

3.3.3 Rental values for this type of development are usually between £250 - £300 per sq. m and yield driven by the covenant strength of their operators, are relatively low at 5.5% - 7%.

3.3.4 BCIS build costs for restaurants suggest mid-range averages of £1,527 - £1,720 per sq. m. We propose to apply a build cost of £1,650 per sq. m.

Findings

		Food & Drink
Rent		£270
Yield %		6.50
Minus inducements	1	415
VALUES	2	**3,738**
COSTS	2	
Land + Purchase Costs	3	400
Basic Build Cost		1,650
External Works	4	165
Fees	5	182
Section 106/278	6	0
CIL		0
Marketing & Sales		187
Contingencies	7	109
Interest	8	258
Margin	9	590
Total Cost		**3,541**
Surplus/Deficit		**197**
Surplus/Deficit % on cost		**5.57%**

		Food & Drink
Rent		£270
Yield %		6.50
Minus inducements	1	415
VALUES	2	**3,738**
COSTS	2	
Land + Purchase Costs	3	400
Basic Build Cost		1,650
External Works	4	165
Fees	5	182
Section 106/278	6	0
CIL		10
Marketing & Sales		187
Contingencies	7	110
Interest	8	259
Margin	9	592
Total Cost		**3,555**
Surplus/Deficit		**184**
Surplus/Deficit % on cost		**5.16%**

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2 All values and costs per m² unless stated
3 The total cost of purchasing land, including related costs. It is assumed that this will be higher in urban areas.
4 Works outside built structure. Higher where extensive servicing and landscaping is required. Usually negligible in town centres.
5 Fees are higher for smaller and/or more complex structures.
6 Site/development specific mitigation such as on-site and access or public relam works close to it.
7 Contingencies at 5% of costs
8 Interest costs vary with the nature and length of a typical project.
9 Profit normally allowed at 20% on all costs and effectively assumed development is speculative.

3.3.5 The assessment above shows that stand alone food and drink uses are currently viable applying the assumptions set out above, but only marginally so. The assessment shows a surplus after all costs and developer's margin, but before CIL, of 5.57% on costs. The impact of the base charge as proposed on the viability of this form of development amounts to 0.41% of total development costs, decreasing the surplus to 5.16% on cost.

3.4 Hotels

3.4.1 Hotels can vary significantly in terms of type and quality from budget hotels, often located close to major roads, to 5* hotels in prestige locations. They are usually developed with an operator signed up and, as such, are lower risk and lower returns are required by developers relative to speculative development.

3.4.2 The value of hotel developments will vary according to their quality and location, as well as likely levels of occupancy. In assessing viability, value is often attributed on a 'per room' basis. Our research suggests that hotel values in Trafford are likely to range between £50,000 - £75,000 per room, to which we then apply an average room size (taking into account the space used for common areas). For the purposes of this assessment, we have assumed likely values typical for a budget hotel and as such at the lower end of this range. In the site specific assessments where hotels are proposed we have assumed costs and values that reflect the likely nature of the hotel in the location proposed.

3.4.3 The BCIS database suggests hotel build costs in the region of £1,300 per sq. m, although higher quality developments are likely to have higher specifications and as such higher build costs.

Findings

		Hotel
Rent		
Yield %		
Minus inducements	1	
VALUES	2	**2,250**
COSTS	2	
Land + Purchase Costs	3	100
Basic Build Cost		1,300
External Works	4	130
Fees	5	143
Section 106/278	6	0
CIL		0
Marketing & Sales		68
Contingencies	7	79
Interest	8	167
Margin	9	199
Total Cost		**2,185**
Surplus/Deficit		**65**
Surplus/Deficit % on cost		**2.97%**

		Hotel
Rent		
Yield %		
Minus inducements	1	
VALUES	2	**2,250**
COSTS	2	
Land + Purchase Costs	3	100
Basic Build Cost		1,300
External Works	4	130
Fees	5	143
Section 106/278	6	0
CIL		10
Marketing & Sales		68
Contingencies	7	79
Interest	8	167
Margin	9	200
Total Cost		**2,196**
Surplus/Deficit		**54**
Surplus/Deficit % on cost		**2.45%**

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2 All values and costs per m² unless stated

3 The total cost of purchasing land, including related costs. It is assumed that this will be higher in urban areas.

4 Works outside built structure. Higher where extensive servicing and landscaping is required. Usually negligible in town centres.

5 Fees are higher for smaller and/or more complex structures.

6 Site/development specific mitigation such as on-site and access or public relam works close to it.

7 Contingencies at 5% of costs

8 Interest costs vary with the nature and length of a typical project.

9 Profit normally allowed at 20% on all costs and effectively assumed development is speculative.

3.4.4 The assessment above shows that on the basis of the conservative assumptions applied, budget hotels make a small surplus of 2.97% on costs, over and above the normal developer's margin for this type of development. The application of a £10 per sq. m CIL base charge reduces this surplus marginally to 2.45%.

3.5 Retirement Apartments

3.5.1 Apartments are proposed to attract the base charge of £10 per sq. m in cold and moderate market areas and a charge of £65 in hot market areas. During consultation on the Draft Charging Schedule (DCS) representations requested that retirement developments be assessed separately to 'normal' residential developments. The Council defines sheltered/retirement housing as follows:

Sheltered housing (also known as retirement housing) means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors.

There are many different types of scheme, both to rent or to buy and range in size from studio flats (or 'bedsits') through to 2 and 3 bedroomed.

Properties in most schemes are designed to make life a little easier for older people - with features like raised electric sockets, lowered worktops, walk-in showers, etc. Some will usually be designed to accommodate wheelchair users. They are usually linked to an emergency alarm service to call help if needed.

Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

3.5.2 This definition shows how retirement apartments differ in use to other apartment types and, as such, opens up the potential for differential charging if there is also a material difference in viability.

3.5.3 As part of a representation on this topic, an alternative viability assessment was submitted. In considering the viability of retirement development we have sought to apply largely the same assumptions as in that representation and, where appropriate the same assumptions as used for standard residential development. The assessment is for a scheme of 40 units on a 0.4ha site in the hot market area.

3.5.4 The key assumptions are as follows:

- Gross floorspace – 3,088sq. m (as per submitted assessment)
- Net floorspace – 2,375sq. m (as per submitted assessment)
- Affordable Housing – 40% (split 20% intermediate, 20% rented, as per policy)
- Land price - £2,400,000 per ha (in line with other assessments)
- Land purchase costs – 6% of land price
- Sales values - £3,400 per sq. m (as per submitted assessment)
- Basic build cost - £936 per sq. m (as per submitted assessment)
- External works – 10% of build costs (in line with other assessments)
- Contingency – 5% of build costs (in line with other assessments)
- S106 costs - £1,000 per unit (in line with other assessments)
- On-site secondary infrastructure - £100,00 per ha (in line with other assessments)
- Professional fees – 10% of costs (in line with other assessments)
- Cost of sales – 3% of GDV (in line with other assessments)
- Sales rates – 3 per quarter (as per submitted assessment)
- Finance costs – 7%

Findings

3.5.5 Applying the assumptions above, our assessment shows a residual margin of 27.2% on costs, some way above the minimum benchmark level of return of 20% on cost. This level of margin suggests a theoretical maximum possible charge rate that is consistent with maintaining viability above the benchmark of £92 per sq. m. The proposed charge for apartments in hot market areas is £65 per sq. m, which represents 68.5% of the theoretical maximum. We therefore conclude that retirement apartments in hot market areas are capable of accommodating the proposed level of charge and a separate rate for the use is not justified in this case.

4 Apartment Sensitivity Analyses

4.1 Introduction

4.1.1 The CIL regulations state that Charging Authorities must balance the need to maintain viability of development with the need to fund infrastructure investment. The Draft Charging Schedule proposes the use of a 'base charge' for uses showing marginal or no viability. Apartment developments in cold and moderate market areas were shown in the original study to be on the margins of viability in current market conditions. That said, some development of these uses may well take place where they form part of a larger strategic site for example.

4.1.2 On this basis, it is considered that there is scope for a small 'base charge' to be levied on such uses. Obviously, such a charge would have to be at a '*de minimis*' level where it is unlikely to be the determining factor as to whether a development takes place or not. In order to demonstrate the potential impact such a charge would have, we set out below a series of sensitivity analyses of different levels of base charge.

4.1.3 We also provide below a sensitivity analysis on sales values to determine the likely levels of change required for apartment development to become viable with and without the proposed base charge.

4.2 Sensitivity Analyses

4.2.1 For the purposes of this assessment we have updated the core build cost and sales value assumptions to reflect current levels. Our research suggests that apartment sales values have continued to fall over the period since our previous assessments with current values being c £100 per sq. m lower than previously assumed – £1,800 per sq. m in cold market areas and £2,200 in moderate market areas. Build costs have also decreased since our previous assessments, and are now in the region of £915 per sq. m.

4.2.2 Applying these assumptions, we have refreshed our previous apartment viability assessments and also sensitivity tested varying levels of base charge. The findings of this exercise are shown in table 4.1 below, which shows a residual developer's margin expressed as proportion of total development costs.

Table 4.1: Base Charge Sensitivity Analysis

Market Area	Base Charge Level (per sq. m)			
	£0	£5	£10	£15
Cold	18.5%	18.1%	17.7%	17.3%
Moderate	20.9%	20.5%	20.3%	20.0%

4.2.3 Table 4.1 shows that the base charge as proposed (at £10 per sq. m) is likely to reduce margins by 0.8% of costs in cold market areas, and 0.6% of costs in moderate market areas. A £5 base rate would have an impact on viability (the deficit/surplus expressed as a percentage of total development costs) of 0.4% in both cold and moderate market areas, whilst at £15 per sq. m it would reduce viability by 1.2% in cold market areas and 0.9% in moderate market areas.

4.3 Sales Value Sensitivity Analysis

4.3.1 Table 4.2 below shows the impact on the viability of apartments in cold and moderate market areas of potential future increases in sales values. The assessments assume that the proposed £10 per sq. m base charge is in place and that build costs and all other factors remain the same.

Table 4.2: Sales Value Sensitivity Analysis

Market Area	Base Charge Level (per sq. m)			
	+£0	+£50/sq. m	+£100/sq. m	+£150/sq. m
Cold	18.5%	21.0%	24.3%	27.5%
Moderate	20.9%	23.7%	26.5%	29.3%

4.3.2 Table 4.2 shows that an increase in sales values of £50 per sq. m increases viability above 20% of total development costs in both the cold and moderate market area assessments, but only by 1% and 3.7% respectively – levels at which significant CIL charge rates would not be feasible. An increase of £100 per sq. m in sales values produces margins of 24.3% of costs in cold market areas and 26.5% of costs in moderate market areas. Should this situation come to fruition, then the Council may wish to refresh its charging schedule and consider higher charge rates than the base charge currently proposed.

4.4 Appropriateness of the Base Charge

4.4.1 The assessments above show that the currently proposed base charge of £10 per sq. m has a relatively minimal impact on the viability of apartments in cold and moderate areas, amounting to a reduction in margins of less than 1% of total development costs. They also show that relatively small changes in sales values – certainly within the scope of recent market change – should mean that apartment development in cold and moderate market areas becomes viable even if the base charge is adopted.

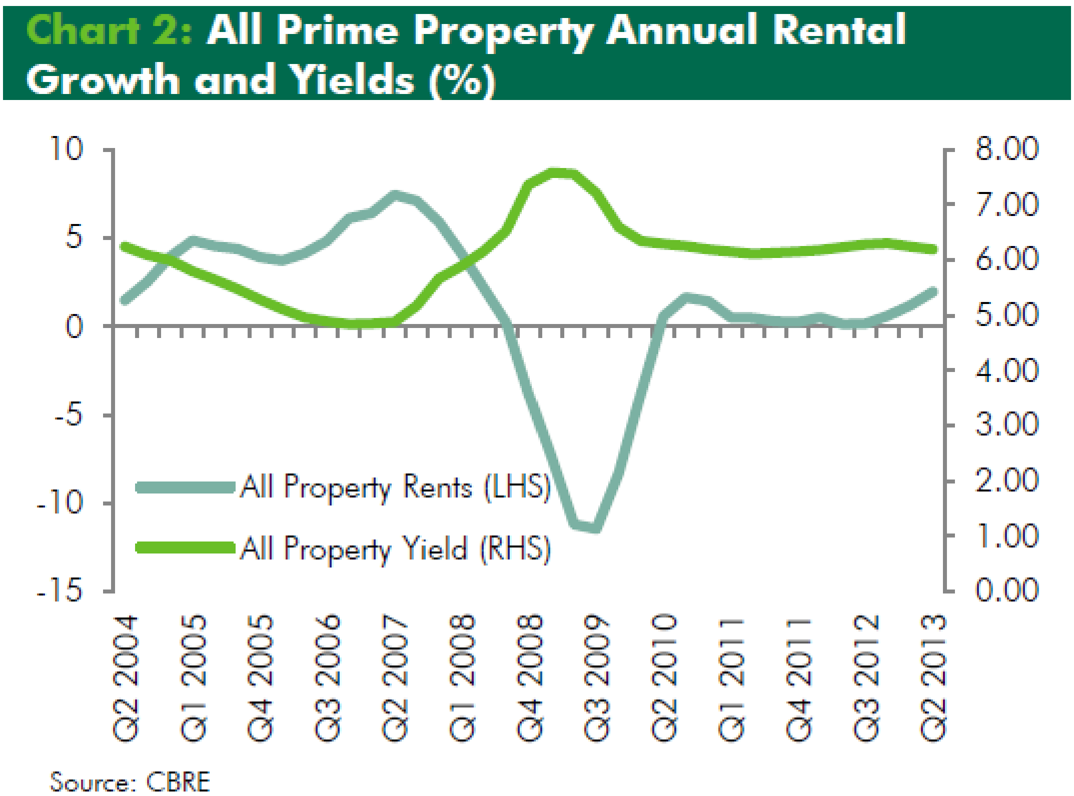
5 Office and Industrial Sensitivity Analyses

5.1 Introduction

5.1.1 This section of our report provides sensitivity analysis of key assumptions on rental values and yields for the office and industrial viability assessments undertaken. This shows how viability is likely to change if market conditions were to change as the economy continues its emergence from recession, and this feeds into increases in rental values. It also shows the potential implications on viability of securing 'pre-lets' for development of this nature. Subject to the covenant strength of the tenant, it is very likely that yields will be lower, as a function of the lower risk.

5.1.2 Variations in yields were tested at integers of 0.25%, up to 1%. Variations in rent were tested at integers of 2.5% up to 10%. To put these levels of change into context, Figure 5.1 below shows recent changes in commercial property rental values and yields, as calculated by agents CBRE.

Figure 5.1: Rent and Yield Change 2004 - 2015



5.1.3 Figure 5.1 shows that prime rents fell by c20% from peak to trough through the recent recession, so that the change modelled below represents a conservative improvement back to the previously achieved levels. Similarly, yields increased by over 2.5% through the recession and therefore the changes modelled in yields below are also within the parameters of recent market change.

5.2 Sensitivity Analyses

5.2.1 The analyses undertaken below work on a simple traffic light based methodology. For clarity the colouring system is described below:

Red – indicates a scheme remains unviable in the conditions tested. Schemes still fall well short of the requirements a developer may have in place in order for a scheme to be brought forward.

Yellow – indicates a scheme is on the margins of viability at the conditions tested. These schemes may be brought forward by a developer in these cases as they are on the verge of producing a profit over 20% on cost.

Green – indicates a scheme has reached viability in the conditions tested. This indicates a scheme produces a residual profit over and above the 20% profit margin required to make a scheme viable.

5.2.2 Speculative development of offices in town centre locations in Trafford is currently shown to be unviable by our assessments. The high costs involved in bringing forward such developments, along with constrained rental values and high yields, mean that the costs outweigh the values achievable. Table 5.1 below highlights that after slight market improvements, this position could change.

Table 5.1 Town Centre Office Sensitivity Analysis (margin on cost %age)

	Yield					
		0%	-0.25%	-0.50%	-0.75%	-1.00%
Rent	0%	-12.59%	-10.09%	-7.43%	-4.62%	-1.62%
	+2.5%	-10.52%	-7.96%	-5.25%	-2.37%	0.69%
	+5.0%	-8.46%	-5.84%	-3.07%	-0.13%	2.99%
	+7.5%	-6.4%	-3.73%	-0.90%	2.10%	5.29%
	+10%	-4.35%	-1.62%	1.26%	4.32%	7.58%

5.2.3 It is clear from table 5.1 that assuming the greatest improvements tested – a 1% improvement in yield and a 10% increase in rent – town centre office development shows a surplus of 7.58% on cost. This suggests that it is possible in some areas for town centre office proposals to be brought forward where a significant market improvement takes place.

5.2.4 There appears to be greater scope for improvements in market conditions and/or the attractions of pre-lets to lead to business park office development becoming viable. Table 5.2 below shows the impacts on viability of the sensitivities tested.

Table 5.2 Business Park Office Sensitivity Analysis (margin on cost %age)

	Yield					
		0%	-0.25%	-0.50%	-0.75%	-1.00%
Rent	0%	-7.39%	-4.66%	-1.77%	1.31%	4.58%
	2.50%	-5.21%	-2.42%	0.54%	3.68%	7.03%
	5.00%	-3.03%	-0.18%	2.84%	6.05%	9.47%
	7.50%	-0.86%	2.05%	5.14%	8.41%	11.90%
	10%	1.31%	4.28%	7.42%	10.77%	14.32%

5.2.5 Given the relatively lower costs of bringing forward business park developments, a lesser variation in rents and yields are required to improve viability to a point where development may be considered viable. The yellow shaded areas in table 5.2 show the scenarios where deficits are still present, however they are reaching the margins of viability.

5.2.6 The improvements in market conditions at which our assessments suggest business park office development may become viable occur at various combinations of market improvement conditions. At the greatest market variation tested, the scenario shows a 'surplus' margin of 14.32% on cost.

5.2.7 Industrial developments in Trafford Park appear to show levels of improvement as a function of the sensitivity analyses undertaken. However, this is not the case in the other industrial areas of Trafford. Tables 5.3 and 5.4 below show the results.

Table 5.3 Trafford Park Industrial Sensitivity Analysis (margin on cost %age)

		Yield				
		0%	-0.25%	-0.50%	-0.75%	-1.00%
Rent	0%	-11.33%	-8.34%	-5.14%	-1.70%	1.99%
	2.50%	-9.23%	-6.17%	-2.90%	0.61%	4.38%
	5.00%	-7.15%	-4.02%	-0.68%	2.91%	6.76%
	7.50%	-5.08%	-1.89%	1.52%	5.18%	9.11%
	10%	-2.98%	0.27%	3.76%	7.49%	11.50%

Table 5.4 All Other Areas Industrial Sensitivity Analysis (margin on cost %age)

		Yield				
		0%	-0.25%	-0.50%	-0.75%	-1.00%
Rent	0%	-32.56%	-30.60%	-28.53%	-26.33%	-23.98%
	2.50%	-30.94%	-28.94%	-26.81%	-24.56%	-22.16%
	5.00%	-29.33%	-27.29%	-25.12%	-22.81%	-20.36%
	7.50%	-27.72%	-25.63%	-23.41%	-21.06%	-18.55%
	10%	-26.12%	-23.98%	-21.72%	-19.31%	-16.76%

5.2.8 There are a number of market scenarios that bring industrial developments into viability in Trafford Park, as shown by the green shading in Table 5.3. Various improvements in yield combined with rental increases produce results that indicate overall viability. At an improvement of 1% in yield and 10% increase in rent, the biggest variation tested, a surplus of 11.5% is achieved.

5.2.9 It is clear from table 5.4 that even assuming the greatest improvements tested – a 1% improvement in yield and a 10% increase in rent – industrial developments outside of Trafford Park still show a significant deficit of -16.76% on cost. This suggests that it is unlikely for any industrial proposals outside of Trafford Park to be brought forward until there are significant market improvements.

5.3 Conclusions & Recommendations

5.3.1 The DCS currently proposes a base charge of £10 per sq. m on office and industrial developments. This represents substantially less than 1% of the total development costs of the cheapest form of development and as such is unlikely to be a determining factor as to whether or not development takes place.

5.3.2 The findings above show that changes to market conditions that are well within the parameters of recent market change, or those that could result from attracting a 'pre-let' with a good covenant strength and favourable terms, would mean that some office and industrial developments are likely to be viable.

5.3.3 In this case – i.e. that there are scenarios where such development is viable – and in view of the significant need for the funding of infrastructure improvements required to enable growth, this evidence supports the 'base charge' approach.

6 Strategic Locations

6.1 Introduction

6.1.1 Critical to the delivery of Trafford's Local Plan is the development of 5 Strategic Locations that will make a significant contribution towards the quantum of development sought over the plan period. This section of the report seeks to test the viability of and impact of the proposed CIL rates on four of the Strategic Locations, as well as Altrincham Town Centre where a significant scale of development is also planned. The Lancashire County Cricket Club Quarter Strategic Location is not assessed here on the basis that it is already partially developed and the remainder of development in the location largely comprises development akin with that tested previously.

6.2 Approach & Assumptions

6.2.1 The development proposed at the Strategic Locations differs in scale and nature to that likely to come forward elsewhere in the Borough. Wherever appropriate we have applied the same assumptions to our assessments of the Strategic Locations as have been applied to the more generic assessments undertaken previously. However, because of the difference in the scale and nature of development, some assumptions necessarily vary from those assumed in other assessments that form the evidence base for CIL in Trafford. These include:

- Build costs, which have been amended to reflect the higher density of development proposed in parts of the Strategic Locations;
- Residential sales values, which reflect the market characteristics of each location; and
- Commercial rents and yield, again reflecting the market characteristics of the locations.

6.2.2 In terms of affordable housing, two of the Strategic Locations fall outside of the 'market areas' as defined in the Core Strategy (Policy L2) that sets policy targets. These are Trafford Wharfside and Trafford Centre Rectangle. In this case, Policy L2 states that affordable housing provision will be determined on a case by case basis. Our working assumptions, therefore, are that:

- Trafford Wharfside will provide 5% affordable housing given that surrounding areas to it are considered to be cold market areas;
- Trafford Centre Rectangle will provide 30% affordable housing on the basis of a current planning application proposing this scale of provision.

6.2.3 These assumptions have been used because the Core Strategy does not specify affordable housing levels in these locations. They do not set or even infer that these levels will be reflected in the emerging Land Allocations Plan, for which the evidence base remains in preparation.

6.2.4 We expect that residential development at both Pomona Island and Carrington Strategic Locations will perform differently in viability terms to other, more typical, developments within cold market areas because they are different in both scale and nature. We have assumed that full policy requirements will be met in the case of Pomona Island (5%), unlike other developments in cold market areas in the current 'poor' market conditions which provide 0% affordable housing. For Carrington, whilst the Core Strategy identifies it being in a cold market area, the Council's aspiration is for a higher level of provision. Reflecting this, we assume that

20% affordable housing will be provided. We also assume that residential development in Altrincham Town Centre will meet affordable housing policy requirements of 40% in full.

6.2.5 Appendix B to this report provides a summary of the assumptions applied.

6.3 Findings

6.3.1 As mentioned previously, the purpose of this exercise is not one of assessing the viability of schemes but to assess the impact of the proposed CIL rates. We outline our results below.

Policy SL1: Pomona Island

6.3.2 Pomona Island has been identified as an opportunity that will bring a long-term vacant site back into use and that will support recent development in and around the regional centre. Mixed-use development is proposed, comprising 800 apartments (of which 5% has been assumed to be affordable) along with 24,000 sq. m of B1 office space. Ancillary uses such as small scale convenience retail, community uses, commercial leisure and a neighbourhood park are also proposed.

6.3.3 For the purposes of this assessment, we consider the proposals in three elements as follows:

1. A mix of primarily residential with retail uses at ground floor;
2. Offices only; and
3. A mix of primarily offices and a hotel, with ancillary community and retail uses at ground floor.

6.3.4 Given its proximity to both Manchester City Centre and Mediacity:uk, it is likely that residential sales values will be higher than those assumed in other 'cold market areas' and would suggest these will be more akin to those achieved by residential schemes in Mediacity:uk, Castlefield and other southern areas of the regional centre. Similarly, office rental values are more likely to reflect those achieved in the Mediacity:uk/Salford Quays markets than those found at more peripheral business park locations. A summary of the assumptions made is provided at Appendix B.

6.3.5 Table 6.1 shows the findings of our viability assessment of the Pomona Island Strategic Location excluding CIL, whilst Table 6.2 shows the likely impact on viability of the proposed CIL rates.

Table 6.1: Pomona Island before CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Residential	2.85	50,685	£3,732,108	£237	£2,000,000	£125	£1,732,108	£113
2. Employment	1.25	24,000	-£2,850,625	-£146	£400,000	£20	-£3,250,625	-£166
3. Mixed use	0.75	6,820	£397,409	£4	£825,000	£76	-£427,591	-£72
					Weighted Average CIL Overage			£15

Table 6.2: Pomona Island with CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Residential	2.85	50,685	£3,560,800	£228	£2,000,000	£125	£1,560,600	£103
2. Employment	1.25	24,000	-£3,045,625	-£156	£400,000	£20	-£3,445,625	-£176
3. Mixed use	0.75	6,820	£296,382	-£6	£825,000	£76	-£528,618	-£82
					Weighted Average CIL Overage			£5

6.3.6 Table 6.1 shows that viability varies across the scheme, with residential shown to be viable in current market conditions and other parcels unviable (noting that developer's margin is taken account of in the assessments). Taken as a whole, the Pomona Island Strategic Location is shown to be viable, albeit marginally so, producing an average CIL overage of £15 per sq. m.

6.3.7 Table 6.2 demonstrates the likely impact of the proposed CIL charges. The scheme-wide CIL overage reduces to £5 per sq.m, showing the scheme remains viable after the proposed CIL charges. In addition, it should also be noted that the sensitivity analyses shown in Section 5 suggest that small improvements in the market conditions (within the parameters of recent market change) and/or the securing of pre-lets on commercial development could result in parcels currently shown to be unviable becoming viable.

6.3.8 The Pomona Island Strategic Location includes an extant permission for approximately 550 apartments, providing no affordable housing. This permission is assessed below, although it should be noted that it would not meet current policy standards. Tables 6.3 and 6.4 show the outputs of the assessment.

Table 6.3: Pomona Approved Scheme before CIL

Site	Site area	CIL Chargeable GIA	Residual value		Benchmark land value		Overage per ha	
	per ha	sq m	per ha	per sq m	per ha	per sq m	per ha	per sq m
1. Residential	1.60	35,240	£3,863,467	£175	£2,000,000	£91	£1,863,467	£85

Table 6.4: Pomona Approved Scheme with CIL

Site	Site area	CIL Chargeable GIA	Residual value		Benchmark land value		Overage per ha	
	per ha	sq m	per ha	per sq m	per ha	per sq m	per ha	per sq m
1. Residential	1.60	35,240	£3,644,455	£165	£2,000,000	£91	£1,644,455	£75

6.3.9 These assessments show that the approved scheme is likely to be viable and capable of accommodating the proposed CIL charge on the basis of the assumptions made.

Policy SL2: Trafford Wharfside

6.3.10 Trafford Wharfside is proposed to accommodate significant levels of office and industrial development. Up to 20,000 sq. m of office space is allocated for the area alongside c4,000 sq. m of industrial/distribution floorspace.

6.3.11 Residential uses and hotel development also form part of the proposed mix of uses proposed for this location. A total of 900 dwellings are proposed across the area, with 5% (45 dwellings) assumed to be affordable. Provision for two hotels is also made along with some ancillary retail uses at ground floors.

6.3.12 For the purposes of this assessment, the development proposed at Trafford Wharfside has been split into the following parcels:

1. A mix of office and industrial uses
2. Industrial/distribution development only
3. A mix of office, residential, hotel, ancillary retail and community uses
4. A mix of employment and residential uses
5. A mix of offices, residential, a hotel and ancillary retail uses
6. A mix of employment residential uses

7. Residential-led development with some offices and a hotel
8. Residential development only

6.3.13 Notwithstanding the above, policy necessarily allows for an amount of flexibility and as such the final scale and nature of development may vary to some degree (in order to best meet market demands at the time of development) from what has been assessed in this report. In particular, it is likely that a greater amount of development would be directed to parcels 1, 2 and 4 than modelled.

6.3.14 Table 6.5 and 6.6 below set out the findings of our viability assessments of the Trafford Wharfside Strategic location both before CIL is taken into account, and showing the impact of the proposed charges.

Table 6.5: Trafford Wharfside before CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Employment	2.00	9,000	-£638,330	-£143	£400,000	£90	-£1,038,330	-£233
2. Employment	1.50	5,000	-£533,508	-£160	£400,000	£120	-£933,508	-£280
3. Mixed use	5.05	28,900	£1,251,415	£219	£1,200,000	£210	£51,415	£9
4. Mixed use	4.00	14,500	£408,138	£25	£1,200,000	£331	-£791,862	-£306
5. Mixed use	3.30	22,140	£1,037,392	£152	£1,200,000	£180	-£162,608	-£28
6. Mixed use	5.50	23,675	£492,565	£69	£935,000	£217	-£442,435	-£148
7. Residential	3.25	21,065	£1,599,134	£199	£1,200,000	£185	£399,134	£14
8. Residential	0.50	16,135	£9,709,521	£301	£2,000,000	£62	£7,709,521	£239
					Weighted Average CIL Overage			-£54

Table 6.6: Trafford Wharfside with CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
Employment use	2.00	9,000	-£683,331	-£154	£400,000	£90	-£1,083,331	-£244
Employment use	1.50	5,000	-£566,841	-£170	£400,000	£120	-£966,841	-£290
Mixed use	5.05	28,900	£1,175,198	£205	£1,200,000	£210	-£24,802	-£5
Mixed use	4.00	14,500	£377,452	£16	£1,200,000	£331	-£822,548	-£315
Mixed use	3.30	22,140	£994,040	£146	£1,200,000	£180	-£205,960	-£34
Mixed use	5.50	23,675	£456,446	£59	£935,000	£217	-£478,554	-£158
Residential	3.25	21,065	£1,569,913	£186	£1,200,000	£185	£369,913	£1
Residential	0.50	16,135	£9,388,635	£291	£2,000,000	£62	£7,388,635	£229
					Weighted Average CIL Overage			-£65

6.3.15 Table 6.5 shows significant variations in viability across the parcels. This reflects the broad range of development densities for each referred to in paragraph 6.10 above. It is likely that a greater amount of development would be brought forward on some parcels and as such the deficit would be somewhat lower than currently shown. The assessment also shows that residential elements of the development proposed at Trafford Wharfside perform considerably better than employment elements, reflecting wider economic conditions and uncertainties seen across the country as a result of the recent recession.

6.3.16 Overall, the weighted average overage in this case is negative to the value of £54 per sq. m before CIL is taken into account, and -£65 per sq. m with the CIL charges (as proposed) taken into account. This difference of just £11 per sq. m amounts to £1.54m across the whole Strategic Location. This represents just 0.67% of the total development costs (excluding developer’s profit) of the scheme as a whole.

Policy SL 4: Trafford Centre Rectangle

6.3.17 The Trafford Centre Rectangle Strategic Location is proposed to accommodate a high density mix of residential and commercial development. The residential development proposed amounts to c1050 units comprising of a mix of both apartments and townhouses. The affordable housing target that has been assumed for this development is 30%, equating to 315 units.

6.3.18 Policy for Trafford Centre Rectangle seeks a significant level of employment development. Based on development levels within the Core Strategy, extant planning permissions and current applications, our assessment has assumed provision to be c68,000 sq. m of office space, two hotels and ancillary retail, community uses and car parking split into the following elements:

1. Residential development (both townhouses and apartments) with ancillary retail
2. A 230 bedroom, 4*+ hotel
3. Office development with ancillary retail uses
4. Office development with ancillary retail uses
5. Office development only
6. A 150 bedroom mid-range hotel

6.3.19 Tables 6.7 and 6.8 below set out the findings of our assessment of development viability at Trafford Centre Rectangle.

Table 6.7: Trafford Centre Rectangle before CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Residential	13.25	21,300	£1,454,424	£905	£1,000,000	£622	£454,424	£283
2. Hotel	0.90	6,900	£1,510,395	£197	£100,000	£130	£1,410,395	£67
3. Office	1.45	12,100	-£1,416,658	-£170	£400,000	£48	-£1,816,658	-£218
4. Office	1.00	28,900	-£5,019,810	-£174	£400,000	£14	-£5,419,810	-£188
5. Office	3.10	27,900	-£1,518,042	-£169	£400,000	£44	-£1,918,042	-£213
6. Hotel	0.25	4,100	£1,048,413	£64	£1,000,000	£61	£48,413	£3
					Weighted Average CIL Overage			-£74

Table 6.8: Trafford Centre Rectangle with CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Residential	13.25	21,300	£1,387,482	£863	£1,000,000	£622	£387,482	£241
2. Hotel	0.90	6,900	£1,448,644	£189	£100,000	£130	£1,348,644	£59
3. Office	1.45	12,100	-£1,500,106	-£180	£400,000	£48	-£1,900,106	-£228
4. Office	1.00	28,900	-£5,308,810	-£184	£400,000	£14	-£5,708,810	-£198
5. Office	3.10	27,900	-£1,608,042	-£179	£400,000	£44	-£2,008,042	-£223
6. Hotel	0.25	4,100	£886,252	£54	£1,000,000	£61	-£113,748	-£7
					Weighted Average CIL Overage			-£91

6.3.20 The tables above show that residential development in this location is likely to be viable. The hotels proposed are both viable before CIL is taken into account, although the mid-market hotel is at the margins of viability, suggesting that the additional value generated by a higher quality hotel exceeds the additional costs of developing to the higher specification required.

6.3.21 The assessments also show that speculative office development in this location is not currently viable, in line with our findings elsewhere in this respect. Again, as set out in Section 5, realistic improvements to market conditions or the securing or pre-lets could see these elements become viable. Nonetheless, the proposed CIL charges across the Strategic Location represent just 0.71% of development costs (excluding developer's profit) and as such are unlikely to be a determining factor in whether the scheme is developed or not.

Policy SL5: Carrington

6.3.22 The Carrington Strategic Location aims to provide a significant proportion of the housing and employment numbers set out in the development plan. A total of 1,560 dwellings are proposed with the majority aimed at providing family accommodation. As discussed at paragraph 6.4, 20% of these should be affordable units, a total of 312 units.

6.3.23 Alongside the residential element, 75 ha (gross) of employment land is proposed. The Council anticipates this to deliver 300,000 sq. m light and general industrial (B1b and c, B2 and B8).

6.3.24 For the purposes of our assessment we have broken down the proposals for the Carrington Strategic Location into the following elements:

1. Residential development 2011/16
2. Residential development 2016/21
3. Residential development 2021/26
4. Industrial development

6.3.25 Other ancillary uses are proposed as part of the mix at Carrington however, the exact scale of these uses is not yet clear. As such, they have been excluded from this assessment, although it should be noted that it is reasonable to assume that they would have a neutral impact on viability.

6.3.26 Tables 6.9 and 6.10 below set out our findings in respect of the viability of Carrington Strategic Location both before CIL and taking the proposed charge rates into account.

Table 6.9: Carrington before CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	283	per ha	per sq. m
1. Residential	10.30	25,440	£849,684	£344	£700,000	£283	£149,684	£61
2. Residential	17.10	42,400	£853,772	£344	£700,000	£282	£153,772	£62
3. Residential	17.10	42,400	£853,772	£344	£700,000	£282	£153,772	£62
4. Industrial	75.00	300,000	-£336,079	-£84	£350,000	£88	-£686,079	-£172
					Weighted Average CIL Overage			-£126

Table 6.10: Carrington with CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Residential	10.30	25,440	£803,576	£325	£700,000	£283	£103,576	£42
2. Residential	17.10	42,400	£807,484	£326	£700,000	£282	£107,484	£44
3. Residential	17.10	42,400	£807,483	£326	£700,000	£282	£107,483	£44
4. Industrial	75.00	300,000	-£376,079	-£94	£350,000	£88	-£726,079	-£182
					Weighted Average CIL Overage			-£133

6.3.27 The tables above demonstrate that residential development at Carrington is viable and generates a moderate overage from which a CIL charge can be drawn. The proposed CIL charge on residential development in this location of £20 per sq. m represents 33% of the assessed maximum in this case.

6.3.28 As has been found elsewhere, we expect that speculative industrial development is not currently viable in Carrington, but that realistic improvements in market conditions or securing of pre-lets could make such development viable. In any event, the impact of the proposed CIL charges across the scheme as a whole represent just 0.72% of total development costs and as such are unlikely to constrain development to any material extent.

Altrincham Town Centre

6.3.29 Altrincham town centre is proposed to accommodate a range of development types across several sites. By far the largest of these is the Altair development. In total, it is proposed that Altrincham Town Centre will see 'high street' type comparison retail developments amounting to c20,000 sq. m; commercial leisure development of c11,600 sq. m; 10,000sq. m of office space; a hotel and 250 apartments, of which 40% should be affordable (100 units).

6.3.30 Policy L2 of the adopted Core Strategy dictates the split of accommodation type that should be tested. L2.4 states a 70:30 split between 2 bed and 3+ bed properties, equating to 166 no. 2 bed apartments and 84 no. 3 bed apartments.

6.3.31 For the purposes of this assessment we have assessed each use separately as shown in Tables 6.11 and 6.12 below.

Table 6.11: Altrincham Town Centre before CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	283	per ha	per sq. m
1. Office	0.63	10,000	-£2,649,166	-£166	£1,000,000	£63	-£3,649,166	-£229
2. Retail	1.70	20,000	£9,781,283	£831	£10,000,000	£850	-£218,717	-£19
3. Hotel	0.30	7,700	£3,542,207	£138	£2,400,000	£94	£1,142,207	£44
4. Residential	3.50	16,670	£2,885,763	£606	£2,400,000	£504	£485,763	£102
					Weighted Average CIL Overage			-£12

Table 6.12: Altrincham Town Centre with CIL

Site	Site area	CIL Chargeable GIA	Residual Value		Benchmark Land Value		Overage	
	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m	per ha	per sq. m
1. Office	0.63	10,000	-£2,809,166	-£176	£1,000,000	£63	-£3,809,166	-£239
2. Retail	1.70	20,000	£9,664,298	£821	£10,000,000	£850	-£335,702	-£29
3. Hotel	0.30	7,700	£3,288,419	£128	£2,400,000	£94	£888,419	£34
4. Residential	3.50	16,670	£2,702,570	£567	£2,400,000	£504	£302,570	£63
					Weighted Average CIL Overage			-£30

6.3.32 The tables above show that residential development in Altrincham Town Centre is viable on the basis of the assumptions applied and generates an overage that is capable of accommodating the proposed charge of £65 per sq. m. Similarly, the proposed hotel appears viable albeit more marginally so, and also capable of accommodating the proposed charge, which in this case is £10 per sq. m. The retail elements are shown to be marginally unviable, whilst speculative office development is somewhat more unviable in current market conditions. As explained elsewhere, changes in market conditions or pre-lets could make such developments viable.

6.3.33 Across all proposed development in the town centre, viability is currently negative, but only marginally so, by just £12 per sq. m. The impact of the proposed CIL charges increases this figure by £18 per sq. m or 0.73% of development costs – a relatively negligible amount in this context.

7 Summary and Conclusions

7.1 Retail

7.1.1 Section 2 provides a review of the proposed definitions of the different retail uses and aims to provide greater clarity and certainty to developers by adding additional detail to the definitions, particularly in respect of differentiating between supermarkets and neighbourhood convenience stores. The main test is whether the proposed store is principally used for main weekly food shopping or for 'top-up' shopping. Several indicators of how supermarket and neighbourhood stores differ in use are also provided to aid the determination of the main test.

7.1.2 We have also considered the viability of supermarket development in town centre locations in greater detail and assessed a 'worst case' scenario in terms of viability. Applying revised assumptions, our assessments demonstrate that before CIL there is a surplus of 20.4% of cost (over and above developer's profit at 20% of cost). Taking the proposed CIL rate for supermarkets of £225 into account, this surplus falls to 10.04%, still leaving a comfortable viability buffer.

7.1.3 The sensitivity analysis of the impact of the proposed base charge on 'high street' comparison and neighbourhood convenience retail development shows that the proposed base charge of £10 per sq. m has an impact on the viability of development of substantially less that 1% of total development costs in each case and as such is unlikely to be a determining factor as to whether development takes place.

7.2 Additional Viability Assessments

7.2.1 Section 3 sets out the findings of a series of additional viability assessments not previously considered as part of the Trafford CIL evidence base. Specifically, these assessments cover 'big box' leisure development, food and drink uses, hotel developments and sheltered/ retirement apartments. The key purpose of undertaking the additional assessments is to understand the ability of each development type to accommodate the proposed base charge of £10 per sq. m, or in the case of the sheltered/retirement apartments the ability to accommodate the proposed apartment charges in hot, moderate and cold market areas.

7.2.2 The viability of 'big box' leisure development is shown to be marginal, producing a surplus of just 1.66% of costs (after developer's margin of 20% on cost) with CIL at £0. The impact of the base charge as proposed on the viability of this form of development amounts to 0.53% of total development costs, decreasing the surplus from 1.66% to 1.13% on cost.

7.2.3 Food and drink uses, modelled on the basis of a fast food/'drive-thru' restaurant, are considered to be viable, but only marginally so. The assessment shows a surplus after all costs and developer's margin, but before CIL, of 5.57% on costs. The impact of the base charge as proposed on the viability of this form of development amounts to 0.41% of total development costs, decreasing the surplus to 5.16% on cost.

7.2.4 Our assessment of hotel viability suggests that a standard budget hotel would generate a small surplus of 2.97% on costs, over and above the normal developer's margin for this type of development. The application of a £10 per sq. m CIL base charge reduces this surplus marginally to 2.45%.

7.2.5 In respect of sheltered/retirement apartments, our assessment shows a residual margin of 27.2% on costs, some way above the minimum benchmark level of return of 20% on cost.

This level of margin suggests a theoretical maximum possible charge rate that is consistent with maintaining viability above the benchmark of £92 per sq. m. The proposed charge for apartments in hot market areas is £65 per sq. m, which represents 68.5% of the theoretical maximum. We therefore conclude that retirement apartments in hot market areas are capable of accommodating the proposed level of charge and a separate rate for the use is not justified in this case. In cold and moderate market areas, whilst values will be significantly lower than assessed in this case, the proposed charge is just £10 per sq. m and as such is unlikely to materially impact on viability.

7.3 Apartment Sensitivity Analyses

7.3.1 The assessments in section 4 show that the currently proposed base charge of £10 per sq. m has a relatively minimal impact on the viability of apartments in cold and moderate areas, amounting to a reduction in margins of less than 1% of total development costs. They also show that relatively small changes in sales values – certainly within the scope of recent market change – should mean that apartment development in cold and moderate market areas becomes viable even if the base charge is adopted.

7.4 Office & Industrial Sensitivity Analyses

7.4.1 The DCS currently proposes a base charge of £10 per sq. m on office and industrial developments. This represents substantially less than 1% of the total development costs of the cheapest form of development and as such is unlikely to be a determining factor as to whether or not development takes place.

7.4.2 The sensitivity analyses show that changes to market conditions that are well within the parameters of recent market change, or those that could result from attracting a 'pre-let' with a good covenant strength and favourable terms, would mean that some office and industrial developments are likely to be viable.

7.4.3 In this case – i.e. that there are scenarios where such development is viable – and in view of the significant need for the funding of infrastructure improvements required to enable growth, this evidence supports the 'base charge' approach.

7.5 Strategic Locations

7.5.1 The assessments of the Strategic Locations show the locations and elements within them to vary significantly in terms of their viability, with residential elements generally more viable than employment uses. Pomona Island is shown to generate a small overage from which a CIL charge could be drawn, but the other locations are shown to generate deficits of varying degrees, in current market conditions. That said, where locations or elements of them are shown to have negative viability, the findings show that the proposed charges do not have a material impact on viability. In addition, the findings of the sensitivity analyses in sections 4 and 5 of this report suggest that realistic improvements in market conditions or securing of pre-lets could bring such schemes back in to viability. In this case, CIL charges of the scale proposed are unlikely to present a barrier to such development.

7.6 Revised Draft Charging Schedule

7.6.1 Based on the evidence presented above, our recommended revised Draft Charging Schedule for CIL in Trafford is shown in Table 7.1 below.

Table 7.1: Recommended Draft Charging Schedule

Use	Proposed CIL Charge (per sq. m)
Private market houses in: *Cold market sub-area* *Moderate market sub-area* *Hot market sub-area*	 £20 £40 £80
Apartments in: *Hot market sub-area*	 £65
Retail Warehouses	£75
Supermarkets	£225
Offices, Industrial & Distribution	£10
Public/Institutional Facilities as follows: *Education, health, community and emergency services*	 £0
All other chargeable development	£10

Appendix A Summary of Consultation Responses

No.	URN	Name	Company	Agent	Comments
1	1051	Alan Hubbard	National Trust		• The Map suggests that in places on one side of the line a site will be in a 'hot' market area, and on the other side in a 'cold' market area, with no intermediate 'moderate' market area. • It is requested that a 'moderate' market area is considered around the Partington/Carrington area. • It is the intention of the Adopted Core Strategy to secure regeneration in Partington/Carrington, in substantial part by significant new housing development. Some of this will need to be on greenfield sites, such as the land outside the Green Belt to the south/south east of Carrington. It is suggested that this location, including land 'cheek by jowl' with the 'cold' market area should be reviewed in terms of its 'hot' market allocation - for example, residential development here will not provide the same returns as sites in other parts of the Borough such as Hale and Bowdon.
2	1290	Stephen Ashworth			• The Regulation 14 balancing exercise has not been properly undertaken. • Inadequate analysis has been carried out on the effect of CIL on affordable housing provision. • The limited evidence on strategic sites does not seem to be reflected in the charges proposed. • The definitions used for retail purposes are not precise enough and proposed differentiations are not evidenced, either in terms of them being different intended uses or having different viabilities. • The differentiation between houses and apartments is similarly inadequately evidenced.
3		Ziyad Thomas	McCarthy & Stone Retirement Lifestyles Ltd and Churchill Retirement Living Ltd	The Planning Bureau Ltd	• Request that a specific development scenario for sheltered accommodation is carried out using a set of viability assumptions that are considered to be appropriate for this form of housing. • There is no explanation as to why the Council has not separately assessed the viability of specialist

No.	URN	Name	Company	Agent	Comments
					accommodation for the elderly in the addendum report (March 2013). • Do not consider that the Council has given any meaningful consideration to the issues raised in relation to specialist accommodation for the elderly. • The effect of the imposition of CIL will be to constrain land supply and therefore the delivery of retirement developments. • Where provision of specialist accommodation for the elderly plays a clear role in meeting housing needs, by not properly considering the effect of CIL on this form of development the Council will be putting the objectives of its plan at risk, thereby contravening CIL guidance. • At present all but a handful of schemes for specialist accommodation for the elderly are able to support policy compliant levels of affordable housing. Need to ensure the viability work for CIL accurately represents the current market for all forms of housing. • Sheltered/retirement housing differs from 'general needs' flatted development in a number of clearly defined ways. • The Council has had an advanced copy of a joint position paper advising charging authorities on how to suitably assess retirement housing for CIL, detailing a set of viability appraisal inputs which are considered representative of a significant proportion of the industry. Therefore unjustifiable response not to provide a separate viability appraisal for this type of housing. • Have submitted a development scenario that shows the proposed rates would render specialist accommodation for the elderly unviable in the 'hot' housing market area.
4		Sabaa Ajaz	United Utilities		• No comment.
5		Richard Clowes	TfGM		• It is not clear from the CIL DCS if new public transport development (such as a new bus station, transport interchange or cycle hub) would be classed as other chargeable development and therefore liable to a CIL

No.	URN	Name	Company	Agent	Comments
					charge rate of £10 per sq m; or if such development would be exempt from CIL. Would welcome clarification on this matter.
6		Mark Harris	Maloneview (Sale) Ltd	Barton Willmore	• The revision of the supermarket rate to include all size and locations and not just those outside of a defined centre is of significant concern. • The supermarket charge cannot be justified based on the evidence base. • The evidence base is not reasonably related to actual development across Trafford. • As proposed the supermarket charge will have a significant impact on the economic viability of town centre convenience retail-led development and undermine regeneration schemes. This is contrary to the CIL Regulations and NPPF paragraph 173 and will lead to the failure to deliver a key Development Plan objective (Policy W2.5 and saved Policy S7(iii)). • There is an important omission from the retail development types considered in the economic viability study – town centre convenience retail. • Challenge the 'Basic Build' and 'External Works' costs for supermarkets in the assumptions in Tables 2.1 and 2.2, which should be more akin to Retail Warehouses as they are a relatively simple construction compared to town centres. • The cost and approach to town centre development is not limited to comparison development, it also applies to convenience development which encounters the same challenges and hurdles, but can be considered distinct from the type of 'supermarket' development tested in the evidence base. • Appropriate regard should be given to the viability hurdles that town centre convenience development experiences, given the objectives of NPPF and the Trafford Development Plan where convenience development is

No.	URN	Name	Company	Agent	Comments
					directed towards town centres and is a key element of the strategy for each centre (Policy W2). • The proposed assumptions are not fully justified; recommend that the town centre development example includes ‘convenience’. • The appraisal undertaken to inform the proposed ‘supermarket’ rate is too generalised to support a robust rate for this type of development in Trafford. • Once the evidence base has been revised it will be self-evident that town centre convenience should be subject to the £10 per sq m rate. • The evidence base fails to take into account the change in viability between town centre convenience development and supermarket development in other locations.
7		Brian O’Connor	Taylor Wimpey UK Limited	Nathaniel Litchfield & Partners	• Welcome the addition of exceptional circumstance relief in accordance with the CIL Regulations. • Strongly recommend that discretionary relief is applied to schemes where a planning obligation combined with the CIL Levy would have an unacceptable impact on the economic viability of a scheme. • Support the provision of neighbourhood funding in the DCS consultation as it enables local residents to feel empowered to shape their surroundings. • Do not consider that the EVS has accurately assessed the economic viability of residential development. • No work has been undertaken with regards to housing land supply from greenfield sources which would create a more accurate picture of viability within Trafford. • Would welcome a breakdown for residential development in the same manner and detail e.g. as the DCS provides for retail viability. • The EVS does not provide sufficient information on how the build costs were established. • The figures provided in the EVS with regards to revenues do not appear to be reflective of current sales figures e.g.

No.	URN	Name	Company	Agent	Comments
					average house in hot market would equate to £391,820 and in a cold market £179,692. The revenues in the Study are therefore too high to be used as an average. • The average size of dwelling per market area used in the EVS is too high e.g. would expect dwelling in hot market to average 1,000-1,100 sq ft and in a cold market to average 850-950 sq ft in size. • The housing densities are not realistic. Housing densities of over 35 units per hectare would not allow the delivery of family sized housing with the required standards of amenity space. • Developer's profit should be based on a percentage of development value, not costs. Profit on costs will result in insufficient developer's profit margin being used. • Sales assumptions in the cold market are ambitious. The assessment states that values of £160-£170 per sq ft are achievable, whilst experience suggests £130-£150 per sq ft is more realistic. • There is a lack of information provided on other potential development costs such as sales and marketing expenses and agent's fees. • The evidence for the assumptions used in the viability assessments needs to be made available so that the accuracy of the assessments can be properly gauged. • The assumptions used in the EVS result in a major underestimate in terms of development costs. Request that Trafford revisit their viability assessments using a more accurate set of inputs and assumptions and determine a revised CIL rate for residential development. • Hot market areas are charged at twice the rate of moderate market areas, with no reason for this clearly set out in the EVS. The proposed charges should be based on the same percentage range (£ psm) ideally within a preferred range of between 50% and 60% of the identified theoretical maximum. This would result in a more

No.	URN	Name	Company	Agent	Comments
					proportionate CIL charge. • Further sensitivity analysis should be carried out to account for potential increases in development costs, rather than relying on falls in sales values to assess the viability of the proposed CIL rates. • Strongly oppose the current form of the instalments policy. • It is important for Trafford to introduce flexibility to the payments system to ensure that development is not made unviable by imposing rigid payment structures on developers. • Suggest that payment is required on completion of a set number, or proportion, of the total number of units, in line with current splits and phasing of payments. • Consider that Trafford should include a specific policy for large developments. This should prevent developers having to pay substantial sums of money at the front end, which would place a huge financial burden on the delivery of a development.
8		Simon Artiss	Bellway Homes Limited		• Other Councils in the NW are ‘holding fire’ in progressing CIL Charging Schedules due to concerns over its impact on the level of investment and regeneration. • The AMR demonstrates a continued lack of investment in new homes and CIL is a cost on development in these on-going challenging economic times. • There is a need for Trafford to review CIL corporately, to assess the costs and benefits of its introduction in light of the above concerns and the risk that investment may go to areas with no (or a lower) CIL rate. • The £80 rate for ‘hot market areas’ is too high – reference to recent examinations in Mid-Devon and Norwich where Inspectors have recommended reduced residential rates. • Given the Council’s aim to regenerate ‘cold areas’ is any CIL rate here justified? • Suggest a rate not in excess of £30 per sq m for ‘hot’ and ‘moderate’ areas. Anything higher would be prejudicial to

No.	URN	Name	Company	Agent	Comments
					delivering the level of housing envisaged in NPPF and Trafford's Core Strategy. • It would greatly assist prospective developers if your schedule made clear what planning matters will be covered by CIL and what 'planning costs' will still be covered by S106, planning condition, S278 etc.
9		John Suckley	Prospect (GB) Ltd	How Planning LLP	• Taking into account paragraph 173 of NPPF it is dangerous to impose a standard charge for a particular use, such as residential. • As each development site is subject to different development costs, flexibility should be introduced into the CIL proposals to enable, on viability grounds, the standard charge to be reduced where necessary so as not to prevent development. • Whilst exemption provisions are included within the DCS at Appendix 2 these relief measures are discretionary and offer developers no firm security that viability will be taken into account when calculating CIL payments. • Whilst the principle of payments by instalment is broadly welcomed, it is essential that there is sufficient flexibility built into the CIL Charging Schedule to enable the phasing of payments to be flexible and agreed with the Council on a scheme by scheme basis. • Should the CIL Charging Schedule be adopted in April 2014 it is essential that suitable transitional arrangements are in place to provide certainty to developers – especially those with applications already in the system.
10		Sarah Jones	Sainsbury's Supermarkets Ltd	Turley Associates	• Object to the basis for different charges for retail uses. The proposed approach does not provide adequate evidence of differentiation "by reference to the way a building is used" as is required by Regulation 13. • Whilst the DCS has sought to define the characteristics of retail types, the intended use of the buildings in all four categories is for shopping, with the purpose being for providing a service to enable people to purchase goods.

No.	URN	Name	Company	Agent	Comments
					• The fact that supermarkets and convenience stores can be utilised for the same activity demonstrates that the 'use' of the building does not differ – rather it is the choice and range of retail products to the shopper that differs. • If the CA wishes to differentiate between retail developments in this manner, the evidence base has to be suitably fine grained and detailed in order to demonstrate this is the case. • The evidence base does not establish that there are four different intended retail uses, nor does it provide clear and fine grained evidence that there are viability differences between the intended uses. • The definitions used for retail development are inadequate and inequitable and therefore there should be a single CIL rate for all retail development. • It should be made clear whether the town centre comparison retail development category is to be charged under the 'other chargeable uses' at £10 per sq m. • The proposed differentiation of town centre comparison retail development may deter supermarkets from town centre redevelopment schemes – as they are required to pay 10 times more. • The evidence (March 2013) indicates that town centre comparison retail development is not viable with a CIL charge. To include a CIL charge for this use will set a rate up to, and beyond, the 'margin of economic viability', which the CLG Guidance (April 2013) strongly advises against. • If supermarkets, with comparison goods ranges, are being charged a significant CIL levy, over 4 times more than out of centre retailers and significantly more than town centre comparison goods retailers, there is a selective financial advantage to the other retailers – this may give rise to issues of State aid. • Any CIL rate for retail (and supermarket) development

No.	URN	Name	Company	Agent	Comments
					should be significantly lower than £225 per sq m so as not to deter regeneration and investment. • Welcome the instalments policy however there should be consideration to introducing lower thresholds and refinement in the instalments policy to support cash flow on mixed use and large regeneration schemes. • Support the proposed adoption of an exceptions policy pursuant to Regulation 55. It is also submitted that the CLG proposals to remove the requirement for a planning obligation to be in place before any relief from CIL is considered is recognised as a forthcoming provision in the policy and to be taken forward in due course. • The draft Regulation 123 list only includes "headlines" of types of development to be included rather than identifying specific infrastructure projects. In this respect it does not contain sufficient information to provide developers with certainty on schemes proposed. • The emerging CIL proposals in Trafford should recognise likely changes – CIL Guidance (April 2013) and CIL further reforms consultation – and be flexible to adapt to any subsequent changes. A review mechanism and timetable should be confirmed in the emerging CIL to allow it to be reviewed regularly should CLG advice and regulations change. • Strongly recommend the Council re-evaluates the evidence base prepared, and approach taken to CIL, to ensure it fully takes account of the latest CIL Guidance and the potential implications of the 'CIL further reforms consultation'.
11		John Suckley	Nikal Ltd	How Planning LLP	• Clarification is still required as to whether town centre retail development would fall within the "other chargeable developments" use as listed on the DCS and therefore subject to the £10 per sq m charge. • Confirmation is still required as to whether office use is covered within the same category and subject to the £10

No.	URN	Name	Company	Agent	Comments
					per sq m charge. • Request that confirmation is provided on whether leisure developments are subject to the £10 per sq m charge under the emerging CIL proposals. • Suggest that a comprehensive CIL Charging Schedule is produced which sets out the costs associated with each specific planning use/general use class order in order to provide certainty to developers promoting large scale regeneration schemes. • Taking into account paragraph 173 of NPPF it is dangerous to impose a standard charge for a particular use. • As each development site is subject to different development costs, flexibility should be introduced into the CIL proposals to enable, on viability grounds, the standard charge to be reduced where necessary so as not to prevent development. • Whilst exemption provisions are included within the DCS at Appendix 2 these relief measures are discretionary and offer developers no firm security that viability will be taken into account when calculating CIL payments. • Whilst the principle of payments by instalment is broadly welcomed, it is essential that there is sufficient flexibility built into the CIL Charging Schedule to enable the phasing of payments to be flexible and agreed with the Council on a scheme by scheme basis. • Should the CIL Charging Schedule be adopted in April 2014 it is essential that suitable transitional arrangements are in place to provide certainty to developers – especially those with applications already in the system.
12		Lucie Jowett	Wm Morrisons Supermarket Plc	Peacock and Smith	• Consider that further work remains to be undertaken in order to ensure that the CIL rate meets the tests of the appropriate balance and indeed is not at the margins of viability. • Consider that presently the CIL rate for Supermarkets

No.	URN	Name	Company	Agent	Comments
					remains inappropriately high. • A number of costs typically associated with supermarket development have been excluded or underestimated. These include: site assembly (compensation payments, fees, holding costs etc.), remediation and site preparation and demolition. • Aspinall Verdi has consulted BCIS (see attachment) and it can be seen that there is a wide variation in construction costs. Any costs assumed for the purposes of CIL need to be on the higher side to reflect differing circumstances and eventualities – in order to avoid breaching the margins of viability. It is interesting to note that the Median cost for the 1,000 to 7,000 sqm category is £1,042 – higher than that adopted. • Recommend that the construction costs are reviewed and amended upwards. • The 5% allowance adopted for contingencies is too low, particularly given that the consultants have made no allowance for demolition, remediation and site preparation. A 10% contingency would be appropriate. • With commercial development it would be normal to make allowances in the order of 12-15% for professional fees. For larger convenience retail, given costs around planning, survey and design the professional fees are in the order of 14-15%. • The professional fees allowance is too low and this critically must be reviewed. • Interest – believe that the finance calculation has been undertaken on the basis of an 18 month period. This is considered wholly unrealistic and far too optimistic. Suggest as a minimum a period of 36 months. • Land and Purchase Costs – noted that a figure of £500 per sq m has been used. This is a critical figure for the assessment of the CIL rate. However there is neither explanation nor evidence of how this figure has been

No.	URN	Name	Company	Agent	Comments
					arrived at. Consider that the £500 per sq m is too low, given that the land payment for a 5,000 sq m foodstore would be £2.5m. • The Roger Tym appraisals clearly indicate a considerably higher land value for town centre comparison retailing £1,000-£1,500psqm, but provide no evidence or justification for this. • Suggest more detailed work is undertaken including sensitivity analyses to examine the sensitivity of changes to a suggested CIL rate. • Developer's Profit/Margin – the consultants have used 20% of cost which is considered too low and that given the risks and costs associated with this type of development it would be appropriate to assume 20% of Gross Development Value. • All property transactions have a local context and yet there is no evidence presented of convenience retail transactions which have taken place in and around Trafford to support the assumptions made. • Neither the July 2012 or March 2013 reports provide any market evidence to support rental or yield assumptions. • Note the comment at Paragraph 7.17 of the July 2012 report where it says 'readily available evidence' – however none is present or explained. Does such evidence exist? If so what is it? • Transactional evidence is needed to support the assumptions in the appraisal. This is particularly important given the significant difference in land values between town centre comparison retail and supermarket sites. • The construction cost, professional fees, borrowing cost, contingencies and the additional costs all need to be reviewed and adjusted. • More traditional development appraisals, complete with sensitivity analyses, need to be presented. Presenting appraisals on an 1 per sq m basis is opaque.

No.	URN	Name	Company	Agent	Comments
13		Victoria Carr	Cheshire West and Chester Council		• What is the proposed method or level of reduction from the 'ceiling' rate of CIL Charge? The discount from the ceiling rate of CIL to the final charge seems to differ between the different market areas (i.e. reduction from £117 to £85 is a reduction from ceiling of 27%, £64 to £40 is a reduction of 37%, £39 to £20 is a reduction of 49%. What is the methodology behind this? • 5.1 What is the justification for a 10% reduction of the charge on supermarkets – what evidence is there? • Why are apartments not charged in other locations? Assuming that increasing density of development on a site would increase viability, surely apartments would be more viable than houses on a similar sized plot? Is this just a decision based on the market? • If the proposed CIL will be raising less income than previous s106 SPDs, and it is not compulsory, what is the rationale for taking forward a CIL? • There are no obvious issues that have a direct impact upon a potential CWaC CIL at present.
14		Helen Telfer	Environment Agency		• Support the DCS and the scope of work undertaken in the accompanying evidence based documents. • Would like to be involved in any future revisions to the Regulation 123 list where there are amendments or additions to be made to flood defence infrastructure.
15		John Francis	Barratt David Wilson Homes	DPP	• In general terms the assumptions used by RTP are over simplistic which leads to a weak justification of the viability case for CIL. • Tangible evidence ought to be referred to in a specific form rather than through generalisations and direct reference should be made to consultation with named parties to make the evidence base credible. • With regard to residential prices being asking prices rather than actual realised prices an adjustment of 10% should be made to reflect purchaser inducements. • The floor area/size of units specifically referred to in the

No.	URN	Name	Company	Agent	Comments
					assumptions base is quite high. Given the adoption of overly stated purchase prices this enhances the 'surplus' above an assumed residual land value, which relative to costs again simplistically supports the case for CIL. • The development model that RTP has used seems to be a bespoke Excel package. Query the adequacy of that package especially as there are a number of commercially available software packages, some of which are used by house builders. • Whilst the 2013 addendum report applies a sensitivity analysis to the 'assumed figures', still have concerns relating to the potential variations that may arise in any one appraisal exercise. • NPPF and the Council's Adopted Core Strategy, January 2012 requires affordable housing to be provided by all residential developments where need is identified. It is therefore appropriate that account should be taken of it through all appraisals at the rate required by policy as it cannot be assumed that the Council will be prepared to accept a figure less than the general requirement of 30% in all instances. • The position of CIL does not take cognisance of the fact that many land deals may have taken a significant period of time to negotiate, and may include factors such as anti-embarrassment clauses where third parties may also be entitled to a share of an uplift in land value. • The simplistic model used by RTP also doesn't adequately reflect funding requirements, where many house builders are now looking to make instalment payments, which in the current market is a material consideration. • It is appropriate that RTP shares its overall assumption base and appraisal methodology in more detail. • Given that regeneration needs to be kick started and relies on intervention rather than on natural causes and

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					processes, and particularly given the current economic climate, it would be sensible for key forms of development in key areas in need of regeneration to be exempt from any charge. • CIL in cold market areas would clearly impact more on a prospective seller of a site where the risk element is always passed on to the seller in the form of reduced land value or where there is scope for reductions in land purchase prices. The consequence could lead to moth balling of opportunities and sellers holding on to sites so as to wait for improvements and uplifts in values in the market place. • In cold market areas no charge should apply. This is because these areas, by reference to the revised plan forming part of the DCS document, generally focuses on those parts of the Borough the CS identifies to be in need of regeneration. • In the context of residential in moderate market areas, the rate is too high and should be lowered to circa £20 / sq m. • In the context of residential in hot market areas, the rate is too high and should be lowered to circa £40 / sq m. • Keeping CIL at a lower threshold will encourage the release of sites to the market place and ensures that sellers of land can acknowledge that they are getting a fair price for their land and not having to absorb too much of the risk. • Agree in principle to the different charging zones for residential development as it is accepted that the market in so far as it applies to residential development in the Borough is different, and that key differences in the market are triggered through differences in the general profile and quality of the Borough. • There should be the opportunity for the respective charge to be varied or not applied at all if development in a hot or moderate market area (cold should be fully exempt as

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					proposed earlier) if it can be demonstrated that the development in question would deliver a range of benefits that would, for example, benefit a regeneration objective/initiative, including those in cold market areas. • The base rate charge makes no sense in commercial terms and it could have the same effect as the Sword of Damocles in so far as commercial investment and regeneration initiatives are concerned, this also applies to certain developments regardless of the proposed use. • If the appraisal analysis is such that CIL cannot be justified then that ought to be the outcome of the exercise, i.e. a CIL charge will not be levied. • It is inconceivable that the overall vision for the Borough will be achieved if the charging regime set out in the DCS is introduced. This is because, in the context of new residential, development in cold market/regeneration areas will be rendered unviable; development in moderate areas, which aren't as strong as the Council might consider them to be, will in many cases be rendered unviable; and even in historically/currently strong hot market areas many developments will struggle to get across the viability line or to be implemented.
16		Brett Harbutt	Intu Properties Plc		• Support the DCS, on the basis that the DCS excludes the Trafford Centre Rectangle, including the Trafford Centre, from specific CIL charges and therefore requires any new development within this area to pay the "Standard CIL Charge" of £10 per sq m. • This position will encourage and invigorate the regeneration of the Trafford Centre Rectangle over the plan period providing the necessary impetus for significant economic and residential development to take place.
17		Mike Gibson	Greater Manchester Chamber of Commerce		• The levy rates proposed distinguish between various housing markets, supermarkets and retail warehouses, but lump every other chargeable development together on a rate of £10 per sq m. This fails to recognise the great

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					variety of businesses that there are, the different conditions in which they operate and the range in value of their land and property. • If the above factors are not to be taken into account when making the charge, then the rate should distinguish the higher-value developments, such as leisure and intensive sports developments, hotels, multiplex cinemas and the like, from those with a lower value, such as shops, offices, industry and storage and distribution uses, with a lower rate applying to the latter and a higher rate to the former. • Support the proposal to allow the CIL to be paid in instalments and the proposal to allow discretionary relief in exceptional circumstances, although ask that due consideration is given to exceptional circumstances cases and the Council do not merely pay lip service to this offer of relief.
18		David Walker	Wigan Council		• No detailed comments. In general consider that the proposals are reasonable and appear to be based on sound background evidence.
19		J M Morrison	Morrison Property Services Ltd		• The Council should be looking to fund community projects from all who live in Trafford. To tax just business and builders, is unsustainable. • If a Council wants to plant trees, build parks, or block pave a shopping street, why does a residential builder, building a house 2 miles away, have to pay any more than any other resident for that facility? • The Report and the PDCS (Preliminary Draft Charging Schedule based on CIL) is flawed, as it is unfair (Legally), and probably challengeable in the Court of Human Rights. • The bulk of the report is based on the assumption that CIL will be applied universally and hence we are totally against the report and the imposition of taxing Development inspiration. • Local good causes or projects are a wonderful notion and full marks to those driving these forward. However, they

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					have to be paid by the local public who want them or need them, not forced on those few innovators, who are trying (against all odds) to reshape the UK with their investment and experience. • Recommend that use and charges for CIL are re-defined. • If infrastructure is needed, then let it be so. As always, the Stakeholders of Trafford or the Government, or both must pay for such matters. • At this time we need Developers, people who will invest their money, time and energy, into local projects for the good of all. It follows, that we should be encouraging them, not discriminating against them and not landing all our social worries and costs upon them.
20		Janet Baguley	Natural England		• No Comments.
21		Dan Mitchel	Royal London Asset Management (RLAM)	Barton Wilmore	• It is considered the Council has followed the proper procedure in terms of basing the DCS on an up-to-date list of infrastructure and that the Viability Study is broadly robust. • Base charge of £10 per sq m broadly supported. However, if there are any abnormal costs identified with the development of a site, there needs to be provision which allows for a relaxation of the charges if a viability appraisal shows it will preclude the development. • The Council's intention to monitor CIL and progress a review where appropriate is supported. It is considered that progress on the HS2 proposals and the need for associated infrastructure will necessitate a review, at which time the infrastructure costs associated with HS2 and the proposed Manchester Airport station should be included in an amended Regulation 123 list. • Overall supportive of the procedure followed to inform the proposed CIL levy rates.
22		Emily Hrycan	English Heritage		• The Council should ensure that the conservation of its historical assets is taken into account when considering

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					the level of CIL to be imposed. The imposition of CIL could cause harm to the historic significance of heritage assets or their settings if the viability of a scheme is affected by the application of CIL. • Need a clear understanding of the potential impact that CIL could have on investment in and the regeneration of, historic areas, particularly those identified as being at "risk". • CIL could hamper heritage-led regeneration so CIL relief should be offered where viability affects schemes that reuse heritage assets on the EH Register of Heritage at Risk. • Strongly advise that conservation officers are involved in preparing the DCS.
23		Caroline Payne	Emery Planning Partnership		• The wording in the footnote of the DCS relating to the conversion of buildings is not consistent with that in Regulation 40(10). This requires clarification. • Object in principle to the inclusion of conversion of buildings in the charging schedule. Conversion of floorspace should be exempt from CIL and in the case of redevelopment schemes, existing floorspace should be off-set against the CIL requirement irrespective of whether it is vacant, lawful or not. • CIL should only be charged where there is a net increase in floorspace. • The Viability Study appears to focus on new build development; no appraisal for change of use applications, particularly those that involve vacant floorspace i.e. conversion of an office building to residential, yet a charge is to be levied. • There is likely to be no or very little impact on infrastructure from change of use or replacement development, so the charge should be zero. • Once introduced, CIL will act as a disincentive to development; going against the mechanisms the

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					Government has introduced with the changes to permitted development rights for the conversion of buildings for a temporary period i.e. office to residential. • The proposed application of CIL to vacant floorspace is contrary to the provisions of The Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2013. • Inappropriate to apply charges to existing floorspace, whether vacant or not. • Consider the proposal to remove the vacancy test from regulation 40, as set out in the CIL further reforms consultation, reasonable and fair. • Consider that all residential extensions should be excluded from charging schedules. Householder extensions are unlikely to intensify use of infrastructure. • If charges are to remain on residential extensions, clarification should be provided on which charge is applicable as this is not clear. Assume extensions fall within other chargeable development category and not the categories for private market housing (between £20 and £80 per sq m); assumption is that these charges apply only to new homes. • Suggest agricultural development is excluded from the charge. This does not appear to have been considered in the viability study. • Question whether the charging levy should take into account if a site is greenfield or previously developed; greenfield sites would have a greater impact on the need for infrastructure to support development. • Revised terminology should be given to the CIL charging zones for residential development; using the same terminology for affordable housing in the Core Strategy (Policy L2) and residential areas in the CIL is confusing. • Quality of the plan in the DCS is poor. • Draft Regulation 123 list is supported in principle, but

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					considered to be too vague. As a funding gap of over £226m has been identified, there must be more specific infrastructure detail that could be used. • The list should clarify that contributions to schools are for improvements and extensions to existing schools and not for the provision of new schools; under the Government's current regime any new school is not funded at borough level. • A more detailed Regulation 123 list would provide clarity and transparency for applicants that there is no duplication between CIL charges and S106 obligations relating to infrastructure.
24		Jeremy Williams			• Do not consider comments made at PDCS have been addressed. • Evidence base is not robust. • The rates as currently conceived could put the overall development of the area at serious risk. • Do not agree with differential rates for residential development in the south of the Borough. • If a differential charging approach is to be justified and implemented, Land Registry evidence should be used. • There should be no boundaries unless they are based on robust evidence. • Unable to demonstrate a coherent and justifiable rationale for a base rate charge.
25		Malcolm Simister	Greater Manchester Waste Disposal Authority (GMWDA)	Unity Partnership	• GMWDA has made significant investment in new facilities, to serve the community in which they are located, and the GMWDA area as a whole. A CIL levy would inhibit the ability of GMWDA to construct enhanced facilities where they are required. • Any GMWDA developments should be classed as community facilities in the charging schedule

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					and be charged at £0 per sq m. This zero rate should apply to any facilities developed directly by GMWDA, whether via PFI or appointed contractors.
26		Terence Norris	Peak Northern Footpath Society		• Disappointed there is no specific reference to the use of the levy for improving or providing new footpaths in and around development sites. • Suggest reference is added in the spatial green infrastructure or sustainable transport schemes section for the provision of improved or new public right of ways within or adjacent to development sites.
27		Clare Moran	Oldham Council		• No comments.
28		Rose Freeman	Theatres Trust		• Object to the setting of a £10 base rate for 'all other chargeable development' as assume this includes performance spaces and art venues. • It is not clear if cultural facilities (theatres) are included within the zero rated public/institutional facilities. • Suggest a nil rate of CIL be set for D1, D2 and specific sui generis uses (e.g. theatres). This type of facility is very unlikely to be built by the private sector and often does not generate sufficient income to cover its costs and consequently requires some form of subsidy to operate. • It may be that theatres could obtain discretionary relief or have charitable status, but recommend that the charging authority clearly indicates what is applicable to this development type.
29		Matthew Spilsbury	Peel Holdings (Management) Ltd	Turley Associates	• The Government only intends to extend transitional measures to charging authorities that published a DCS in advance of the 'CIL Further Reforms Consultation' proceeding on 15 April 2013. Therefore the Council should take into account the likely implications of the consultation proposals related to the charge setting process and examination.

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					• A number of the changes set out within the 'CIL Further Reforms Consultation' – on reliefs and exemptions, for instance – apply to all charging authorities, this is not considered in the Trafford DCS; request that the Council makes the necessary modifications to do so. • CIL is effectively a development tax. It was conceived when economic conditions were very different. This is the wrong time for a development tax particularly outside of the South and South East. • It will prevent the delivery of much needed affordable housing as sites will not be able to support the CIL payment as well as provide affordable housing. • The CIL Regulations have become unduly complex, slow to introduce, onerous to apply and inflexible. • CIL should be concluded to be unworkable and that the CIL Regulations should be revoked. • Have significant concerns relating to proposals by charging authorities to adopt a "default" CIL rate for "all other development" even when the evidence base suggests that these rates are unviable. • The Regulation 123 List only includes "headlines" as to broad types of development rather than identifying specific infrastructure projects. • The Council has identified an 'infrastructure funding gap' exceeding £232 million, but the Regulation 123 List does not specify which items from the 'gap' CIL will cover, and what will be funded from other sources. • Recommend the Council publish an itemised project-specific Regulation 123 List, complete with indicative timings for delivery of infrastructure. • At present, the draft Regulation 123 List will not be compliant with the proposed regulatory reforms. • The publication for consultation of the Obligations SPD alongside the consultation on the CIL DCS is welcomed. • Welcome the revised Obligations SPD which confirms that

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					site specific planting will still be required to mitigate site specific impacts of the proposed development, but that strategic planting will be dealt with through CIL. • Advocated a need for a clear statement from the Council as to how the extension of Metrolink and other similar, as yet unimplemented, infrastructure works, are to be dealt with within the CIL/residual S106 regimes prior to submission of the DCS for examination. • There should be a form of CIL "claw back" provision such that future private contributions towards infrastructure (e.g. WGIS) which are acknowledged to have much wider benefit that extend beyond the site and its immediate vicinity, should receive some contribution to (reimbursement of) the costs that infrastructure from any future developments that will be facilitated by or derive substantial benefit from that infrastructure. Request the Council considers and addresses this issue within the DCS prior to submission for examination. • Suggest that the instalments policy should be further amended to make specific allowance for schemes with particular pre-development and abnormal costs, for example site remediation/ preparation requirements, whereby the payment of CIL monies is made in instalments triggered by the completion of a development phase, rather than after a set number of days from the commencement of development. • The Council should further amend the instalments policy to include both a lower threshold, and refinement to the instalments payments to support scheme cash flow. • Welcome the inclusion of an exemptions policy with the Charging Schedule; request that the Council publish the proposed wording of their exemptions policy, which should be subject to public consultation. • The Council should ensure policy remains flexible to incorporate future changes in Regulations. If adopted,

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					expect the Council to introduce the proposal to allow exemption from CIL liability (via social housing relief) for further models of affordable housing including Discount Market Sale. • Strongly in support of the CLG proposal to remove the requirement for a planning obligation which is greater than the value of the CIL charge to be in place before relief in exceptional circumstances can be provided. • The proposed approach by the Council seeks to circumvent the CIL Regulations in their present form by attempting to differentiate by type of retail use – albeit still differentiating by size and effectively following the same approach as in the PDCS. This is not consistent with Regulation 13. • The Retail and Leisure Study (2007) does not provide evidence of the Council treating supermarkets, retail warehouses, convenience and comparison stores as different ‘uses’. • Request clarity as to whether ‘convenience retail’ and ‘town centre comparison retail’ are classed as ‘all other chargeable development’ in the DCS. • The Council should amend this policy so as to include one rate only for all retail development, which does not prejudice development viability and the delivery of the relevant Local Plan. • Do not believe that the Council’s approach, to alter the Trafford Quays area from ‘moderate’ to ‘cold’, is sufficiently reflective of the evidence base prepared. As set out in representations to the PDCS, the CIL rate for Trafford Quays should be zero. This would conform to the viability evidence prepared by GVA in 2011, which underpins Core Strategy policy. • Request the Council clarify what development is proposed to be included within the rates set within the DCS for ‘private market housing’ and ‘apartments’. At present

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					there are no definitions provided, which lacks transparency and could create confusion and conflict upon implementation. • The build cost assumptions as set out in the EVS are considered to be too low. • The EVS appears to have omitted any reference to the direct implication of lease length on yield. While it is appreciated that the EVS must provide a borough wide evidence base, from the information presented it is not transparent what evidence has informed the choice of yield. • The Trafford CIL Economic Viability Study – Addendum Report (March 2013) indicates such 'other' uses as highly unviable before a CIL rate is applied within Table 5.1. Therefore question how the Council can consider the application of an additional CIL charge as achieving an 'appropriate balance', in line with the CIL Regulations, despite the Council's own viability evidence base indicating that any CIL charge would further accentuate the negative viability of these types of development. • To include a CIL charge for these uses will set a rate not only 'up to', but also 'beyond', the 'margin of economic viability'. The CLG CIL Guidance (April 2013) strongly advises against such an approach. • Clarify whether development for hotel use is incorporated within the 'base charge'. At present this is unclear. • There is no evidence presented by the Council to justify that 'all other chargeable development' can viably accommodate a CIL charge within Trafford. This proposed CIL rate runs contrary to paragraph 173 of the NPPF, and the CIL Guidance, and request the Council demonstrate otherwise or remove the proposed rate. • The Council needs to have a clear and evidenced monitoring and review strategy in place to ensure that the rates within the adopted CIL Charging Schedule can be

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					swiftly revised if the market changes significantly. • Recommend a high-level quarterly review of market performance, and delivery rates, is undertaken to evaluate whether the CIL rates set for the area remain appropriate. • As infrastructure on the Regulation 123 List is delivered, it will be important to re-evaluate the implication on CIL rates. • Request that the Council sets out its detailed proposals for monitoring and review prior to CIL examination.
30		Andrew Thomson	Shell	Thomson Planning Partnership Ltd	• It is fundamental to any CIL proposals that the charging authority have a clear infrastructure delivery plan to meet the proposed new duty to ''demonstrate'' that it has struck an appropriate balance between the desirability of funding infrastructure and the effects on the economic viability of development. • Greater transparency is required when setting the rates for the levy and there should be the ability for a developer to pay CIL by providing infrastructure in kind. • There should also be the facility for developers to pay the levies in phases, particularly in the case of the large strategic sites within Trafford such as Carrington which will be delivered over a number of years. • The new charging rates for development are welcomed but there may be concerns regarding the definition of boundaries between 'hot and 'cold' areas. • It is unclear how these differential charging rates will be revised in the future to reflect potential changes within Trafford as changes take place in these market areas. • A charge of £225/sqm for supermarkets may still be unrealistic and unviable within Trafford and may impact upon the potential to secure major retail investment in Trafford in the future. • Whilst the suggested Instalments Policy may be considered acceptable, as set out it is unrealistic in relation to the implementation and delivery of the strategic

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					locations. By their very nature they will take several years to implement. Suggest that there should be a fourth element to the proposed Instalments Policy specifically related to the 5 Strategic Locations, allowing for payments to be made in kind, as well as the repayment period reflecting the more extended timescales associated with large and complex developments. At the moment the maximum repayment period currently proposed is only 18 months.

Appendix B Site Specific Value Assumptions

Build Costs (per sq. m)	Houses	Apartments	Office	Industrial	Retail	Hotel
Altrincham Town Centre	-	£1,100	£1,130	-	£794	£1,311
Carrington	£775	£900	£1,100	£460	£1,000	-
Pomona	-	£1,200	£1,100	-	£1,000	£1,311
Trafford Centre Rectangle	£850	£1,100	£1,100	-	£1,000	£1,311/ £1500*
Trafford Wharfside	-	£1,250	£1,100	£480	£1,000	£1,311

* A 20% uplift on this cost has been applied to the 4*+ hotel

Sales Values (per sq. m)	Houses	Apartments	Affordable Housing	
			Rented	Intermediate
Altrincham Town Centre	-	£3,250	£1,375	-
Carrington	£2,000	£2,100	£990*	
Pomona	-	£2,500	£1,625	£2,275
Trafford Centre Rectangle	£2,250	£2,250	£1,250*	
Trafford Wharfside	-	£2,500	£1,200	£1,750

* A blended average of social rented and intermediate values is applied

Commercial Values	Office		Industrial		Retail		Hotel
	Rent (per sq. m)	Yield	Rent (per sq. m)	Yield	Rent (per sq. m)	Yield	Room value*
Altrincham Town Centre	£170	8.50%	-	-	£250	7.50%	£65,000
Carrington	£150	8.50%	£55	8.50%	£200	6.50%	-
Pomona	£160	8.25%	-	-	£160	6.50%	£65,000
Trafford Centre Rectangle	£160	8.00%	-	-	£160	6.50%	£60,000/£75,000
Trafford Wharfside	£160	8.25%	£60	8.00%	£160	6.50%	£65,000

* Assumed value per room reflects the quality, location and anticipated occupancy of the hotel proposals

Land Values (per ha)	Residential	Office	Industrial	Retail	Hotel
Altrincham Town Centre	£2,400,000	£1,000,000	-	£10,000,000	£2,400,000
Carrington	£700,000	-	£350,000	£700,000	-
Pomona	£2,000,000	£400,000	-	£400,000	£1,250,000
Trafford Centre Rectangle	£700,000	£400,000	-	£600,000	£1,000,000
Trafford Wharfside	£2,000,000	£400,000	£400,000	£1,000,000	£1,250,000

Common Assumptions	Value
Residential	
External works	10% of build cost
Contingency	5% of build cost
Professional fees	10% of build cost
Sales agent fee	1.25% of market units
Sales legal fee	£600 per unit
Marketing	£1,000 per unit
Finance costs	7% per annum
Commercial	
External works	8% of build cost
Contingency	5% of build cost
Professional fees	10% of build cost
Letting agent fee	10%
Letting legal fee	5%
Marketing	£25,000
Finance costs	7% per annum
Stamp Duty	
Up to £125,000	0%
£125,000 to £250,000	1%
£250,000 to £500,000	2%
£500,000 to £1,000,000	3%
£1,000,000 and over	4%