

[REDACTED]
[REDACTED]
23/06/2024

Dear Lucy,

I would like to share with you the following comments to object to application 137227/FO/2023.

Please confirm in writing by 28/06/2024 that you have received my comments.

Natural Daylight – Deansgate Square

The GIA report states that, as a whole, Deansgate Square will retain average daylight comparable with similar types of developments and that residents of Deansgate Square have been aware for several years of proposed developments.

The second part of the statement is completely untrue. In fact, it is very surprising that Renaker, the applicant, have not asked GIA to correct these statements in the report as Renaker themselves have been advertising properties in the marketing suite with much smaller buildings on the plots discussed. Numerous photos of the models are available and other photos are part of the Great Jackson Street Development Framework authored by Deloitte. Many Deansgate Square residents have bought properties based on the natural daylight the properties would offer for years to come.

The GIA report comments on the daylight situation as an average. It is clear from the visuals on figure 16 that pretty much the entirety of the West facing side of the North Tower will be left with low level lighting. The situation is almost similar for the West side of East Tower. When combined with the other proposed developments on plot C and E and the new constructions currently rising on the South and West side, circa 2/3rds of apartments on the South Tower will be left with very little daylight. The report itself seems incomplete. The assessment focuses on only one side of some key buildings. This is the case for South Tower, for example, which will be impacted on three sides. The South face will be impacted by plot D (no figure), the West face will be impacted by plot D and C7/C8/E1/E2 and the North Face will be impacted by C7/C8/E1/E2 (no figure). Curiously, whilst the report fails to show before and after (called existing and proposed in the report) for buildings heavily impacted by the loss of sunlight, for example the West side of Deansgate Square North Tower, it happily volunteers before and after for apartment blocks completely unaffected by the towers (like City South). With these kinds of inconsistencies, one cannot help but feel that the report has not been written in a completely neutral way.

Another well-known impact of the change in lighting conditions for so many apartments will also result in an increased need for internal lighting and heating, and thereby an increase in CO2 emissions. The environmental impact assessment for this planning application does not take that into account.

Residents of Deansgate Square have access to a green area on the West facing side of North Tower called the Roof Garden. Due to its positioning, the Roof Garden is a very windy place, and therefore unless warmth provided by natural sunlight is present, it is not a very welcoming place. The Roof

Garden is used a lot less use than it used to at the beginning following the construction of the four towers on the West side of the Great Jackson development. Direct sunlight is now available early afternoon and late afternoon, but there is a gap mid-afternoon when the sun is behind the four towers opposite. The combination of the proposed 72 floor tower in this application and the four towers on plots C and E will effectively deprive all the residents from their only private green space, as there will be no direct sunlight ever reaching the Roof Garden as can clearly be seen from figure 16 of the Gia report. It is worth noting that this green space has often been used for events designed to create a community at Deansgate Square. So the proposed development will impact not only residents' wellbeing from a natural sunlight point of view, but it will also make it more difficult for them to belong to a community, which, as we know, also has a number of positive impact on crime rate, wellbeing, antisocial behaviour, loneliness, and other.

The Roof Garden is also the only child-friendly place within the Deansgate Square environment. There are no places in the entire development where children can go and play apart from the Roof Garden. The next closest place is the playground outside Crown Street School, and that playground will also be without any direct natural sunlight if the proposed development goes ahead.

Considering a lot of properties were sold to purchasers on the belief, reinforced by drawings and models, that their apartment would benefit from high levels of direct light and that they would be able to enjoy a green, communal, child-friendly, place in the Roof Garden, it is not acceptable, and could even be considered as dishonesty and misseling, that an application for a completely different development which will impact the daylight of so many apartments in such a drastic way has been submitted. The situation for Deansgate Square should not be looked at as an average, but should really focus on the West facing sides of the South, East and North towers, and disregard the negligible impact of West Tower which is geographically detached from the other three towers. The application is also in direct contradiction with the Greater Jackson Development Framework, two pillar of which are "maximising separation distances between buildings" and "enhancing sunlight and daylight penetration into the site".

Natural Daylight – Green Spaces

Recent aerial photographs show that there are currently only two green spaces easily accessible to residents of the Great Jackson developments. One of them is the park located outside the school and in front of the Blade building, the other one is a private area only available to Deansgate Square residents called the Roof Garden.

Both of these spaces will see a drastic reduction in natural delight if the proposed construction go ahead.

There is already very little natural daylight for the park on Plot C as the park was built on the East side of plot C's tall buildings and is surrounded on three sides by tall constructions. Thus, the park gets very little sunlight post midday, apart from a brief period when the sun is between the towers known as the Circle and the Blade.

That park gets good natural sunlight in the morning though, but the proposed towers on plots C and E, alongside the proposed 71 floor high tower on plot D, will remove most of the morning natural daylight from the park.

The situation is very similar for the Roof Garden, which will see close to ZERO natural sunlight if the project to build E1 and E2 as well as plot D goes ahead.

As is widely known, easy to reach green spaces contribute both to the physical and mental health of local communities, even more so in places like Manchester where winters can have very short amount of natural daylight. Due to their location in the midst of tall buildings, the parks are very windy, and natural daylight provides the necessary warmth to make these spaces enjoyable in windy conditions. By drastically reducing the amount of natural daylight, the proposed constructions will also drastically reduce access to green spaces for the local community.

The proposed development has two small grassland areas which will be surrounded on all sides from tall buildings and will see very little direct natural sunlight. So there will be very little 'green benefit' to residents of Great Jackson from these two small grassland areas.

Apart from the impact on the residents of the Great Jackson development, the reduction in natural light will also impact plant growth in these green areas, and consequently the overall biodiversity of the area.

The initial aim of the Great Jackson redevelopment was to create a mix of green spaces and tall buildings providing a pleasant and relaxing environment for residents of the area. A few years on, it is proposed to remove the natural daylight from the only two green spaces available to local residents (and most residents in the area actually have access to only one as the Roof Garden is a private green space) and render them inhospitable and unusable most of the time. This seems completely at odds with the initial objective set for the area. It feels instead like Manchester has not learnt from its past, particularly the 1970's high-rise developments which failed partly due to the lack of enjoyable green spaces available to local residents.

Daylight – school

A popular addition to the redevelopment of the Great Jackson area was the addition of a primary school, the first one to open in Manchester city centre for 20 years.

It is common knowledge that students' learning ability, mood and overall well-being is affected by natural daylight, even more so in places which get very little daylight in the winter like Manchester.

The GIA Daylight Sunlight report states that the school will lose very little daylight and recognises that the baseline is very low. It also states that occupants will not be aware of any reduction in daylight as the school is not yet constructed. This information is incorrect. The school is built and the first intake of students will take place in September 2024.

It is also concerning that low level baseline daylight is used as a reason to proceed with the development. It can definitely be argued that as students and staff at the school are already provided with a very dark environment, everything ought to be done to preserve the very little natural light that these human beings will be getting.

Furthermore, it is notable that the GIA report only considers the building itself. It is the front of the building that will be hugely impacted by the construction of the four towers. Directly outside of the building there is a play area. That play area will also be hugely impacted by the proposed development. Currently it is possible for future pupils to exercise and enjoy the play area in direct sunlight in the morning. This will be taken away from them as the proposed new developments (plot C and E and the 71 floor tower from plot D) will remove any direct sunlight in the morning from the play area.

In conclusion, for the wellbeing of students and staff at the school it is imperative not to go ahead with a development which will leave them with no direct sunlight even in the school outdoor areas for most of the year.

The Great Jackson redevelopment was meant to be a place which attracts a mixed population, including young families. This proposed development goes against the initial aim of the redevelopment scheme.

Impact of Increase in Traffic

Increased traffic in the area is to be expected with the construction of four additional towers and an additional tower of 71 floors.

It is stated in the Framework Travel Plan that the traffic flow on Owen St is controlled by barriers. This is inaccurate information. The traffic on Owen St has not been controlled in that way for at least 3 years as it was impractical. Furthermore the barriers have now been removed.

Apart from Owen St, other road infrastructures appear inadequate. Referring to report Transport_Note from Curtins, it is difficult to understand how estimates of vehicles have been reached. The population of the Deansgate Square towers is made in majority of wealthy students and young professionals who tend to travel by taxis when going out. What we witness at Deansgate Square during term time, i.e. when the buildings are at full capacity, are vehicles queuing to get onto the turning circle. We easily see three times the number of taxis per tower picking up people on the turning circle. It seems a reasonable assumption that the lifestyle of the towers will not differ significantly. There are regular occurrences of vehicles queuing on Owen St. when there are already 5 vehicles parked on the outer circle and 3 double parked on the inside. It is therefore reasonable to expect a lot more than 8 taxis per hour between the hours of 8 and 9 in the evening for a tower which has 7 more floors than the South Tower.

Aside from taxis, a lot of food deliveries take place. It is, again, difficult to understand how Curtins came up with figures for loading bay requirements for loading bays. Curiously, peak times for servicing vehicles are between 10 and 11am and 4 and 5pm. The peak time that can be observed at Deansgate Square is between the hours of 7 and 10pm, when a lot of the food gets delivered by cars. Delivery drivers regularly complain that there is nowhere for them to stop, and some have even threatened to stop delivering to the towers.

It is very doubtful that 2 spaces for drop off areas of Plot D will be enough. Curtin's view quoted in the report is that the majority of takeaway deliveries and groceries will be delivered by bicycle or last-mile option. This is not what has been observed at Deansgate Square, as groceries tend to be big orders and drivers will often carry piles of 4-6 boxes on a trolley. They do so to the apartment door where the resident will take the time to empty the crates in their kitchen area before bringing the crates back to the door. This process takes considerably more time than what Curtins think, particularly in a building of 71 floors where the travel time on the lift itself (including the regular stops at different levels) will take a significant amount of time. On the way up and on the way down.

Finally, it is questionable as to whether the assessment by Curtins is valid at all. Curtins seem to be under the impression that C7 and C8 are smaller towers than E1 and E2. It is easy to see from the Elevation drawings that that is not the case. So when Curtins state that "there could be instances on Towers C7 and C8 ... when theoretical demands slightly exceeds the supply of loading spaces", that conclusion is drawn on estimates which are even lower than they will be in reality. Given that Curtins

developed their entire assessment on the wrong sizing of the towers, it is really doubtful whether the entire report can be relied on for informed decision making.

So based on the above, I would like to comment that the report on road infrastructure seems to be based on incorrect, out of date or inaccurate data, and therefore should not be trusted for decision making.

Greater Manchester Strategy, crime and anti-social behaviour

Contrary to what is stated in the marketing literature promoting the Great Jackson redevelopment, there is not really a “mixed type” of occupation in the area. The apartments are primarily marketed abroad to foreign investors in the Middle East and the Far East. As a consequence, the proportion of owner occupiers in the towers is very low. The foreign property owners do not tend to occupy the properties themselves, and in turn promote their properties locally. So circa 80% of the occupiers are wealthy foreign students mainly from the Middle East and China and the Far East.

The families with children living in Deansgate Square are few and far between, as the environment is becoming less and less conducive to raising families. This can be seen, for example, with the Crown Street school which has had to extend its catchment area as there were too few families in the surrounding towers to fill the classrooms, despite the school itself being very small (only 54 places for September 2024).

As a consequence of the type of occupancy, petty crime rate has started to rise significantly in the area mainly around drug taking, anti-social behaviour or mobile phones theft. The type of anti-social behaviour revolves around noise pollution from music played loudly within apartments, noise from car revving engines to attract attention on the vehicle, cars driving aggressively on Owen St., fouling (vomiting, dog fouling, human urine in shared spaces, broken glass). Due to the wealthy nature of the student population, that population has also become a target for thieves mainly for smash and grabs on mobile phones. The area has now also had for multiple years a very high rate of cars being broken into.

Drug taking is also a real problem at Deansgate Square with dealers residing within the towers so as to be closer to the recreational consumers.

As there is no reason to believe that the properties will be marketed differently, and therefore consist of a different type of demographics, it is a real concern that the construction of 642 new apartments (plus the 1,746 new apartments on plot C and E) on the doorstep of Deansgate Square will also result in even more drug taking in the area as well as an increase in anti-social behaviour. But it also is in contradiction with the Greater Manchester Strategy which mentions people as its biggest asset and the need to build on the strength of families and communities. Instead of having residents invested in the long term future of the Jackson Street development, less than 10 years after its launch, we now already have a population which is in majority transient and seasonal. This is also directly in contradiction with The Great Jackson Development Framework which set out to cater for a ‘diverse population’ and whose vision was to cater for a ‘vibrant, safe, secure and sustainable community’.

Concluding remarks

Based on the various elements above, I would like to request that you reject application 137227/FO/2023.

It is clear that the application has been made using a blend of wrong data, inaccurate or out of date information and that the proposed development will have a serious impact on the residents of Great Jackson and even in surrounding areas like Castlefield.

Furthermore, it is breaching ALL THREE of the key pillars published in the Great Jackson Street Development Framework published by Deloitte (namely maximising separation distances between buildings, increasing the quantum and variety of public spaces within the Development Framework, enhancing sunlight and daylight penetration).

Best regards





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Our ref JYK/GRE01982.2

Your ref 137227/FO/2023

21 June 2024



Dear Ms Harrison

Application for full planning permission for the demolition of existing structures and the erection of one residential building to a height of 71 storeys comprising 642 homes (Use Class C3) with food and drink uses (Use Class E) and / or drinking establishment (Sui Generis); and one office building (Use Class E); with basement car parking, cycle parking, landscaping and public realm, servicing and access arrangements, highways alterations and associated works

Plot D Great Jackson Street Manchester M15 4NP ("Site")

Application Reference: 137227/FO/2023 ("Application")

- 1 Following our letter of 4 August 2023 regarding Application Reference 137227/FO/2023 (attached for reference), we make further representations to respond to the updated Viability in Planning information that has been uploaded to the Planning Portal by the Council on behalf of the applicant – Renaker Build Limited.
- 2 The first point we would make is to highlight, for a matter of record, that the new viability information was not uploaded to the Portal on the 18th of April 2024.
- 3 Roger Hannah, instructed by the applicant, have produced a new Financial Viability Assessment (FVA) for Application Reference 137227/FO/2023. This has replaced the original FVA produced inhouse by Renaker. This Roger Hannah FVA now does seek to follow the Guidance set out in the National Planning Policy Framework (NPPF) in relation to Viability in Planning as well as the Planning Policy Guidance (PPG) on Viability. It does also seek to follow the requirements of the RICS for Surveyors dealing with Viability in Planning. This full scale revision of the Viability Assessment has taken place following the objection by this firm. On all other schemes by the same developer to date the process followed was not compliant.
- 4 It is welcomed that the Council and Applicant have accepted the criticism set out in our original objection letter and sought to address them via the new viability work that has been undertaken by Roger Hannah.
- 5 We also welcome the fact that the assumptions and assertions set out in the original Renaker FVA are no longer recognised as independent or evidenced (in their entirety these have now been replaced in the new Roger Hannah FVA). There remain questions to be answered regarding why the LPA validated the application given the Renaker FVA did not meet the required national and professional

standards and indeed did not follow the requirements set out in the Councils own Validation Check List.

- 6 At this juncture we believe it is important to make the Council aware that through a separate line of enquiry made by our client, we have been made aware that the original FVA produced by Renaker was presented to Savills for review on behalf of the Council. The Roger Hannah FVA followed this review. We make the assumption that the Savills review is no longer of relevance.
- 7 We have now had the opportunity to study the Roger Hannah FVA, which has also been reviewed by our client's viability consultant (Continuum). We assume that this will be/has been reviewed on behalf of the Council (either by Savills or another party). We would request sight of the review as soon as it is available, and also to be provided with time to submit representations on it.
- 8 The Roger Hannah FVA raises some important points in relation to our objection letter of 4 August 2023. We posed a number of questions regarding Planning/s106 Contributions. In particular at para 6.11 (page 9), we requested a breakdown of the public realm and highway works that made up a reported spend of circa £2.27M attributed to s106 contributions. Edmund Shipway (costs consultants appointed by Renaker) have provided a detailed breakdown of all build costs. The £2.27M referenced has now grown to £2,603,249 and it has a new title of Public Realm Works. Roger Hannah are very clear in separately itemising this sum of money in their FVA. They state that *"We are therefore also of the opinion that the scheme cannot provide any additional financial contributions, beyond the public realm works of £2,603,249 that are being delivered on site."* For clarity, there is no reference to a contribution in the s106 Heads of Terms on the Planning Portal.
- 9 The £2,603,249 is clearly referenced as a financial contribution. From studying the Edmund Shipway cost plan, it is hard to reconcile how the elements itemised under the heading Public Realm Works could be classed as a contribution. For example, £1,377,178 of this figure is for External Services (connections to statutory services- water, foul, electricity, media). These are standard development costs and should be referenced as such. To suggest the applicant is incurring additional costs as a contribution to Public Realm is at best misleading.
- 10 In our objection letter of the 4 August 2023 we raised concerns regarding Policy EN 2 of the Core Strategy 2012. This is where applicants need to demonstrate that proposals for tall buildings are viable and deliverable. The conclusion reached by Roger Hannah is that the scheme is more unviable than previously asserted. The profit on GDV is stated to be 7.21% against the Roger Hannah expectation of 18% on GDV. This needs to be put against the original assertion by the applicant that 25% on GDV was the requirement. It is also worth raising that in the original Renaker FVA the purchase price for the development land was provided. According to Renaker this is the price they have already paid to Manchester City Council for the land (prior to planning permission being granted). If the actual purchase for the land is inputted in the financial appraisal, the scheme is even less viable than reported.
- 11 Roger Hannah state that the applicant is prepared to take a "commercial view" in accepting a return that is a approx. 50% of the figure they would require to reflect the commercial risk taken in delivering the scheme. This makes the assumption that the applicant is in control of all financial decisions in relation to the development. As clearly identified by Roger Hannah the development would require a funding partner (100% of the costs of the scheme is assumed to be funded by a third party). To comply with policy EN 2 the applicant would need to provide some form of guarantee from their funding partner that funding would be available for a scheme that is clearly "unviable".
- 12 The application remains in conflict with policy EN 2.

- 13 For the purposes of transparency the applicant should not be making claims that substantial contributions are being made to public realm (via s106). It is clear the costs identified are standard build costs for a development of this scale and complexity. It is misleading to suggest otherwise.
- 14 All the above leads to broader questions regarding the applicant's approach to Viability in Planning in relation to the major developments they have promoted in the City over the past number of years. Why should it be that MCC has had to wait until 2024 for this applicant to produce a Financial Viability Assessment for its developments that seeks to comply with national and local requirements? There are also questions to be answered by the Local Planning Authority in relation to why they have felt it appropriate to progress and indeed recommend schemes receive a planning consent when the evidence base produced by this applicant to support those applications clearly falls well below basic standards of compliance.
- 15 Can we ask how the Local Planning Authority will seek to remedy the consequential impacts of this historic failing?
- 16 Each application by this applicant (from 2016), subsequently consented by the Council, has argued the case that the scheme they are promoting is not viable, in direct contravention of Policy EN 2. Interestingly all these “unviable” schemes have either been built or start on site has commenced.
- 17 Based on the commentary of Roger Hannah referenced above, this applicant will make a “commercial decision” that they would deliver an unviable project. At what point does the Local Planning Authority and Councillors (Planning Committee Members) conclude that these unviable projects that provide limited or no contributions through s106 (due to their lack of viability) are actually viable. The very test of a commercially viable project is one that has been built out, with all creditors paid and an acceptable profit being generated. The fact that this applicant maintains a Government backed line of credit confirms the above test is being met.
- 18 The evidence in the Roger Hannah report regarding costs is concerning. This applicant has a track record of arguing they are making s106 contributions by delivering public realm. This contribution is typically referenced as a monetary sum. In the Planning Committee reports that recommend this applicants projects for a consent, the Local Planning Authority provides a commentary extolling the benefits of these so called contribution making it clear that it is a consideration when the Planning Balance has been considered. By way of example, the Committee report for planning application 132429/FO/2021 (Trinity Island) makes reference to Public Realm contributions of £10.3M in the section headed Affordable Housing. There appears to have been no scrutiny of this figure. Should the approach taken at Trinity Island follow that proposed by the applicant in this case then most or all of this figure would have related to standard build costs and thus should not have been detailed as a consideration in the planning balance. We ask how the Local Planning Authority will investigate and remedy what appears to be a significant failing in their process?
- 19 The Edmund Shipway cost plan supporting the Financial Viability Appraisal for this application makes it clear the public realm “contribution” is no such thing. For the Committee Report relating to this application, the Local Planning Authority need to make it very clear what the actual position is regarding contributions.
- 20 Finally, we make the assumption that the Roger Hannah FVA’s have been reviewed on behalf of the LPA. To comply with the findings of the Holborn Studios Case, it is important that the review is made public prior to the closing of the consultation period. It is essential that should the review and its findings be referenced in the Planning Committee Report, the public and other interested parties have had sight of this document well in advance meeting the requirements of transparency and best practice.

- 21 In conclusion, the Application should be refused.
- 22 Please confirm by way of return that this objection will be considered in the determination of the Application.

Yours faithfully

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WALKER MORRIS



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BY EMAIL ONLY
Planning
Growth and Development
Manchester City Council

Our ref JYK/GRE01982.2

Application Ref: 137227/FO/2023

4 August 2023

Dear Sirs

Application for full planning permission for the demolition of existing structures and the erection of one residential building to a height of 71 storeys comprising 642 homes (Use Class C3) with food and drink uses (Use Class E) and / or drinking establishment (Sui Generis); and one office building (Use Class E); with basement car parking, cycle parking, landscaping and public realm, servicing and access arrangements, highways alterations and associated works

Plot D Great Jackson Street Manchester M15 4NP ("Site")

Application Reference: 137227/FO/2023 ("Application")

1 Introduction

- 1.1 We are instructed by Great Jackson St Estates Limited ("GJSEL")
- 1.2 GJSEL is the long leasehold owner of the site at 34 Great Jackson Street, Manchester.
- 1.3 GJSEL has reviewed the Application submitted on behalf of Renaker Build Limited ("Renaker") and, for the reasons set out below, strongly objects to it.
- 1.4 To summarise, the viability evidence submitted in support of the Application is wholly inadequate and is contrary to national planning guidance and the RICS professional standards. It fails to demonstrate that the scheme is either viable or that it is justified in making such limited section 106 contributions. For the reasons set out below, the Application is contrary to the development plan and should be refused.
- 1.5 Please note that if Renaker submits any further information, particularly on viability grounds, in support of the Application then we reserve the right to make representations to the Council at that time.

2 Application

- 2.1 The Application was received by the Council on 8 June 2023, and validated on 26 June 2023. We are not aware of when the Application will be presented to the Council's members for determination. However, please note that GJSEL will be represented at that meeting.
- 2.2 Renaker has submitted a "Financial Viability Assessment", dated June 2023, in support of the Application. It is not clear who has prepared this document, but it includes Renaker's branding on the cover page. It is therefore assumed that this assessment has not been produced by an independent party. Indeed, it is stated in the Environmental Statement, submitted with the Application, that the author of the viability work is Renaker. However, please can the Council clarify this with Renaker and confirm the position to us as soon as possible?
- 2.3 Paragraph 2.3 is titled "Planning / S106 Contributions". It states that the scheme will include the delivery of new public realm. The cost of such works is stated to be £2,270,471. This appears to be the totality of the section 106 contributions offered by Renaker (and then taken into account in the viability assessment).
- 2.4 Paragraph 3 sets out how the assessment has been undertaken. It is noted that the report has been prepared based on the following information:
- *"Estimated Construction Costs produced by Renaker Build Limited (May 23)*
 - *Area Schedules and Scheme drawings in line with the planning application".*
- 2.5 Renaker state that it has also relied on the sales rates being achieved at its developments at Crown Street, Deansgate Square and Colliers Yard, and it is also stated that sales values from "*other similar developments*" have been utilised. It is not clear which other developments are being referred to.
- 2.6 The supporting information (in particular the May 2023 work produced by Renaker) and the comparable sales data is not included in the report.
- 2.7 For the commercial and office space, Renaker has applied a value of £20 per square foot and £25 per square foot respectively (both at a 6% yield). The report does not provide evidence to support these figures.
- 2.8 The "Additional Assumptions" that have been made are set out on page 7. Various items, such as finance rate, professional fees, development management fee, contingency and agency fees on sale are calculated based on "*market knowledge*". No supporting evidence is produced.
- 2.9 The construction costs and the office facility are stated to be based on the Estimated Construction Costs produced by Renaker. As noted above, the underlying work by Renaker has not been disclosed.

- 2.10 The outputs from these assumptions are set out in the table at appendix 1. This purports to show: the total development cost, the total development value and the margin. It is noted that a land purchase figure of £3,501,017 is included in the total development costs. It also includes the office build costs of £5,057,580 and the costs of the "*external public realm and highway works / mancurian way*" of £2,270,471. The table produces a margin on value of 10.04%.
- 2.11 The conclusion of the report is that the scheme cannot support "*further s106 / affordable housing contribution*". The reasons given for this stance are: (i) the cost of the public realm works; (ii) the quality of the scheme; and (iii) delivery costs. We comment on the relevance of these factors below.
- 2.12 When the report refers to "*further s106...contribution*", it is not clear exactly what the package of section 106 contributions on offer is. It appears to be the public realm and highway works referred to in the table at appendix 1. However, paragraph 2.3 only refers to public realm works (rather than any highway works). The Council should clarify, and then make publicly available, what is proposed and at what cost. In addition, if there are any further contributions that are being offered, then this should be disclosed as soon as possible.
- 2.13 Renaker assert that "*an industry standard development of such scale and risk profile should produce a development margin of 25.00% plus*". No evidence is produced to substantiate this assertion. Renaker's position is that the Application, with no further section 106 contributions (and specifically no affordable housing) would produce a margin 15% less than the level required to incentivise it to undertake the development.

3 Planning Policy

- 3.1 Section 38 (6) of the Planning and Compulsory Purchase Act 2004 requires that:
- "If regard is to be had to the development plan for the purpose of any determination to be made under the planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise."*
- 3.2 The weighing of all other material considerations includes consideration of the policies of the National Planning Policy Framework ("NPPF")¹.
- 3.3 Manchester City Council's development plan comprises of, inter alia, the Core Strategy 2012 – 2027 ("Core Strategy"). The Core Strategy policy on "tall buildings" is contained in policy EN 2. It states that:
- "Tall buildings are defined as buildings which are substantially taller than their neighbourhoods and / or which significantly change the skyline"*.
- 3.4 Policy EN 2 contains various requirements, which stress the importance of design, location and sustainability. It goes on to state that:

¹ Secretary of State for Communities and Local Government v Hopkins Homes Limited [2016] P.T.S.R. 1315

"It will be necessary for the applicant/developer to demonstrate that proposals for tall buildings are viable and deliverable."

3.5 The supporting text notes that:

"12.15 It is crucial that the viability and deliverability of a proposed tall building be proven. Unimplemented planning permissions for tall buildings can have a significant impact on land value and can distort the market in an unacceptable manner. This can hinder the development of the site for other uses and can have an adverse impact on the developability of other sites. This can have a significantly negative impact on the regeneration of an area."

3.6 Policy PA 1 is the Council's policy for developer contributions. It provides that:

"In determining the nature and scale of any planning obligation, specific site conditions and other material considerations including viability, redevelopment of previously developed land or mitigation of contamination may be taken into account".

3.7 Policy H 8 addresses affordable housing. It states that:

" 1. New development will contribute to the City-wide target for 20% of new housing provision to be affordable. Developers are expected to use the 20% target as a starting point for calculating affordable housing provision. It is envisaged that 5% of new housing provision will be social or affordable rented and 15% will be intermediate housing, delivering affordable home ownership options..."

4. Either an exemption from providing affordable housing, or a lower proportion of affordable housing, a variation in the proportions of socially rented and intermediate housing, or a lower commuted sum, may be permitted where either a financial viability assessment is conducted and demonstrates that it is viable to deliver only a proportion of the affordable housing target of 20% or where material considerations indicate that intermediate or social rented housing would be inappropriate".

3.8 The supporting text to policy H 8 highlights that there is a *"need for 438 affordable units annually"*.

3.9 However, in addition to this figure, paragraph 9.32 states that *"almost 39% of households, whilst not qualifying for social rented housing, are unable to purchase their own house"* and that *"shared equity or ownership options will be necessary to meet Manchester's target of increased home ownership. It suggests therefore that 438 is a minimum figure to address the wider problems of affordable housing..."*.

4 National Planning Policy Framework ("NPPF") and Planning Practice Guidance ("PPG")

4.1 Before turning to our assessment of the viability evidence produced by Renaker, we highlight below the key sections of the NPPF and PPG that provide firm instructions on how such evidence should be produced.

4.2 Paragraph 58 of the NPPF states that:

"All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."

4.3 The PPG provides more detailed guidance on viability assessments. It is stated that:

*"The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and site circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment."*²

4.4 The PPG also comments on how a viability assessment should be undertaken, when stating:

*"Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available."*³

4.5 When referring to how gross development value should be defined, it is stated that:

*"For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers."*⁴

4.6 The PPG goes on to state that the:

"Assessment of costs should be based on evidence which is reflective of local market conditions..."

Costs include:

- *Build costs based on appropriate data, for example that of the Building Cost Information Service.*
- *the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value...*
- *explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return".*⁵

² Paragraph: 008 Reference ID: 10-008-20190509

³ Paragraph: 010 Reference ID: 10-010-20180724

⁴ Paragraph: 011 Reference ID: 10-011-20180724

⁵ Paragraph: 012 Reference ID: 10-012-20180724

- 4.7 The approach to defining land value, for the purposes of a viability assessment, is clearly set out in the PPG:

"To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner.⁶"

- 4.8 It goes on to state that *"Existing use value is not the price paid and should disregard hope value"* and also that *"Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan⁷".*

- 4.9 The PPG also considers the level of return that a developer should expect to receive. It states that:

"For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types."

5 RICS Guidance

- 5.1 In addition to the Government's planning policy and guidance, it is also important to highlight the professional standards issued by RICS on this topic.

- 5.2 RICS issued a professional standard titled "Financial viability in planning: conduct and reporting" in May 2019. The introduction to this document highlights that:

"This professional standard sets out mandatory requirements on conduct and reporting in relation to FVAs for planning in England, whether for area-wide or scheme-specific purposes."

- 5.3 It clearly sets out the fourteen requirements which *"must be included in all FVAs (scheme-specific and area-wide) and how they must be carried out"*.

- 5.4 These include the following:

5.4.1 A financial viability assessment ("FVA") must include a statement that it has been prepared with objectivity, impartially, without interference and with reference to all appropriate available sources of information.

5.4.2 All inputs into an appraisal must be reasonably justified.

⁶ Paragraph: 013 Reference ID: 10-013-20190509

⁷ Paragraph: 006 Reference ID: 10-006-20190509

- 5.4.3 When providing the benchmark land value, RICS members are instructed to report on the existing use value (as set out in the PPG). It is also highlighted that while the price paid for the land may be reported to improve transparency, *"this is not allowable evidence for the assessment of benchmark land value and cannot be used to justify failing to comply with policy"*.
- 5.4.4 All FVAs *"must provide a sensitivity analysis of the results and an accompanying explanation and interpretation of respective calculations on viability, having regard to risks and an appropriate return(s)."*
- 5.5 A further professional standard was issued by RICS in April 2023, titled "Assessing viability in planning under the National Planning Policy Framework 2019 for England"⁸.
- 5.6 This contains further detail on a number of areas, including commentary on the section of the PPG which deals with standardised inputs into viability assessments. It is noted that *"Market information concerning costs, values and optimal assumptions can be used. This means that standardised inputs are market, not individual developer, orientated."* Various examples are then provided of the types of evidence that could be utilised.
- 5.7 This document also provides instructions on the use of costs evidence. At paragraph 4.2.14, it is stated that:
- "Wherever possible, cost estimates should be based on market evidence from similar developments. BCIS and other indices are 'appropriate' but are not always reflective of local market conditions. The basis for the construction of any cost indices or other data used should be explored and reported, and limitations noted."*
- 5.8 The assessment of benchmark land value ("BLV") is considered in paragraph 5 of the professional standard. It notes that:
- "The BLV is not a price to be paid in the marketplace; it is a mechanism by which the viability of the site to provide developers' contributions can be assessed. It should be set at a level that provides the minimum return at which a reasonable landowner would be willing to sell."*
- 5.9 The professional standard provides a five-step process to calculate the BLV. The first step is to determine the existing use value of the relevant land. This reiterates the guidance provided in the PPG, which is referred to as *"unambiguous"* in prescribing that existing use value is *"the primary approach"*.

6 Analysis

Approach to Viability Assessment

⁸ This was originally a guidance note issued in March 2021, but it was reissued as a professional standard in April 2023.

- 6.1 The Renaker viability assessment does not explain who has prepared the report. We therefore do not know: if it was produced by an independent party (it would appear not), the evidence that underlies it or the process that has been followed in preparing the report. This is contrary to the PPG and RICS Professional Standards, which highlight the importance of transparency and the undertaking of an independent assessment.
- 6.2 The detailed extracts from the PPG and RICS Guidance, set out above, are clear that the starting point for the viability assessment is the establishment of a BLV, and that this should be based on existing use value, plus a premium for the landowner. This is unambiguous and clear.
- 6.3 The viability evidence produced by Renaker makes no attempt at establishing a BLV. This is a critical failure of the work produced by, or on behalf of, Renaker. It is contrary to national guidance, and the RICS professional standards, and therefore the assessment should not be relied upon in the determination of the Application. Indeed, it is noted that the Council has issued a validation checklist for planning applications. It states that viability assessments should include, inter alia, existing use value plus a premium. This highlights that the Renaker assessment is insufficient to support a valid planning application and clearly cannot be relied upon to support an argument that the scheme should not provide policy-compliant planning obligations⁹.
- 6.4 Renaker's assessment also relies upon the price paid for the land, as highlighted in paragraph 2.10 above. This contradicts the PPG and the professional standards issued by RICS. The PPG could not be more clear, when stating that, *"Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan"*.
- 6.5 This further demonstrates that the Renaker viability assessment cannot be relied upon in support of the Application.
- 6.6 The cost evidence produced by Renaker is also lacking in any detail. The totality of its evidence is the *"estimate construction costs produced by Renaker Build Limited (May 2023)"*, which we have not been provided with, and the *"area schedules and scheme drawings"*. This ignores the instructions from the PPG and the RICS professional standards. All that has been disclosed is the final figure that has been reached. The underlying information should be made publicly available for review.
- 6.7 This lack of transparency is unacceptable. It is not clear, for example, if Renaker has reviewed data produced by the Building Cost Information Service in calculating the construction costs. The lack of detail and supporting evidence means it is not possible to accurately interrogate the Renaker report.
- 6.8 Renaker also assume a contingency of 5% on construction costs. The PPG states that a justification should be provided for the inclusion of a contingency, relative to the project risk and developers return. No such justification has been provided. Renaker simply state that this is *"based on market knowledge"*. This is wholly inadequate.

- 6.9 The failings of the Renaker report cannot be rectified by an independent assessment, undertaken by the Council (regardless of the quality and compliance of such an assessor). It is not the job of the assessor to provide their own assessment of the viability of a scheme. It is the responsibility of the applicant to produce a quality, compliant viability case. If they have not, then the assessor should not be asked to undertake their review.
- 6.10 For the reasons set out above, the Renaker report does not comply with the PPG or the RICS Professional Standards and should be given no weight in the determination of the Application.

S106 Contributions Offered

- 6.11 The Renaker assessment is unclear on what planning obligations are actually offered. The conclusion of the report suggests that the offer comprises of public realm works costing c.£2.27m. However, the appendix refers to public realm works and highway works. This should be clarified and the clarification made publicly available.
- 6.12 There is no affordable housing included in the scheme and no offer has been made to deliver any other obligations. Renaker rely on its viability assessment to support this position. This is untenable, as explained above.
- 6.13 In addition, Renaker also suggest that the quality of the scheme justifies the reduced planning obligations on offer. It is unclear on what basis this argument is made. It appears perverse that delivering a higher quality scheme should justify not providing any affordable housing – particularly when there is such a pressing need.
- 6.14 It is not clear from Renaker's report whether the offer of zero affordable housing has been discussed with the Council in advance of the application being submitted. If it has, then this information, and any relevant correspondence, should be made publicly available.

Viability of Scheme

- 6.15 The Renaker report concludes that it will deliver a "*margin on value of 10.04%*". It is stated that an "*industry standard*" for a development of this scale and risk profile is 25% plus.
- 6.16 There is no evidence produced to support the assertion that the industry standard is 25% plus. Indeed, it is notably higher than the figure included in the PPG. This needs to be properly examined and interrogated. It is unacceptable to rely on a simple statement such as this, without further supporting evidence.
- 6.17 The Renaker calculation has been made on the assumption that no affordable housing will be offered, or any other planning obligations (save for the public realm works which form part of the scheme). This is highly relevant when we come on to consider policy EN 2 and H 8.

⁹ Manchester City Council – Full, Outline, Reserved Matters & Variations / Removal of Conditions Planning Applications – Is your application valid? Revised January 2020

- 6.18 The impact of this claimed reduced margin cannot be understated. Renaker's case, on its own figures, is that the scheme produces a margin 59.85% less than the "*industry standard*". This equates to a difference in profit on value of £45,514,860. It is clear that Renaker's position is that the scheme is not viable.

Conflict with Policy

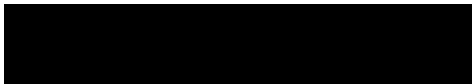
- 6.19 Policy EN 2 applies to buildings which are either substantially taller than their neighbourhoods and / or which would significantly change the skyline. This applies to the Application.
- 6.20 Policy EN 2 states that applicants will need to demonstrate that proposals for tall buildings are viable and deliverable.
- 6.21 On Renaker's own case, the development is not viable. The margin produced is 59.85% less than what is described by Renaker as the "*industry standard*" - which as noted in paragraph 6.18 above, represents a reduction in profit on value of £45,514,860. This demonstrates that Renaker are not sufficiently incentivised to undertake the development.
- 6.22 The supporting text to policy EN 2 highlights that, for proposed tall buildings, it is "*crucial*" that the viability of the scheme has been proven. This has simply not been achieved by Renaker. The viability assessment conflicts with the PPG and the RICS professional guidance, and it cannot be relied upon. In any event, the current assessment shows that the scheme is not viable. The Application is therefore clearly in conflict with policy EN 2.
- 6.23 Further, policy H 8 states that new developments are expected to contribute to the city-wide target of 20% of new housing provision to be affordable. The 20% target is to be used as a starting point for calculating affordable housing provision on a site-by-site basis. The supporting text to the policy is clear on the pressing need for affordable housing in Manchester.
- 6.24 The Application proposes to make no contribution to affordable housing. The only explanation we can see for this position is the viability work produced by Renaker. We have explained above why this work cannot be relied upon and is insufficient to justify the offer of no affordable housing (or alternatively a financial contribution). As a result, the Application is in conflict with policy H 8.

7 Conclusion

- 7.1 Please note, we have highlighted above how the Renaker viability assessment is in conflict with the PPG and the RICS professional standards. If further work is produced by Renaker, or if any of the supporting evidence we have requested is disclosed, then we reserve the right to submit further representations on receipt of that information.

- 7.2 In its current form, the Application is in conflict with policies EN 2 and H 8 of the Core Strategy. It is contrary to the Council's development plan and Renaker has not produced evidence which justifies a decision being taken contrary to the terms of the development plan. The viability evidence produced to date is wholly inadequate and should be given no weight in the determination of the Application.
- 7.3 Put simply, the Application should be refused.
- 7.4 Please confirm by return that this objection will be considered in the determination of the Application.

Yours faithfully

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Our ref JYK/GRE01982/2

Your ref 137227/FO/2023

28 August 2024

Dear Sirs / Madam

Planning Application reference: 137227/FO/2023 ("Application")

Plot D, Great Jackson Street, Manchester

- 1 We write further to our objection letters of 4 August 2023 and 21 June 2024, that were submitted on behalf of Great Jackson St Estates Limited ("GJSEL"). We continue to be retained by GJSEL.
- 2 We note the Application is due to be considered by Manchester City Council's ("Council") planning and highways committee ("Committee") on 29 August 2024. The Director of Planning, Building Control and Licensing has produced a report in relation to the Application ("OR"), and this was published on 22 August 2024.
- 3 We write to put the Council on notice that if the Committee determine the Application on the basis of the OR, and subsequently grant planning permission, that GJSEL intends to apply for judicial review of the Council's decision.
- 4 We will closely review the Committee debate and the decision that is ultimately taken. If the Committee resolves to grant planning permission, subject to the completion of a section 106 agreement, please can you confirm that:
 - 4.1 The Council will publish the decision notice and any section 106 agreement on the planning portal the day planning permission is granted; and
 - 4.2 You will notify this firm when the decision notice is issued.
- 5 We would be grateful if you would confirm receipt of this letter.

Yours faithfully

WALKER MORRIS LLP