[redacted]

From: [redacted]
Sent: 18 January 2024 08:49
To: localplan@york.gov.uk
Subject: City of York Council - Consultation Revised Draft Charging Schedule December 2023
Attachments: Heslington PC Response CIL Consultation.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Sir/Madam

Heslington Parish Council **Objects** to the proposed changes in the schedule for the reasons in the attached document.

The Parish Council is commenting on:
Consultation Information Booklet section 1: the consultation process
CIL draft charging schedule map page 4
Revised draft CIL charging schedule: nil rate levy for strategic site

The Parish Council accepts the privacy policy as set out in your Privacy Notice in Community Infrastructure Levy Consultation Privacy Notice – City of York Council

I would be most grateful if you would acknowledge receipt of this email.

Yours faithfully

[redacted]
Heslington Parish Council
The Byre
Field House Farm
Thornton-le-Clay
York
YO60 7QA

---------- Forwarded message ---------
From: **localplan@york.gov.uk** <localplan@york.gov.uk>
Date: Thu, 21 Dec 2023, 15:16
Subject: City of York Council - Consultation Revised Draft Charging Schedule December 2023
To: localplan@york.gov.uk <localplan@york.gov.uk>

City of York Community Infrastructure Levy

Revised Draft Charging Schedule Consultation December 2023

Community Infrastructure Levy (CIL) Regulations 2010 (as amended)

Further to our communication yesterday announcing the launch of the consultation of the Revised Draft Charging Schedule, we are writing to inform that the documents forming part of the consultation contained an error.

We have updated our webpage to include the errata addendum to the City of York CIL Viability Study and amended revised CIL Draft Charging Schedule; also attached with this email.

In light of this we have extended the closing date of the consultation to **Wednesday 31st January 2024**. All comments must be submitted by 23:59 on the closing date.

Please send your comments by email to: localplan@york.gov.uk

Your response should include:

- Your contact details, including your company/ agent (if relevant);
- Whether you agree or object to the proposed changes in the schedule and why;
- Clear reference the individual sections of the viability document you are commenting on;
- Acceptance of our privacy policy as set out in our Privacy Notice.

Community Infrastructure Levy Consultation Privacy Notice – City of York...

Community Infrastructure Levy (CIL) Consultation Privacy Notice

Yours sincerely,

Strategic Planning Policy Team

e: localplan@york.gov.uk

City of York Council | Strategic Planning Policy

Directorate of Place | West Offices | Station Rise | York | YO1 6GA

www.york.gov.uk | facebook.com/cityofyork | @CityofYork

Response to Local Plan Consultation re CIL community Levy from City of York Council from Heslington Parish Council

1. **Comment on Consultation Information Booklet section 1**: **the consultation process**
The PC was not alerted to this consultation although very active in response to previous LP consultations. We expected that all representative and accountable bodies for whom the LP has immediate relevance would be automatically invited to respond. Heslington and other Parish Councils should be routinely on your list for any future consultations in order to ensure that your consultation process is seen to be sound.

2. **Comment on the CIL draft charging schedule map page 4**
There is a serious error on the map of ST15 on page 4 of the CIL draft charging schedule. The rectangular mitigation area to the south-west of ST15 site has been included as part of the development site on the map. (see Heslington Parish Council's area circled in green on map below). That area is part of the mitigation in partial compensation for the SINC sites that will be lost if the LP goes ahead (see brown shading on CYC's maps of 2018 and 2022 included below). The correct development boundary of ST15 is shown by a black line where the mitigation area joins the development area. Other mitigation sites (eg OS10) are not included on the map, so it is clearly not the intention for the CIL draft charging schedule to include mitigation sites in its scheme. Clearly the inclusion of the western mitigation site that abuts ST15 and separates it from Langwith Lane/Stray is incorrect.

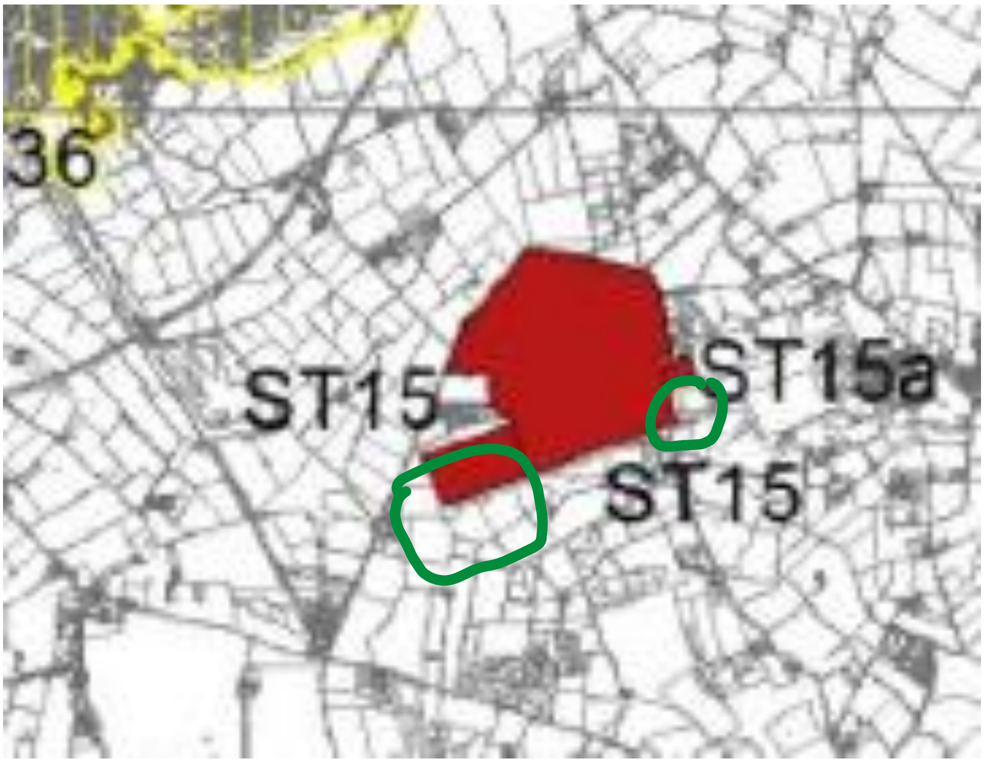
   What makes this error all the more unfortunate is CYC's text heading the page: "No changes are proposed to the CIL Variable Rates Maps through this consultation. This is provided for information purposes only." (CYC's own highlighting). In this case, there is a clear difference in the maps. This error would leave the area wide open to abuse if it is not corrected, allowing future developers to use the land for purposes other than that agreed. CYC's own maps of 2018 and 2022, below, clearly differentiate ST15 development site from the south-western mitigation area. Please correct the CIL draft charging schedule map to clarify the precise purpose of each shaded area and limit ST15 development site to comply with all previous maps issued by CYC since 2018.

   An area jutting out of the eastern boundary of ST15 site (circled in green on attached map) is presumably the land designated for the secondary school should it be required. Similarly, this should not be indicated as part of ST15 as it was ringfenced for one purpose only and should be clearly designated as such. Again, incomplete or inaccurate labelling could allow future developers to use the land for purposes other than that agreed. It is correctly differentiated in the CYC 2022 map below. It is important that all maps clarify the precise purpose of each shaded area and limit ST15 development site to the previous parameters as per the Hearings. Please correct the CIL draft charging schedule map.

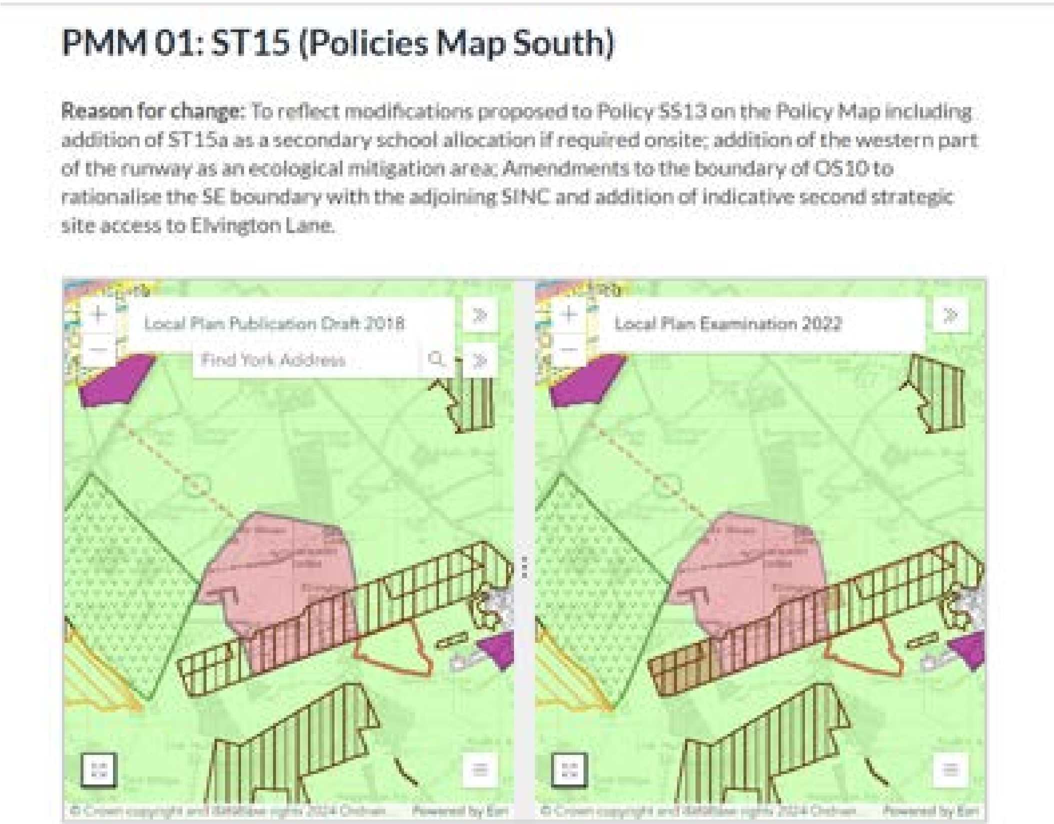
3. **Comment on revised draft CIL charging schedule: nil rate levy for strategic sites**
We have expressed doubts regarding ST15's viability throughout the plan process. Doubts acknowledged in the CIL consultation of Spring 2023 are now reinforced by the proposed nil-rate levy. This feels like a double blow for Heslington Parish: that we would have BOTH very substantial developments (ST4, ST15and ST27) on largely greenfield sites destroying much of the existing ecology and food producing land, not to mention the history of the area, AND we are not benefiting from any levy. There would be a huge impact on Heslington from the combined impact of the three large sites, yet the communities most affected gain no compensatory funds. We suggest that if the developments are considered insufficiently viable to warrant a community levy on developers, then they are insufficiently viable full stop, and the Local Plan is unsound.

4. Please acknowledge receipt of these comments and confirm they will be considered equally alongside others' responses.

Correction to map p 4: areas not part of ST15 development site shown by



Compare from [PMM 01: ST15 (Policies Map South) - Local Plan Consultation 2023 – City of York Council] below, where both the mitigation site and the potential secondary school site are clearly differentiated from the development site in the later map (2022).



PMM 01: ST15 (Policies Map South)

Reason for change: To reflect modifications proposed to Policy SS13 on the Policy Map including addition of ST15a as a secondary school allocation if required onsite; addition of the western part of the runway as an ecological mitigation area; Amendments to the boundary of OS10 to rationalise the SE boundary with the adjoining SINC and addition of indicative second strategic site access to Elvington Lane.

[redacted]

From: [redacted]
Sent: 25 January 2024 17:24
To: localplan@york.gov.uk
Cc: [redacted]
Subject: York Community Infrastructure Levy consultation response
Attachments: York Central CIL reps 2024 FINAL.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Sir/Madam

Please find attached a representation to the 2024 CIL consultation, submitted on behalf of Homes England. I'd be grateful if you could confirm receipt by reply.

Kind regards

[redacted]

[redacted] | avisonyoung.com
6th Floor, 1 City Square, Leeds, LS1 2AL

AVISON YOUNG Twitter | Property Listings
LinkedIn | Instagram

AVISON YOUNG

6th Floor
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avisonyoung.com

BEST MANAGED COMPANIES Platinum member

Our Ref: 05C100422

Your Ref: N/A

23 January 2024

City of York Council
Online

Dear Sir/Madam

City of York Council Community Infrastructure Levy Draft Charging Schedule Consultation 2023

I am instructed by Homes England, a major landowner of the York Central site ("the landowners"), to submit representations to the York Community Infrastructure Levy Draft Charging Schedule Consultation 2024.

As you will be aware, York Central is a major strategic development for the City of York and is allocated within the draft Local Plan (ST5) and subject of Policy SS4. It is the largest regeneration project in the city and one of the largest in the country, delivering up to 2,500 new homes and a new commercial quarter creating around 6,500 jobs and growing York's economy by over £1billion annually.

York Central benefits from an outline planning permission (OPP) (ref: 18/01884/OUTM) and a number of reserved matters permissions, covering the new road, cycle and pedestrian infrastructure (ref: 20/00710/REMM) and the extension to the National Railway Museum (ref: 21/02793/REMM).

On this basis, we provide below our comments on the Draft Charging Schedule, as set out in the consultation material.

Draft Charging Schedule

The previous consultation version of the Schedule set out that strategic sites such as York Central will be required to pay a levy of £100psqm for residential dwellings, except those sites which are expressly stated as zero-rated. In the current consultation version, its noted that the rate for strategic sites has been removed so, unless expressly identified as a zero-rated site, such sites are now subject to the standard rate of £200psqm. York Central (strategic site ST5) is currently not included as a zero-rated site and therefore would be subject to the £200psqm charge.

In addition, the development would also be liable for payments on sheltered / retirement accommodation (£100psqm).

CIL Viability Study

The Study, prepared by Porter Planning Economics (PPE), sets out the legislative basis for, and guidance relating to, the development of CIL charging schedules, noting that a *"high-level"*

AVISON YOUNG

assessment is required to show that *"the proposed rate or rates would not undermine the deliverability of the plan"*.

The Study recognises that it should *"sample an appropriate range of types of sites across its area"* and *"take development costs into account when setting its levy rate or rates, particularly those likely to be incurred on strategic sites or Brownfield land"*.

Some strategic sites have been individually tested including sites ST4, ST7, ST8, ST9, ST14, ST15, ST16, ST21, ST33 and ST36. However, it notes that on sites already benefit from planning permission, testing has not been undertaken, as is the case with York Central.

We note that the updated Schedule has been informed by a revised viability study ("City of York CIL Viability Study Addendum – November 2023"). Despite our previous representations, York Central has not been individually tested and no further information or explanation in the has been given as to why sites with planning permissions should not be tested.

Comments

In light of the above, our previous comments provided remain. These are:

The York Central development is the largest and most significant strategic site in York, delivering a substantial number of new homes and delivering the majority of new economic development planned for York during the Local Plan period. Its ongoing viability is, therefore, a significant issue for both the emerging Local Plan and ensuring the benefits from wider development are realised.

Whilst it's recognised that the development benefits from a comprehensive planning permission, setting clear parameters, conditions and obligations for its implementation, the development is likely to take 10 to 15 years to be delivered in full, during which time market factors and development needs may change. Its not anticipated that the extant planning permission will need to be reconsidered but such a possibility exists, both for amendments to the permission under Section 73 of the Town and Country Planning Act (1990) or by applying in full or outline for all or part of the site.

In light of the above, it is requested that York Central (ST5) is included within the zero-rated strategic sites unless a site-specific viability assessment is undertaken, which proves otherwise. The assessment should be reasonably straight forward, in light of the definition provided by the planning permission on the development form and assumptions, including on the planning obligations secured through the Section 106 legal agreement. Homes England would be happy to support this assessment and provide reasonable and proportionate information where required.

Thank you for providing the opportunity to make these comments and I would be grateful if these could be taken into consideration when progressing the Levy for York.

Yours faithfully

[redacted]

For and on behalf of Avison Young (UK) Limited

[redacted]

From: [redacted]
Sent: 30 January 2024 15:03
To: localplan@york.gov.uk
Cc: [redacted]
Subject: DRAFT COMMUNITY INFRASTRUCTURE LEVY - REPRESENTATIONS ON BEHALF OF OAKGATE GROUP LTD
Attachments: CIL Consultation 30.01.24.pdf; YorkCIL_jan24consultaiton_reps_v1.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Strategic Planning Policy Team

Please find attached correspondence from [redacted] in relation to the above.

Regards

[redacted]

[redacted]
www.quod.com

Capitol, Bond Court
Leeds
LS1 5SP

Our ref: [redacted]
Your ref:
Email: [redacted]
Date: 30 January 2024

CIL Consultation
City of York Council
West Offices
Station Rise
York
YO1 6GA

For the attention of Strategic Planning Policy Team

By Email

Dear Strategic Planning Policy Team

Draft Community Infrastructure Levy – City of York Council (November 2023) Representations on behalf of Oakgate Group Ltd ("Oakgate")

Quod act on behalf of Oakgate and have previously made representations to the City of Yorks's (CYC) draft Charging Schedule for CIL. Following initial representations to the draft Charging Schedule in March 2023, further information was submitted to the Council on 7 August 2023.

The evidence submitted previously[1] demonstrated that there are distinct, and different, sales values across different market areas within York, and that the evidence presented by PPE (in their Viability Study)[2] in support of the original draft CIL Charging Schedule was based on a narrow set of samples, and related only to new build properties. It also demonstrated that applying a blanket rate, would render schemes unviable.

In support of the revised CIL charging rates, PPE have undertaken further viability analysis[3] of the proposed CIL Levy for residential, (ie, the blanket rate of £200 per sqm across all parts of the City) by analysing the level of premium to sales values generated by new build sales, over re-sales of existing properties.

For the reasons outlined in the attached Report by Bidwells, the approach by PPE is not considered to be robust, and is not based on sufficient evidence to derive sound conclusions.

---

[1] 27 March and 7 August 2023.
[2] City of York Viability Study, Final Report (December 2022).
[3] CIL Sensitivity Test Viability Report (November 2023) and Errata Addendum (December 2023).

In view of the above, and as explained in the attached Report, Oakgate maintain their objections to the draft CIL charging rate for residential applied in a "blanket" manner across the entire City, at a rate of £200 per sqm.

We, therefore, invite CYC to reconsider the proposed charging rate of residential, for the reasons outlined in the attached, in order to ensure that it is sound, and we would be happy to support the Council and PPE in their review of this matter.

We await your response to the above. In the meantime, we wish to reserve our right to appear at the Examination into the draft CIL charging schedule once that has been arranged.

Yours faithfully

[redacted]

[redacted]

[redacted] [redacted] [redacted]

City of York CIL Consultation
Oakgate Group Ltd
January 2024

BIDWELLS

REPRESENTATIONS ON THE CITY OF YORK CIL VIABILITY STUDY ADDENDUM (NOVEMBER 23) ON BEHALF OF OAKGATE GROUP LTD

Table of Contents

1.0 Introduction

1.1 Bidwells is instructed by Oakgate Group Ltd (Oakgate) to review the *"City of York CIL Viability Study Addendum – November 2023"* (the "Addendum") prepared by Porter Planning Economics Ltd ("PPE") on behalf of the City of York Council ("the Council") in November 2023.

1.2 The Addendum responds to previous consultations on PPE's work in preparing the evidence base for the proposed York Community Infrastructure Levy ("CIL").

1.3 This note sets out Bidwells' high-level comments on the Addendum and the methodology that PPE has adopted, and most specifically with reference to the way in which PPE has assessed residential sales values across the City of York.

2.0 Methodology

2.1 We note that the first part of the Addendum PPE carries out an update to their previous work based on updated sales values and build costs reflecting more recently available data. We agree that this is an appropriate approach and make no further comments on this.

2.2 At paragraph 15 of the Addendum, PPE refers to the consultation responses prepared by Bidwells on behalf of Oakgate relating to the lack of testing of varying values of flatted sales across York. Bidwells' response raised concerns that PPE advocates a single rate of CIL for residential development across York on the grounds that in PPE's view there is no material difference in residential sales values across the City.

2.3 In their Addendum, PPE addresses this criticism by stating that in earlier consultations participants suggested that there was no significant value difference across York which would merit setting different value areas.

2.4 The evidence of residential sales values that Bidwells provided in response to previous consultations demonstrates that there are clear value differences across York. PPE does not disagree with this in the Addendum, but their conclusion that a single CIL rate across all of the City would be viable remains unchanged.

2.5 As noted by Bidwells in their previous representations, there are many postcode sector areas (e.g. YO1 8, YO19 4, YO24 3 etc.) where no new build transactions have occurred, and therefore there is no evidence of new build sales values on which PPE can base their conclusions.

2.6 PPE instead seeks to support the proposed CIL levy of £200 per sq m across all parts of the City by analysing the level of premium to sales values generated by new build sales over resales of exisiting properties in those postcode sector areas where there are new build sales.

2.7 The Addendum identifies that new build properties have been sold in only 11 of 35 postcode sector areas within York. This means that there are 24 postcode sectors in York where no new build properties have been sold, meaning no data from new build sales has been able to be considered for 69% of postcode sectors in the City.

2.8 PPE analyses those areas where new build properties have been sold and identifies the percentage premium that has been achieved in pounds-per-square-metre sales values by new properties over existing properties.

2.9 PPE identifies that the in postcode sectors where there were transactions of both new build and existing properties, the premium for new build properties was 30% (referred to as a "*weighted average*".)

2.10 PPE then applies this weighted average 30% premium to values of resale properties to the 24 postcode sectors where there were no new build properties and in so doing seeks to demonstrate that new build properties in these areas would be able to sustain the level of CIL that has been proposed.

2.11 Bidwells does not consider this approach to be robust. It is not based on sufficient evidence for sound conclusions to be arrived at.

3.0 Conclusions

3.1 The National Planning Policy guidance requires rates for CIL to be set using evidence.

3.2 In Bidwells' opinion, whilst PPE have used some evidence to set rates, it is not of sufficient depth to reasonably and accurately demonstrate that the level of CIL that they have proposed is viable across all postcode sector areas within York.

3.3 Bidwells considers that the application of what is effectively an *'average of averages'* new build premium to setting a CIL is a crude and blunt instrument. It merely confirms that ***if*** that particular premium is applied to all postcode areas in the City, the proposed level of CIL would be viable in all areas, with the exception of two strategic sites.

3.4 There is no evidence available to suggest that a new build premium of 30% is achievable in all areas of the City. No sensitivity analysis has been provided to demonstrate the impact on the ability of postcode areas to viably support CIL if this new build premium is not achieved.

3.5 In our opinion, in order to provide a thorough and robust analysis, this sensitivity testing should be carried out.

3.6 Whilst we agree to a large extent with the approach and assumptions that PPE have made, in our opinion there is insufficient evidence available of new build sales values across all areas of York for the proposed single rate of CIL to be justified for residential development across the City.

3.7 We would invite PPE to reconsider this to ensure that the CIL that is brought in is robust, evidence based, and able to support the delivery of much needed housing within the City. Bidwells, on behalf of Oakgate would be happy to support PPE in their review of this matter.

[redacted]

From: [redacted]
Sent: 29 January 2024 16:48
To: localplan@york.gov.uk
Cc: [redacted]
Subject: DRAFT CIL - REPRESENTATIONS ON BEHALF OF LANGWITH DEVELOPMENT PARTNERSHIP LTD
Attachments: CIL Consultation 29.01.24.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Please find attached correspondence from [redacted] in relation to the above.
Regards

Quod in Leeds

[redacted]

Capitol, Bond Court
Leeds
LS1 5SP

[redacted]
www.quod.com

Our ref: [redacted]
Your ref:
Email: [redacted]
Date: 29 January 2024

CIL Consultation
City of York Council
West Offices
Station Rise
York
YO1 6GA

For the attention of Strategic Planning Policy Team

By Email

Dear Strategic Planning Policy Team

Draft Community Infrastructure Levy – City of York Council (November 2023) Representations on behalf of Langwith Development Partnership Ltd ("LDP")

On behalf of LDP, I write in respect of the revised draft CIL Charging Schedule[1] and supporting evidence[2].

You will be aware that LDP made representations to the initial draft CIL Charging Schedule on 27 March and, notably, the CIL rating for certain land uses that were essential to the delivery of the Local Plan strategy for the development of ST15.

We are pleased to note that it is now proposed to change the draft Charging Schedule, so as to remove CIL charges for the following land uses on the ST15 allocation (as well as other strategic sites):

- Sheltered/retirement accommodation.
- Convenience retail (up to 450 sqm GIA).
- Comparison retail (outside the City Centre Boundary).

Consequently, LDP support these changes to the draft Charging Schedule.

Whilst it is noted that PBSA, off-campus, will be subject to CIL, LDP make no comments on this matter at this stage.

---

[1] As amended on 21 December 2023.
[2] CIL Sensitivity Test Viability Report (November 2023) and CIL Sensitivity Test Viability Report Errata Addendum (December 2023).

In view of the above, LDP raise no objections to the revised CIL Charging Schedule, but reserve the right to appear at the future examination of the CIL Charging Schedule, where it relates to the strategic site allocation ST15.

I would be happy to discuss the above with you, should you require any clarification.

Yours faithfully

[redacted]

[redacted]

[redacted] [redacted] [redacted]

[redacted]

From:	[redacted]
Sent:	06 February 2024 17:07
To:	[redacted]
Subject:	Representations on the Draft CIL Charging Schedule re off campus student housiing
Attachments:	Reps on CYC CIL DCS.Off campus student housing.31.1.24.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good afternoon [redacted]

Our representations on the draft CIL charging schedule related to off campus student housing has an error, in that the on campus student housing commentary was attached.

Please would you substitute the correct version attached here for that submitted in error.

Many thanks,

[redacted]

[redacted]

O'Neill Associates

Chartered Town Planning Consultants

Lancaster House | James Nicolson Link | Clifton | York YO30 4GR | 01904 692313

www.oneill-associates.co.uk

City of York Community Infrastructure Levy Consultation January 2024

Proposals for a levy of £150/m^2 for off campus student housing
Statement of objection on behalf of
The University of York and York St John University

1. INTRODUCTION

1.1 These representations are submitted in response to:

a. the consultation on the revised Community Infrastructure Levy Draft Charging Schedule reference to the revised draft CIL Charging Schedule (as amended on the 21 December 2023) and CIL Sensitivity Test Viability Report Errata Addendum (published 21 December 2023)

b. they should be read in conjunction with previous representations made on behalf of the Higher Education and Further Education institutions named above in response to the City of York Community Infrastructure Levy (CIL) Consultation March 2023.

1.2 **This representation is supported by and should be read in conjunction with the Technical Representation prepared by CBRE and submitted with this representation.**

1.3 Our previous representations objected to the proposed charging levels for both on campus and off campus student housing on the basis that the conclusions of the CIL Viability Study were fundamentally flawed, contained a number of errors and did not justify the draft CIL charging schedules for a number of reasons as outlined.

1.4 Of relevance to these current representations was point Q2) v, which stated that the proposed PBSA CIL rates are too high and unjustified. By increasing the cost of student housing, it will reduce its affordability when there is an immediate and growing need for additional provision. The CIL rates in relation to student housing seriously risk constraining development of purpose built student accommodation, which is contrary to the Council's stated aims of supporting and encouraging the growth and sustainability of the two universities, and also its own draft economic strategy.

1.5 The revised draft CIL charging schedule retains the £150/m^2 for student housing provided off campus. These representations object to this proposed charge as too high and unjustified resulting in a number of negative impacts including:

- a detrimental impact on the provision of student housing for which there is an existing strong demand;
- the detrimental impact on the affordability of the accommodation for students who are already suffering financial hardship due to the high costs of tuition, housing and living expenses;
- The impact on the ability of each university to recruit and retain students from lower income families; and,
- The impact on the successful implementation of support to each university included in policies ED1 and ED4.

2. PLANNING POLICY ON STUDENT ACCOMMODATION

2.1 The commentary in the Education chapter of the draft Local Plan identifies the city's educational facilities as contributing to making York a world class centre for education. Policies support the continued success and further development of the universities.

2.2 To enable the continuing development of the two universities in the city, draft local plan policies require that they address the need for any additional student housing which arises because of future expansion of student numbers, taking account of on site provision and the capacity of off site provision.

- For the University of York the policy is ED1 which requires that provision will be expected to be made on campus in the first instance where this can be accommodated, or off campus in line with considerations under policy H7.

- For York St John University the policy is ED4 which states that it must address the need for any additional student housing which arises because of their future expansion of student numbers. The institution owns two sites for student housing off the main campus: Heworth Croft allocated site SH1 and Peppermill Court, Huntington Road, which would constitute on campus provision by wording in draft policy H7 Off Campus Purpose Built Student Housing.

2.3 Whereas commercial development is largely instigated by private sector parties, policies ED1 and ED4 place a specific obligation on the universities to address the need for student housing to enable their continued wider development. This is in addition to the normal requirements attached to planning permissions such as sustainability, carbon reduction, drainage, biodiversity, archaeology transport etc. This additional obligation requires the universities to instigate and procure adequate on campus provision of student housing where possible, and/or monitor city wide provision of accommodation through liaison with providers. But the accommodation must be affordable for students if it is to fulfil its purpose.

3. FINANCIAL CHALLENGES FACING UNIVERSITIES

3.1 H.E. institutions are established to promote and provide high quality education to a community selected on merit, and to follow an inclusive agenda to encourage applications from students from lower income families. They are non-profit making in character. Their students are faced with high costs for tuition, housing and living costs which threaten the success of inclusivity initiatives.

3.2 The representations submitted for the March 2023 consultation included statements from the two institutions outlining the particular circumstances of each in relation to student housing. These statements are appended again with these representations and are outlined below.

3.3 **York St John University** has a student population of around 7,440. The student body is comprised of a higher proportion of students from more deprived backgrounds that the average H.E. institution and a similarly higher proportion of students declaring a disability. The city centre campus no longer includes student housing. Accommodation comprises owned off campus multiple bed provision, PBSA secured under leases to the University, the private rented sector or PBSA rented separately by students.

3.4 For academic year 2023/24, 100% of first year students are in PBSA not owned or managed by the University (800) and 70% of first year students in HMOs leased by the University (300), are receiving financial support in the form of subsidised rents. The average rent across the private PBSA providers in York is currently 61% higher than the University's own accommodation.

3.5 The University has seen a 47% increase in student hardship applications over the past 3 years to well over 500 applications annually, with the average financial value of hardship support deemed necessary per student increasing by 63% over the same period.

3.6 **The University of York**

The current full time student population is just under 20,000, with 6,811 bedspaces available across the two campuses. Allocation of these is prioritised for first years, international students and those with special needs. The alternatives for other students comprise the private rented sector 50% or PBSA 7.2%.

3.7 In 2021/22 all PBSA provision in York was filled. With student growth forecasts at an additional 2,318 by 2027 and only a further 776 PBSA beds in the pipeline, this will lead to a potential shortfall of between 1,000 and 1,500 beds. Future provision is likely to be a mix of on campus and off campus providing that such provision can be viable based on rents that would be achievable.

3.8 The University owned accommodation is more competitively priced than PBSA alternatives, even including those which include catered services. The HMO market, used predominantly by 2nd and 3rd year students, has traditionally been lower priced, but in the context of rising costs and high demand for accommodation, these prices are now competitive with on-campus accommodation. PBSA rents cover a large range but are higher on average than the options. Section 4 of the appended University statement illustrates the range of rents for its accommodation.

3.9 The University's inclusivity objectives are challenged by the rising cost of housing. It is a very real concern that the high cost will deter students from making an application.

- The on campus accommodation is run at a loss of £5.5m/year in order to respond to affordability problems.

- Significant funds go towards supporting off campus students in the form of accommodation bursaries, (£6-7m), and housing energy grants (£400k-£500k).

3.10 **The Student Cost of Living Report 2023** (commissioned by the Russell Group Students' Union) shows clearly the immense financial pressure the current cost of living crisis has already placed on students. On average, students are sitting below the poverty line for the U.K. 1 in 5 are considering dropping out because they can't afford to continue and 1 in 4 are regularly going without food and other necessities.

3.11 The statements evidence the financial hardship of students studying at these York institutions and the added burden on the institutions to provide support in cases of hardship. This circumstance is being experienced nationally, but due to the high cost of student housing in the city, the problem is particularly acute here.

3.12 The scope for the universities to meet their requirement to ensure that student housing provision keeps pace with increases in student numbers is dependent upon the viability of student housing schemes.

- For the University of York there is scope for additional on campus provision at Heslington, but the University has concluded that off campus provision is also necessary to meet the need.

- For York St John University, they will require the development of their two owned sites to be viable such that their students could afford to rent them. Provision by PBSA developers will also be needed instead of or as well as their own schemes.

4. PROPOSED CIL CHARGING SCHEDULE FOR OFF CAMPUS STUDENT HOUSING

4.1 The CIL charging schedule at £150/m^2 of development would:

- Impact on the viability of future schemes for student housing, to the detriment of the growth of the institutions as supported by draft Local Plan policies ED1, ED4 and ED7;

- Impact on the rents that would need to be charged to the detriment of students' finances and the universities' policies on inclusivity; and,

- Impact on the Council's economic strategy to which each institution contributes by providing high quality educational opportunities and the financial contributions to the local economy.

4.2 The CIL contribution will be mandatory but the contribution to affordable housing under policy H7 is subject to a viability test. This would therefore be likely to reduce the contributions towards affordable housing contrary to the Council's local plan policies. It is considered to be to the benefit of the draft Local Plan strategy in the education policies that these risks are averted.

5. CBRE REPRESENTATIONS

5.1 These representations support the case being made by the universities by interrogating the financial basis on which the Council has concluded that there is sufficient profitability in the PBSA market to fund the CIL payments. This statement is appended here.

5.2 CBRE has prepared additional up-to-date viability evidence within their representation. CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either provide CIL or meet the cost of the affordable off site financial contribution sought under Policy H7.

5.3 CBRE's evidence demonstrates this modification to the Revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications to Policy H7 which seek introduce an 2.5% affordable housing equivalent OSFC contribution per student bedroom on sites brought forward.

5.4 The universities' position is that if there is any headroom available from off campus PBSA development, that this should be directed towards providing affordable student accommodation, in the form of discounts to rental rates to students living on the site. The consortium would secure discounted units by negotiation with the developers or operators.

5.5 The impact of the additional costs arising from the proposed CIL for off campus PBSA developments plus affordable housing off site financial contributions would be to commensurately and significantly increase student rents, which would undermine the objectives of social inclusion by intensifying the affordability challenges already faced. This approach would be wholly contrary to the Council's policy ambitions to increase the supply of affordable living accommodation in the city.

5.6 The CBRE conclusions and recommendations are on page 26 of their representations including that the CIL rate for off campus student housing should be reduced to £0/m^2.

5.7 We request to be notified about:

- submission of the CIL Draft Charging Schedule to the Examiner in accordance with Section 212 of the Planning Act 2008;
- the publication of the recommendations of the Examiner and the reasons for those recommendations; and
- the adoption of the charging schedule by the charging authority.

5.8 In accordance with Regulation 21 of the CIL Regulations 2010 we wish to exercise our right to be heard by the examiner either as a consortium or as an independent stakeholder organisation.

Janet O'Neill

31 January 2024

(Reps on CYC CIL DCS.Off campus student housing.31.1.24)

Appended: CBRE City of York Revised CIL Draft Charging Schedule Consultation

January 2024

O'Neill
ASSOCIATES

CBRE

City of York Revised CIL Draft Charging Schedule Consultation

Technical representation prepared by CBRE UK Ltd jointly on behalf of the following:

- University of York
- York St John University

January 2024

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by a consortium of higher education institutions comprising the University of York and York St John University ('the consortium') to prepare a formal representation document setting out a technical response to the City of York Council ('CYC') Community Infrastructure Levy ('CIL') revised Draft Charging Schedule ('DCS') consultation ('the consultation').

2. CBRE's technical representations focus upon the evidence base underpinning the CYC CIL DCS Proposed Modifications – specifically the City of York CIL Viability Study Addendum ('CIL Viability Addendum') produced by Porter Planning Economics ('PPE') and dated November 2023.

3. An overarching representation has been prepared by York-based town planning consultancy O'Neill Associates.

The Consultation

4. CYC published the following documents:

   – CIL Statement of Representations Procedure ('SORP') (published 13 February 2023)
   – CIL Consultation Information Booklet (published 13 February 2023)
   – CIL Draft Charging Schedule ('CIL DCS') (published 13 February 2023)
   – CIL Viability Study (published 13 February 2023)
   – CIL Infrastructure Funding Gap (published 13 February 2023)
   – CIL Associated Mapping (for information only) (published 13 February 2023)
   – CIL Draft Charging Schedule ('Revised CIL DCS') Proposed Modifications (as amended on 21 December 2023)
   – CIL Viability Study Addendum (dated November 2023)
   – CIL Viability Study Addendum Erratum (published 21 December 2023)

5. The consultation ran to 31 January 2024.

6. The SORP confirms CYC's intention to submit the CIL DCS for independent examination following the close of the CIL DCS consultation.

Prior Representations

7. CBRE was previously instructed by a consortium of higher and further education institutions (University of York, York St John University and Askham Bryan College) to prepare representations on the Local Plan Proposed Modification Consultation February 2023 and the previous CIL Viability Study evidence base produced by PPE on behalf of CYC, as published as part of the CYC CIL DCS consultation 2023.

8. The previous representations highlighted several issues with the evidence base and a number of these areas of critique remain unresolved and similar issues continue in the latest evidence base. In summary, the previous representation identified the following issues:

   - Illogical timing of implementation of CIL during a period of economic deterioration.

- Outdated evidence, in particular relying on unrealistically low construction costs.
- Failure to reflect softening of the investment yields, resulting in overstating PBSA GDV.
- Lack of evidence in supporting proposed Benchmark Land Values ('BLV').
- Lack of transparency by not providing corresponding appraisals for stakeholders to analyse.

9. Within this representation, CBRE has referred to and provided responses back to PPE's and CYC's responses set out in **Appendix 3** of the *Local Plan Responses to new issues raised through consultation on Main Modifications* document dated August 2023, as published by CYC.

10. To CBRE's understanding, PPE and CYC have not provided a formal set of responses to the CIL Viability Study consultation representations in response to developers and stakeholders. As a result, it is unclear how PPE and CYC have appropriately considered and accounted for the high volume of technical representations submitted.

The Consortium

11. The consortium consists of the following leading higher education institutions ('HEI's'), based within York:

- University of York
- York St John University

The Consortium's Stance

12. The consortium is pleased to see that PPE and CYC has altered the proposed charging rates under the Revised CIL DCS such that, as published, CIL will not be charged for 'on-campus' purpose built student accommodation ('PBSA') development. This reflects the results of PPE's revised viability modelling within the CIL Viability Addendum. The consortium wholly endorse this modification to the Revised CIL DCS.

13. However, the consortium continues to harbour fundamental concerns regarding CYC's continued proposal to introduce CIL charging on 'off-campus' PBSA development within the Revised CIL DCS, which have not been adequately addressed.

14. It is the consortium's firm view that the introduction of the proposed CIL charging for off campus PBSA development will undermine the viability of new development in an environment where recent long-term construction cost inflation, softened funding investment yields, and increased debt servicing costs have placed increasing pressures on development significantly since mid-2022. This is exacerbated by the limited availability of suitable sites in what represents a highly constrained urban context.

15. The negative impact on development viability will be compounded further by CYC's parallel proposal to introduce proposed modifications to draft Policy H7: Off Campus Purpose Built Student Housing, which will result in CYC seeking an off-site financial contribution ('OSFC') towards traditional affordable housing from new off campus PBSA developments across the city.

16. In light of above the consortium does not accept the validity and reliability of the published viability evidence base upon which the proposed off-campus PBSA charging rate within the Revised CIL DCS relies.

17. In parallel, the consortium reports that the student body in York is suffering from the existing severe cost of living pressures. Each member of the consortium has reported that hardship grant applications have increased substantially in recent years and the value of hardship support also rising, with housing costs representing the majority of funds required.

18. The consortium firmly believe that, if there is any headroom available from off campus PBSA development, that this should be directed towards providing affordable student accommodation, in the form of on-site discounts to rental rates charged to students. The consortium would secure discounted units either via nomination agreements or lease agreements directly with developers / operators. This could be controlled either by condition or legal agreement.

19. Instead, the only way to absorb additional costs arising from the proposed CIL for off campus PBSA developments and affordable housing OSFC (under Policy H7) would be to commensurately and significantly increase student rents, which would undermine the consortium's objectives of social inclusion by intensifying the affordability challenges already faced. This approach would be wholly contrary to the CYC's policy ambitions to increase the supply of affordable living accommodation in York.

Request to be Heard and Notification Requests

20. It is stated on the consultation page of CYC's website that representations must clearly state a request to be heard at the examination of the CIL DCS. It also states that representations must clearly state a request for notification of the submission of the CIL DCS for examination, receipt of the Examiner's Report, and CYC's approval of the Charging Schedule.

21. This constitutes the consortium's formal request to be heard at the examination of the CIL DCS, as independent stakeholder organisations, and to be notified by CYC of the events listed in paragraph 12 above. This notification should be provided to both O'Neill Associates and CBRE, as instructed joint agents.

Matters of Representation

Purpose

22. This section of the document sets out the matters of representation that the consortium determine must be raised with CYC and ultimately, if left unresolved by CYC following the consultation, are for the consideration of the appointed Examiner.

Significance of Proposed Revised CIL DCS Rates

23. The Revised CIL DCS proposes a significant increase in development costs via the introduction of CIL charging on multiple uses for the first time.

24. Notably, the Revised CIL DCS introduces the following new zonal charges:

Revised Draft CIL Charging Schedule

Modifications are represented as: new text in **yellow highlighted bold text.**

Development type		CIL rate per sqm	Modification Proposed Explanation
Residential dwellings within the City of York		£200	No change proposed
Residential dwellings within the City of York Local Plan strategic sites **ST4**, ST7, ST8, ST9, ST14, ST15, **ST31 and ST33**		£0	To include ST4, ST31 & ST33 as £0 to reflect revised viability.
Residential dwellings within the City of York Local Plan strategic sites **ST16 and ST36**		£100	No change to CIL rate. For clarity, this category now only refers to ST16 and ST36
Sheltered/ Retirement accommodation	**Brownfield Sites**	**£100**	Split categories to differentiate between rates proposed for Greenfield / Brownfield to reflect revised viability.
	Greenfield Sites	**£0**	
Extra care accommodation		**£0**	All extra care accommodation now proposed to be £0 rated.
Purpose Built Student Accommodation	**Off Campus**	**£150**	Removed original categories. New split categories to differentiate geographically between on and off campus purpose built student accommodation to reflect revised viability.
	On Campus	**£0**	
Convenience[1] retail with up to 450 sqm gross internal area		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison[2] retail built outside the City Centre boundary		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison retail built inside of the City Centre boundary		£0	No change proposed
All other development		£0	No change proposed

[1] Convenience retail provides lower value good purchased regularly to meet day to day needs such as food, newspapers, petrol etc.
[2] Comparison retail provides higher value goods purchased less often, such as household items, electrical goods, clothes, shoes etc

25. These are not incremental changes, but rather represent a fundamental shift to introduce substantial rates of CIL charging across multiple uses both city-wide and on a zonal basis.

26. It is notable that the rates proposed are amongst the highest, if not the highest, across the entirety of Yorkshire and the Humber, even when allowing for indexation since adoption in other Charging Authorities.

CBRE has provided a full schedule of proposed and adopted rates across the region as a comparison within **Enclosure 1**.[1]

27. Due to the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England since Harrogate adopted their CIL Charging Schedule in July 2020.

28. CBRE is aware that other Local Authorities such as Birmingham City Council has halted proposals to formally review their CIL Charging Schedule over past 18 months due to the challenging economic and property market context. CYC's proposition to introduce high charging rates for the first time is contradictory to decisions being made by other major regional cities and district authorities across the North and Midlands.

29. As a result, such proposals by CYC must necessitate comprehensive, robust, and up-to-date available evidence of financial viability in order to provide appropriate justification that they will strike an appropriate balance in accordance with Regulation 14(1) of the CIL Regulations (as amended).

30. Further reference to the illogical timing of CYC's decision to introduce a CIL charging regime is set out in the following sub section.

Illogical Timing

31. The UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022, continuing throughout 2023 and are expected to prevail into early 2024.

32. Specifically:

    a. The UK economy remains challenged with numerous headwinds. Most notably, inflation remains elevated. Inflation failed to fall as quickly as expected in 2023 and, as a result, the Bank of England increase rates by 175 basis points to 5.25% over the course of the year, the highest level for 15 years.

    b. For businesses, the prolonged period of high inflation has resulted in record wage growth and increased labour costs. This, coupled with the increased debt burden, will continue to erode profit margins, reduce investment, and dampen activity. Weak business sentiment is reflected in the UK Purchasing Managers' Index ('PMI') surveys, and bankruptcies have risen 25% since interest rates began climbing.

    c. The consumer sector has also been hit. Confidence is well below the long-term average, and spending has been flat. This is expected to continue at least in the first part of 2024, especially as costly mortgage refinancing will remain a drag on the economy. However, inflation is expected to continue to fall in 2024, partly due to lower goods prices.

[1] Note: this information was obtained from Planning Resource and is understood to have been correct as at January 2024. The rates presented are not indexed, but represent those rates either proposed (latest) or at the date of adoption of relevant Charging Schedules.

d. Apart from the 2% cut to national insurance, no major tax reforms were announced in the Autumn Statement. Still, an election is imminent – the latest it will happen is January 2025, but it is more likely to be in Q4 2024.

e. The ongoing rollover of fixed rate mortgages throughout 2024 poses a risk to household incomes, and therefore the outlook for growth. The UK has 10.8 million mortgages, the majority of which are fixed, and estimates show less than half have refinanced onto higher rates. As mortgages shift to higher rates, disposable household incomes fall, reducing their ability to spend, leading to weaker than expected consumption and, consequently, weaker growth. The Bank of England's November Monetary Policy Report estimates that less than half of the expected impact of rising interest rates on GDP has materialised. Further effects are expected to unfold, which will continue to drag on the economy. Evidence from the Bank of England suggests households have already reduced consumption in expectation of refinancing in 2024.

f. Global supply chains have been turbulent over recent years since the Covid-19 pandemic and forecasts for 2024 expect issues to continue with labour shortages, increasing inflation, material shortages and sustainability pressures.

g. There are more acute risks to the forecast, in particular, geo-political threats associated with the ongoing conflicts in Ukraine and the Middle East, which may undermine assumptions around falling energy prices. However, forecasts assume there to be no major economic disruptions from current conflicts or other global events.

33. Specifically considering the PBSA sector, CBRE's baseline forecast for 2024 is as follows:

a. Overall, the sector continues to be defined by an acute supply and demand imbalance but this is highly nuanced, and an understanding of affordability is key. An in-depth understanding of the submarket dynamics is critical.

b. Investment yields remained relatively stable for prime regional assets during 2023 and sentiment remains positive into 2024 but for best in class 'clean and green' properties with strong rental growth prospects. Occupancy for the 2023/24 academic year is the strongest on record, and many schemes were at least 98% booked by Spring 2023. The same is expected for the next academic year, which is underpinning strong rent growth projections. However, the outlook for non-prime assets is subdued due to less demand from investors.

c. Overall, the development of new PBSA is slowing due to a combination of factors. This will carry forward throughout 2024 and beyond as starts and completions in 2023 have been at an all-time low, compounding an estimated shortfall of 580,000 beds nationally. Specifically, the drivers are as follows:

i. Rising build costs present viability challenges.

ii. The pace of the planning system remains a significant barrier to delivery along with onerous PBSA planning requirements.

iii. New Building Safety regulations and proposed energy efficiency standards.

iv. Rising operational costs will also continue to hinder new development given the negative impact on net rental income.

v. Development financing is also increasingly expensive and is increasingly difficult to obtain, with a tight liquidity pool and high competition for investment capital.

vi. Older university stock will need extensive modernization to meet expectations and remain competitive.

34. Against this backdrop, CBRE questions the logic and rationale, and efficiency in use of public funds, for introducing a CIL regime at this juncture, given the wider challenges facing development and uncertainty in both the macro-economy and property market.

35. CYC's proposals to increase the cost burden on development at this point will exacerbate uncertainty and slow or stall development and regeneration plans on major sites across the city.

Outdated Evidence

36. The published available evidence to inform the Revised CIL DCS is the CIL Viability Addendum produced by PPE and dated November 2023.

37. CBRE has reviewed the CIL Viability Addendum in detail. It is apparent that the input assumptions for PBSA scheme typologies, which are subsequently utilised by PPE in undertaking the viability modelling, analysis, conclusions and recommendations rely substantially upon evidence from the 2023/24 academic year. However, the date this evidence was gathered is unclear.

38. It is well-known that student accommodation operators incorporate dynamic pricing models for advertised rents whereby towards the second half of the academic year, the marketed rental rates are generally at their highest given take-up is reaching or at capacity. Clarity should therefore been provided by PPE as to the date of the PBSA evidence as if PPE gathered their data in the second half of the academic year this could potentially be overstating the average rent for the whole academic year.

39. Moreover, the CIL Viability Addendum documents that the CIL Viability Study overstated the investment yield achievable for Prime Regional PBSA and accordingly adjusted outward the yield from 5.00% to 5.25%.

40. However, CBRE is of the opinion that this does not go far enough in reflecting the softening in yields over the past 18 months. The CIL Viability Addendum does not cite any investment yield evidence to substantiate their conclusion.

41. As set out above, and well-documented, there have been significant macro-economic headwinds and property market adjustment issues over the period since, as well as substantive ongoing construction cost inflation, which are material considerations that any robust viability evidence base must account for.

42. In addition, the Government is conducting a staged implementation of the Building Safety Act 2022, and has stated that it expects student accommodation to be subject to the regulatory regime under Part Three, which will have implications for the design and construction of new developments.

43. New Fire Safety (England) Regulations 2022, came into force on 23 January 2023 and under the new Regulations, a responsible person (usually a managing agent or similar) is required to provide information and carry out checks on fire safety for all buildings over 11m (or 5 storey) which contain at least two domestic premises.

44. In accordance with Approved Document B, there is also a requirement for firefighting lifts in buildings to offer additional protection and controls that enable it to be used by the fire and rescue service when fighting a fire. This is a requirement when the lift needs to travel more than 18m above or 10m below the fire service vehicle access level. The firefighting lift must have a secondary back-up power supply to ensure it continues to operate in the event of power failure in the building, a lift control system and a lift communication system.

45. The Government has also recently consulted upon amendments to Approved Document B, which proposes that all new buildings of 30m (circa 10 storeys) or above will require a second separated staircase[2]. The Greater London Authority ('GLA') has pre-empted the Government's conclusions by mandating this requirement for new development in Greater London with immediate effect.

46. The Government is currently considering responses following closure of the consultation on 17 March 2023, but it is widely anticipated that student accommodation will be required to conform to the amendments, which is prompting developers and investors to factor second staircases into plans for new development going forward in order that they can meet regulations, and be insurable, investable and deliverable. Specifically, Government states:

"58. Recognising that many schemes are in development, and this change would represent a significant change, we are proposing a very short transition period before implementing the changes.

59. The transition period will allow time for schemes to be completed but should not allow the opportunity for developments to get off the ground ahead of the new requirements coming into effect.

60. We would encourage all developments to prepare for this change now."

47. CBRE can provide examples of recently submitted PBSA schemes in York, which already take into account the Government's proposal for a second staircase in order to future proof the developments. These example schemes include:

    a. 15 Foss Islands Road, York (planning ref: 23/01647/FULM): The proposed accommodation is arranged over ground floor + 4 storeys and incorporates 3 staircases and a dual lift core.

    b. Coney Riverside, Coney Street, York (planning ref: 22/02525/FULM): The proposed accommodation is arranged over basement, ground + 5 storeys and incorporates 3 staircases with dual and singular lift cores in Zone 3 and 1 staircase with a dual lift core in Zone 4.

48. Based on the impact assessment conducted, the Government has publicly acknowledged that the implications of additional construction costs, and loss of build efficiency, will impact negatively on the financial viability of development and, as a result, is likely to reduce the propensity of higher density schemes to deliver affordable housing as a consequence:

"65. The costs of a second staircase will also impact the viability of high rise buildings, this is likely to reduce the amount of affordable housing that can be provided by developers."

49. The impact will be that gross to net build efficiency is reduced, meaning lower net lettable floorspace against a higher or equivalent gross internal area (GIA).

50. It does not appear that the CIL Viability Addendum has accounted for this or addressed the implications.

[2] https://www.gov.uk/government/consultations/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings

51. Finally, the Government launched the Building Safety Levy: Technical Consultation on 23rd January 2024[3]. This confirms that an additional charge on new development – including both residential and PBSA uses – is proposed to be charged on a broadly consistent basis to CIL. Whilst a 50% discount will be applied to development on brownfield land, it will nevertheless reflect an additional and non-negotiable capital cost to new development schemes, and will impact negatively on development viability.

52. The additional cost of the Building Safety Levy has yet to be quantified, meaning it is difficult to accurately account for this additional cost within the CIL setting process. However, the most prudent approach would be to ensure that a substantial buffer is introduced prior to the setting of CIL rates – of at least 50% of the available 'surplus' for CIL as tested via the viability modelling process.

53. CBRE has provided further details upon this relating to PBSA use within the 'Technical Deficiencies' sub-section of this representation.

Lack of Transparency

54. There is a lack of transparency in the CIL Viability Study that CBRE deems falls short of the requirements and expectations of PPG CIL (Paragraph: 019 Reference ID: 25-019-20190901), PPG Viability (Paragraph: 010 Reference ID: 10-010-20180724), the NPPF (para. 58), the RICS Guidance[4] and RICS Professional Standards[5], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

55. Whilst all appraisals have now been provided, the corresponding cashflows have not. This is inadequate and all cashflows for residential and non-residential typologies (notably PBSA) should be issued.

56. Without this stakeholders cannot see stabilisation and exit periods corresponding to gross development value (GDV), monthly apportionment of construction and other costs and finance roll-up. This means the actual viability testing evidence utilised to set proposed CIL rates is not published in its entirety, available, and cannot be interrogated appropriately.

Technical Deficiencies

57. There are a range of detailed technical issues identified, which render the CIL Viability Study Addendum as an inadequate basis for CYC utilising to underpin justification for the proposed CIL rates for off campus purpose built student housing:

    a. **Rents, Yields and Capital Values for Off-Campus PBSA Typologies:**

        i. The CIL Viability Addendum tests 5no. off-campus PBSA typologies ranging from 25 beds to 600 beds. An average gross rental income is applied of £201/week over 47.6 weeks (annual)

[3] https://www.gov.uk/government/consultations/building-safety-levy-technical-consultation?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=a5093222-a03d-44be-baf1-04a3e1bbf108&utm_content=daily
[4] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note
[5] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition

based on the 2023-24 academic year. This is drawn from a cross-section of PBSA schemes across the city, which is provided in Appendix A1.4 of the document.

ii. CBRE notes that the adoption of an 'average' gross rental rate of £201/week represents a cross-section of both private sector operator PBSA schemes and HEI operated off-campus student accommodation.

iii. CBRE does not disagree with the CIL Viability Addendum's usage of the average gross rental income of £201/week to be applied to private sector (off-campus) development typologies.

iv. OPEX is deducted at 30% of gross annual rent to generate a net rental income, which is capitalised at an investment yield of 5.25%. This is stated as generating a capital value of £128,035 per room.

v. Analysing York specifically, there are several recent transactions for which information is available. These are as follows and demonstrate a tone of circa 5.5%-6.5% NIY and capital value of circa £90,000-£100,000 per bed:

   1. 3 James Street: comprising 303 beds transacted in June 2023 on a forward fund to S Harrison at a yield of 5.50% to 5.75%.
   2. 62 Layerthorpe: comprising 98 beds transacted in 2019 on a forward fund / commit to iQ Student Accommodation for a total capital value of £92,000 per bed.
   3. Haxby Road City Residential: comprising 124 beds transacted in 2018 on a stabilized investment basis at a NIY of 6.5%, reflecting £60,000 per bed.
   4. Foss Studios: comprising 220 beds transacted in 2017 on a stabilized investment basis at a NIY of 5.7%, reflecting £106,000 per bed.

vi. The above evidence suggests that the adopted sum of £128,035 per room and a yield of 5.25% utilised within the CIL Viability Study Addendum actually exceed transactional evidence available for York in recent years.

vii. CBRE's research places York as 21st in the league of the UK's cities with the highest full-time student populations in 2021/22, with circa 27,000 full-time students. This is relatively low compared to the top five regional cities (Birmingham, Glasgow, Manchester, Nottingham, Leeds), which collectively accounted for 374,000 full time students.

viii. On the basis of the above, CBRE ranks York as a Prime Regional location for PBSA and understand that other agents such as Knight Frank regard the city on an equivalent basis.

ix. PBSA prime regional (direct let) stabilised investment yields softened from Q3 2022 due to wider macro-economic conditions, then remained at 5.0%-5.25% throughout 2023. The latest available investment yield sheets now record Prime Regional PBSA yields for stabilised asset as follows:

1. Knight Frank Prime Yield Guide – January 2024: PBSA Prime Regional at 5.0% - 5.25% (softening from 4.75%-5% in Q3 2022)[6].

2. CBRE UK Living Sectors Investment Yields – January 2024: PBSA Prime Regional at 5.0% (softening from 4.75% in Q3 2022)[7].

x. In summary, respected agents all report PBSA Prime Regional stabilised yields softening to 5.0% - 5.25% at present day. Importantly, these are not development funding yields, but are stabilised investment yields, which do not account for development and stabilisation (letting) risk (i.e., transaction by a fund of a high specification stabilised standing PBSA asset).

xi. Institutional forward funding has been one of the main delivery routes for financing the development of PBSA schemes in York and elsewhere across the regions, where brought forward by the private sector (i.e. non-University). CBRE's market intelligence is that funding yields are transacting at a discount of up to 50bps in comparison to stabilised investment yields. As a result, if the rates above are adjusted for development funding, this would see yields at 5.5%-5.75%, which is reflective of the recent forward funding deal in York at 3 James Street.

xii. PPE has evidently not considered current PBSA investment evidence in York and has failed to reflect that forward funding is the key delivery route for financing PBSA schemes in the current market. Consequently, PPE is incorrectly overstating the GDV of the PBSA typologies.

b. **PBSA Room Sizes:**

i. The PBSA comparables cited in the Appendix A1.4 do not provide room sizes for the purpose of analysis. The comparables are merely categorised as 'standard', 'large', 'studio' etc., which is not transparent and does not assist with comparison between room types.

ii. The CIL Viability Study Addendum adopts a generic room size of 17.25m². However, it is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how this room size has been determined, the room type itself (i..e, studio or cluster/en-suite) and the evidence used to inform the area.

iii. Based on CBRE's knowledge of the York PBSA market, the adopted room size utilised within the CIL Viability Study Addendum is positioned between the expected size range for 'studios' and 'cluster/en-suites'. Studios are typically larger at an absolute minimum of 20-21m², whilst cluster / en-suite rooms are generally much smaller at circa 10-15m² and attract lower weekly rents in comparison to PPE's rental assumption.

[6] Note: this is provided within **Enclosure 2**.
[7] Note: this is provided within **Enclosure 2**.

iv. CBRE is aware that CYC has recently refused a planning application for a PBSA scheme at 15 Foss Islands Road based on limited room size and lack of communal space[8]. The Foss Islands Road scheme included 137 no. studios ranging in size from 20-42m².

v. The Foss Islands Road scheme has been resubmitted for planning with adjusted room sizes and to resolve the reason for refusal by CYC, the communal areas have been increased which results in a revised net to gross efficiency of 60%. Additionally, the Coney Riverside proposed development scheme (planning ref: 22/02525/FULM) has also been resubmitted for planning and demonstrates a net to gross efficiency of 60%.

vi. This evidenced efficiency is 5% lower than that assumed by PPE in the PBSA viability testing. The consequence of this is that the GIA area utilised in viability testing would be expected to be 5% larger than currently modelled by PPE. Hence, PPE's estimation of build costs for each of the PBSA viability typologies is 5% lower than it should be, which erroneously overstates the financial viability of the PBSA typologies.

vii. Taking this into consideration, it is therefore highly unlikely that the proposed scheme used in the PBSA typologies testing would actually be granted planning consent by CYC as the room sizes would be considered too small for studios or not akin with comparable cluster/en-suite room sizes and the communal areas would be insufficient to meet CYC planning officer's minimum expectations. The room sizes would evidently need to be larger whilst maintaining an appropriate gross to net efficiency. Any reduction in gross to net efficiency would lead to the loss of valuable amenity space which drives the rental value. As a result, this necessitates a proportionate increase in both room sizes and GIA within the PBSA typologies tested.

viii. Adoption of an unjustified and incorrect room size and building GIA by PPE / CYC poses a significant risk to overstating the viable delivery of PBSA developments by understating the total construction costs attributable to the PBSA typologies.

ix. For the reasons set out above, CBRE strongly advocates that the room size adopted for viability testing developer-led (i.e. off campus) PBSA typologies is reflective of the York PBSA market.

x. CBRE has prepared an analysis of the impact upon the NIA and GIA of PBSA typologies' when utilising the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market. This analysis is provided in **Table 1**.

xi. The below table demonstrates that adopting an informed, representative room size has a significant impact (c. 16% increase) on the GIA of the PBSA typologies.

[8] Planning application ref: 22/01795/FULM. Refused 13 July 2023. CYC stated a reason for refusal of the application concerned *"The proposed development fails to promote the health and well-being of future occupants due to the limited room size of the studios and lack of communal spaces throughout all levels of the development"*.

Table 1: PBSA Typologies | NIA & GIA Analysis: 65% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**65.0%**	15,923	600	**20.0**	12,000	**65.0%**	18,462	**16%**
350	**17.25**	6,038	**65.0%**	9,288	350	**20.0**	7,000	**65.0%**	10,769	**16%**
200	**17.25**	3,450	**65.0%**	5,308	200	**20.0**	4,000	**65.0%**	6,154	**16%**
100	**17.25**	1,725	**65.0%**	2,654	100	**20.0**	2,000	**65.0%**	3,077	**16%**

Source: CYC / CBRE Data

xii. This is based on the assumption of 65% net to gross, which through the Foss Islands refusal demonstrates that 65% is insufficient to meet CYC planning policy requirements as a result, CBRE has also tested the impact of correcting the PBSA built GIA within each of the typologies at a 60%[9] net to gross efficiency, which is expected to be consistent with CYC's requirements for communal and amenity space within PBSA schemes. This analysis is provided in **Table 2**.

Table 2: PBSA Typologies | NIA & GIA Analysis: 60% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**60.0%**	17,250	600	**20.0**	12,000	**60.0%**	20,000	**16%**
350	**17.25**	6,038	**60.0%**	10,063	350	**20.0**	7,000	**60.0%**	11,667	**16%**
200	**17.25**	3,450	**60.0%**	5,750	200	**20.0**	4,000	**60.0%**	6,667	**16%**
100	**17.25**	1,725	**60.0%**	2,875	100	**20.0**	2,000	**60.0%**	3,333	**16%**

Source: CYC / CBRE Data

[9] The resubmitted planning applications for 15 Foss Islands Road (planning ref: 23/01647/FULM) and Coney Riverside (planning ref: 22/02525/FULM) demonstrate a gross to net efficiency of 60.0%.

xiii. The CIL Viability Addendum therefore misrepresents the correct NIA and GIA to be utilised for the PBSA typologies in order to secure planning permission in York, which has severe consequences in understating the total construction costs.

xiv. CBRE strongly advocates that CYC review the NIA and GIA of PBSA typologies to be reflective of the York PBSA market and CYC's precedents for securing planning permission and adjust their inputs accordingly.

c. **Construction costs**:

i. The construction costs adopted are set out in para 42. (CIL Viability Study Addendum, page 12) are cited as being drawn from RICS BCIS. The RICS BCIS median cost is cited as £2,199/m^2 (£204/ft^2) and base-dated at Q2 (i.e. Apr-Jun.) 2023.

ii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the RICS BCIS data as published at 16 January 2024. On an equivalent basis the RICS BCIS median cost now stands at £2,211/m^2 (£205/ft^2), which is an increase of 0.5%. The data is provided within **Enclosure 3**.

iii. CBRE comment that the RICS BCIS costs of £2,211/m^2 (£205/ft^2) are extremely low in the context of off-campus developer / operator led PBSA developments being brought forward for delivery in regional cities in the current market. CBRE also highlight that RICS BCIS is a significantly lagging indicator due to the time taken for tender data be provided and reporting updated. Hence, in an inflationary environment over 2022 and 2023, it has consistently underestimated construction costs being generated in real-time. Moreover, as mentioned prior, RICS BCIS will not yet account for changes to fire safety guidance (Approved Document Part B), which prudent developers have been told by the Government to design into schemes.

iv. In **Table 3** overleaf, CBRE has set out both a comparison between the RICS BCIS median rate costs as at Q2 2023 and January 2024. CBRE considers these costs to be more likely representative of construction to a low-mid specification product, which would achieve a lower than average rental price point in the York market. As the definition in RICS BCIS states it would therefore be more appropriate to reflect student halls of residences (i.e. university-led on campus development), rather than the higher specification product being delivered off-campus by private developers, and those which can secure rents at an average for York (i.e. the £201/week) or above.

v. CBRE notes that even the RICS BCIS upper quartile rate (£2,437/m^2 | £226/ft^2) generates a construction cost which remains significantly below the level of costs being seen for mid-market specification PBSA schemes in the regions (i.e., circa £100,000 per bed). This is provided for comparison against the RICS BCIS median rate in **Table 3**.

vi. CBRE can provide up to date benchmarking evidence on construction costs for recently tendered PBSA schemes of 400+ beds. The construction costs have been indexed from the contract award date to present day (Q1 2024) in order to reflect inflation during the intervening period.

1. Nottingham scheme of circa 550 beds: £251/ft^2 (July 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £253/ft^2

2. Liverpool scheme of 400-500 beds: £248/ft^2 (June 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £252/ft^2

vii. This benchmarking evidence suggests that even the RICS BCIS upper quartile rate is unrealistically low and developers are facing significantly higher construction costs for PBSA schemes.

viii. For the reasons set out above, CBRE strongly advocates that the RICS BCIS upper quartile rate should represent the **absolute minimum** base construction cost for generic viability testing developer-led (i.e. off campus) PBSA typologies. The median rate simply isn't a realistic cost benchmark to adopt for this purpose in the current market. PPE's use of an unrealistically low construction cost will erroneously state the viability of the PBSA typologies tested.

Table 3: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on PPE's gross to net efficiency of 65.0%

RICS BCIS Median Q2 2023			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	18,462	40,596,923	600	67,662	4,059,692	6,766	44,656,615	**74,428**	**2,419**	225
2,199	204	10,769	23,681,538	350	67,662	2,368,154	6,766	26,049,692	**74,428**	**2,419**	225
2,199	204	6,154	13,532,308	200	67,662	1,353,231	6,766	14,885,538	**74,428**	**2,419**	225
2,199	204	3,077	6,766,154	100	67,662	676,615	6,766	7,442,769	**74,428**	**2,419**	225

RICS BCIS Median Q1 2024			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	18,462	40,818,462	600	68,031	4,081,846	6,803	44,900,308	**74,834**	**2,432**	226
2,211	205.4	10,769	23,810,769	350	68,031	2,381,077	6,803	26,191,846	**74,834**	**2,432**	226
2,211	205.4	6,154	13,606,154	200	68,031	1,360,615	6,803	14,966,769	**74,834**	**2,432**	226
2,211	205.4	3,077	6,803,077	100	68,031	680,308	6,803	7,483,385	**74,834**	**2,432**	226

RICS BCIS Upper Quartile Q1 2024			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.4	18,462	44,990,769	600	74,985	4,499,077	7,498	49,489,846	**82,483**	**2,681**	249
2,437	226.4	10,769	26,244,615	350	74,985	2,624,462	7,498	28,869,077	**82,483**	**2,681**	249
2,437	226.4	6,154	14,996,923	200	74,985	1,499,692	7,498	16,496,615	**82,483**	**2,681**	249
2,437	226.4	3,077	7,498,462	100	74,985	749,846	7,498	8,248,308	**82,483**	**2,681**	249

Source: RICS BCIS / CBRE Data

Table 4: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on corrected gross to net efficiency of 60.0%

RICS BCIS Median Q2 2023			Build			External Works @ 10%		Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	20,000	43,980,000	600	73,300	4,398,000	7,330	48,378,000	**80,630**	**2,419**	225
2,199	204	11,667	25,655,000	350	73,300	2,565,500	7,330	28,220,500	**80,630**	**2,419**	225
2,199	204	6,667	14,660,000	200	73,300	1,466,000	7,330	16,126,000	**80,630**	**2,419**	225
2,199	204	3,333	7,330,000	100	73,300	733,000	7,330	8,063,000	**80,630**	**2,419**	225

RICS BCIS Median Q1 2024			Build			External Works @ 10%		Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	20,000	44,220,000	600	73,700	4,422,000	7,370	48,642,000	**81,070**	**2,432**	226
2,211	205.4	11,667	25,795,000	350	73,700	2,579,500	7,370	28,374,500	**81,070**	**2,432**	226
2,211	205.4	6,667	14,740,000	200	73,700	1,474,000	7,370	16,214,000	**81,070**	**2,432**	226
2,211	205.4	3,333	7,370,000	100	73,700	737,000	7,370	8,107,000	**81,070**	**2,432**	226

RICS BCIS Upper Quartile Q1 2024			Build			External Works @ 10%		Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.40	20,000	48,740,000	600	81,233	4,874,000	8,123	53,614,000	**89,357**	**2,681**	249
2,437	226.40	11,667	28,431,667	350	81,233	2,843,167	8,123	31,274,833	**89,357**	**2,681**	249
2,437	226.40	6,667	16,246,667	200	81,233	1,624,667	8,123	17,871,333	**89,357**	**2,681**	249
2,437	226.40	3,333	8,123,333	100	81,233	812,333	8,123	8,935,667	**89,357**	**2,681**	249

Source: RICS BCIS / CBRE Data

d. **Contingency**:

i. The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. Whilst PPE acknowledge that contingency is *"understood to be in the region of 3% to 5% of build costs plus externals"*[10]. PPE has apparently taken a 'midpoint' of 4.00% without providing any explanation of the relevance to varying development typologies and, greenfield and brownfield sites.

ii. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conservation area.

iii. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk in a historic city with known contingency issues.

e. **Abnormals:**

i. The CIL Viability Study Addendum applies costs related to 'abnormals' within the brownfield land typology appraisals at £400,000 per net hectare and within the mixed greenfield/brownfield land typology appraisals at £200,000 per net hectare.

ii. The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[11]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

iii. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

iv. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for PBSA. These costs range from £20,000 to £652,000 based on site areas of between 0.05 and 1.63 net hectares.

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[10] CIL Viability Study (December 2022)
[11] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

v. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

vi. CBRE has analysed the abnormals associated with the redevelopment of a number of brownfield sites in York. The abnormals costs cited include items such as demolition of existing buildings, site clearance, flood defence works, archaeology works, public realm, listed building works and conservation area. Other abnormal costs include land remediation.

vii. The abnormal costs cited by developers are significantly higher than the rates adopted within the CIL Viability Study Addendum. CBRE therefore requests that clarification is provided by CYC as to the methodology used for calculating site abnormal costs and whether the costs have been indexed appropriately.

f. **Development Programme**:

i. The CIL Viability Study Addendum does not set out a clear, detailed cashflow outlining development expenditure, finance roll up and revenue over the assumed development programme. The information provided is considered insufficient to undertake a detailed analysis of PPE's cashflow. CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

g. **Site Areas for Typologies**:

i. It is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how the site areas applied for each typology were derived and the evidence used to inform this. Given this is an important basis for setting benchmark land values, CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders

h. **Benchmark Land Value**:

i. The CIL Viability Study Addendum includes the adopted BLVs for on campus and off campus PBSA with non-residential uses on p.13, the document contains no supporting evidence or justification to underwrite the proposed BLVs, which CBRE considers a significant omission.

ii. The CIL Viability Study Addendum proposes varying BLVs for on campus and off campus PBSA as follows:

1. A BLV of **£450,000/ha (£182,000/acre)** for on campus PBSA on the basis that on campus PBSA is likely to occur only at Campus East where greenfield sites exist. This is the same rate as for greenfield residential testing.

2. A BLV of **£1.5m/ha (£607,000/acre)** for off campus PBSA based on the assumption of "*city centre residential developments on brownfield sites considered no longer fit for purpose for their existing use*"[12].

iii. In order to find justification for this BLV, CBRE has had regard to the earlier EX/CYC//107/2 – Appendix 1 Technical Note. An explanation is provided in paras 20-23.

iv. This is predicated on a logic whereby it is proposed that abandoned or unviable locations and/or dilapidated industrial units will be the typical brownfield sites that will be brought forward for alternative uses, such as PBSA schemes. The transactions drawn upon in Table 4 of the EX/CYC//107/2 – Appendix 1 Technical Note, which are cited as comparables, are not relevant to York and it is not stated whether any of the transacted sites were ultimately brought forward for PBSA development.

v. There is presently a limited supply of sites suitable for redevelopment for PBSA uses across the city, which necessitates PBSA development competing with other forms of prospective development including hotels, traditional residential, elderly persons accommodation or offices.

vi. CBRE therefore remains unclear on the logic behind the BLVs in the CIL Viability Study Addendum, which have been extracted from the appraisals and reiterated in the **Table 5** below. It sets substantially lower BLV for PBSA development in comparison to competing uses such as small local convenience and retail warehouse (both £2m/ha).

Table 5: CIL Viability Study & CIL Viability Study Addendum | Non-Residential BLV

Typology	BLV per gross area (hectares)
Retirement / Extra Care (Urban)	£1,120,000
Retirement / Extra Care (Village/ Rural)	£900,000
Small local convenience	£2,000,000
Retail warehouse	£2,000,000
On Campus PBSA	£450,000
Off Campus PBSA	£1,500,000

Source: CYC

[12] CIL Viability Study Addendum (November 2023)

vii. In addition, CBRE also notes that the CIL Viability Study Addendum adopts a BLV for residential typology viability testing of £1.7m/ha for brownfield land in its existing use as 'City centre / extension' land in Appendix A1.5.

viii. The CIL Viability Study does not adequately justify why competing brownfield land uses have been viability tested against a higher BLV and PBSA against a lower BLV. This warrants further explanation by CYC.

ix. The risk is that this overstates the propensity for PBSA developments to acquire land at lower prices than competing uses, and through the proposed CIL rates applied to PBSA, then places them at a disadvantage when seeking to acquire land due to overstating viability and the further additional CIL costs applied.

x. A rational approach would be for BLVs for this use to be considered by way of market transactional analysis of sites brought forward for PBSA use within the city of York in recent years.

xi. CBRE has gathered market transactional evidence for sites brought forward for PBSA use as set out below.

1. 3 James Street, York: In September 2022, the 0.92-acre site was acquired by 77 York Limited for £4,040,200 (£4,391,522/gross acre). 303-bed PBSA scheme (planning ref: 22/00367/FULM).

2. Fawcett Street, York: In June 2022, the 0.40-acre site was acquired by L&S York Ltd for £2,800,000 (£6,975,651/gross acre). 85-bed PBSA scheme (planning ref: 21/01570/FULM).

3. The Coal Yard, Mansfield Street, York: In May 2018, the 0.38-acre site was acquired by Residential Capital (York) Ltd for £814,000 (£2,145,223/gross acre). Over 100-bed PBSA scheme (planning ref: 17/02702/FULM).

xii. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

Results & Re-appraisal

58. The CIL Viability Study sets out the results of viability modelling within Table A1.11 on p.13. This is replicated overleaf for ease.

Table A1.11 Viability of PBSA developments off campus and on campus in CYC and their psm CIL liable floorspace headroom

Typology	Headroom per CIL liable sqm	After buffer of 50%	33%	25%
On campus PBSAs				
10a: Student accommodation - 25 bed	£141	£71	£94	£106
10b: Student accommodation - 100 bed	£91	£46	£61	£68
10c: Student accommodation - 200 bed	-£36			
10d: Student accommodation - 350 bed	-£72			
10e: Student accommodation - 600 bed	-£139			
Off campus PBSAs				
10a: Student accommodation - 25 bed	£494	£247	£329	£370
10b: Student accommodation - 100 bed	£437	£218	£291	£328
10c: Student accommodation - 200 bed	£325	£162	£217	£244
10d: Student accommodation - 350 bed	£284	£142	£189	£213
10e: Student accommodation - 600 bed	£169	£85	£113	£127

59. Table A1.11 presents PPE's headroom analysis which concludes that all off campus PBSA typologies can viably accommodate both CIL and an affordable housing OSFC contribution of £7,000 per student room as proposed under modifications published under CYC's draft Local Plan Proposed Main Modifications public consultation – specifically via modified Policy H7: Off Campus Purpose Built Student Housing. The headroom analysis concludes that the only on campus PBSA typologies 10a and 10b can viably accommodate CIL (noting the affordable housing OSFC is not applicable to on campus PBSA).

60. This is notwithstanding representations that the conclusions within Table A1.11 and the CIL Viability Study Addendum are not reflective of the full deterioration in market conditions over the past 18 months.

61. With this in mind, Table A1.11 of the CIL Viability Study Addendum shows on campus PBSA typologies 10c – 10e to all fall below the threshold of financial viability. This means they cannot accommodate any CIL, as there is no headroom, but critically these PBSA typologies are also demonstrated as generating negative headroom (shown in red).

62. The CIL Viability Study Addendum states that it is rare for small PBSA schemes to be developed on campus and the majority of new on campus PBSA schemes are generally 200 beds or more. CYC conclude that to *"avoid overcomplicating the charging schedule"*, CYC *"do not consider that on campus PBSA developments merit adding to the CIL charging schedule"* (p14). CBRE endorses this as a logical conclusion.

63. Furthermore, the CIL Viability Study Addendum runs viability testing on PBSA typologies including the cost of meeting the 2.5% affordable housing equivalent OSFC contribution per student room (i.e., a cost of £7,000/bed) to determine the additional CIL headroom to apply to off-campus PBSA.

64. CBRE cannot support the levels of CIL headroom being identified within Table 7.2 above for the PBSA typologies, for the reasons set out earlier within this representation. Neither can CBRE support in CYC seeking for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room.

65. Firstly, there is an inconsistency in the level of buffer back from the calculated maximum headroom being recommended by PPE. For residential typologies (and proposed CIL rates) a buffer of 60%[13] is advocated by PPE, citing market risk and uncertainty.

66. However, for PBSA typologies only 25%-50% buffer is recommended for allowance in proposing the setting of the CIL charging rate at £150/m^2. CBRE considers this to be irrational and advocates for consistency in the applying of any buffer – which should be at the very least 50% across all typologies.

67. On the basis presented in Table A1.11 above, scheme typologies of 350+beds do not demonstrate sufficient headroom (with a 50% buffer) to accommodate the proposed rate of £150/m^2 for off-campus PBSA development within the Revised CIL DCS.

CBRE Updated Appraisal Modelling | Off-Campus PBSA Development (Private sector-led)

68. Given CBRE's analysis set out above firmly highlights both technical issues with the CIL Viability Study Addendum evidence base and methodology of inputs, CBRE has run independent viability modelling on PBSA typologies to determine the implications for CIL headroom in the current market.

   a. **CIL Headroom Analysis | Revised NIA and GIA:**

      i. Firstly, the CIL Viability Study Addendum adopts an unjustified and incorrect room size and gross to net efficiency for the PBSA typologies which poses a significant risk in overstating the viable delivery of a scheme due to understating the total construction costs attributable to the PBSA typologies. In order to determine the implications of this on CIL headroom, CBRE has tested the off campus PBSA typology models with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market and the gross to net efficiency (i.e., 60%) required by CYC. For the purpose of this analysis, all other inputs are consistent with the CIL Viability Study Addendum. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 4**.

Table 6: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom	After Buffer of:		
		£/CIL Liable sqm	50%	33%	25%
10b	100-bed	-173	-87	-115	-130
10c	200-bed	-254	-127	-170	-191
10d	350-bed	-283	-141	-189	-212
10e	600-bed	-365	-183	-244	-274

Source: CBRE

      ii. In summary, the analysis in Table 6 above demonstrates that when adopting an appropriate NIA and GIA, plus PPE's own inputs, there is no headroom for off-campus developer-led

[13] CIL Viability Study (December 2022)

PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

iii. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 5**.

Table 7: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	27	13	18	20
10c	200-bed	-53	-27	-35	-40
10d	350-bed	-80	-40	-53	-60
10e	600-bed	-163	-82	-109	-122

Source: CBRE

iv. In summary, the analysis in **Table 7** suggests that when adopting an appropriate NIA and GIA, plus PPE's inputs, there is limited headroom for off-campus developer-led PBSA schemes to provide the CIL liability.

v. In summary, when removing the cost of the affordable OSFC sought via Policy H7 (as modified) the only typology to generate a surplus is 10b (100-beds) and this does not achieve the DCCS rate of £150/m². The larger typologies do not have sufficient headroom available for either the affordable OSFC sought via Policy H7 (as modified) or CIL.

vi. However, CBRE highlight that this conclusion is based on PPE's inputs contained within the CIL Viability Study Addendum with which CBRE has highlighted technical issues. This analysis is therefore a starting point and CBRE has addressed these technical issues below.

b. **CIL Headroom Analysis | CBRE Modelling:**

i. In order to take a comprehensive approach, CBRE has utilised present-day input assumptions for off-campus (developer-led) PBSA development scheme typologies.

ii. Firstly, CBRE has tested the off campus PBSA typologies with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market along with an evidenced gross to net efficiency acceptable by CYC.

iii. Secondly, CBRE has set the rental rates to £201/week to represent an average rate across the York market. OPEX is deducted at 30% of the gross annual rent to generate a net rental income. This is consistent with the CIL Viability Study Addendum inputs.

iv. Thirdly, CBRE has capitalised the net rental income at a forward fund investment yield of 5.50%. As set out earlier in this representation, most private-sector driven PBSA development has, and is expected to continue to be, institutionally funded. PBSA development funding yields are presently at circa 5.50% - 5.75% for prime regional locations, such as York. CBRE has taken an optimistic stance of adopting the lower end of this rate at 5.50%, which represents a strong / best case illustrative position.

v. CBRE has also increased the construction costs to reflect the RICS BCIS upper quartile cost as published at January 2024. This is deemed the absolute minimum benchmark rate for

current market construction costs for mid-market specification private-sector led PBSA schemes being brought forward in regional cities.

vi. Finally, CBRE has adjusted the contingency allowance utilised in the CIL Viability Study Addendum modelling to reflect the higher figure referenced in the text of 5.00%.

vii. For all other aspects, CBRE has attempted to mirror the approach in the CIL Viability Study modelling. As previously discussed, this should not be taken as an endorsement, but is deemed reasonable and rational for the purposes of comparison – given it is not the responsibility of the consortium to prepare CYC's evidence.

viii. CBRE has run the appraisals inclusive of the (modified) Policy H7 requirement to provide a 2.5% affordable housing equivalent OSFC contribution per student room. A headroom analysis is provided overleaf. Appraisal summaries are provided within **Enclosure 6**.

Table 8: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom	After Buffer of:		
		£/CIL Liable sqm	50%	33%	25%
10b	100-bed	-600	-300	-400	-450
10c	200-bed	-675	-337	-450	-506
10d	350-bed	-699	-349	-466	-524
10e	600-bed	-775	-388	-517	-581

Source: CBRE

69. In summary, the analysis in **Table 8** above reiterates that there is no headroom for off-campus developer-led PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

70. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL. A headroom analysis is provided in **Table 9** below. Appraisal summaries are provided within **Enclosure 7**.

Table 9: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom	After Buffer of:		
		£/CIL Liable sqm	50%	33%	25%
10b	100-bed	-391	-196	-261	-293
10c	200-bed	-467	-233	-311	-350
10d	350-bed	-491	-245	-327	-368
10e	600-bed	-568	-284	-379	-426

Source: CBRE

71. In summary, even when removing the cost of the affordable OSFC sought via Policy H7 (as modified), the developer led PBSA typologies remain unviable with no headroom available for CIL.

72. **On the weight of the above (and enclosed) evidence, CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable OSFC sought via Policy H7 (as modified) or CIL**.

Conclusions and Recommendations

73. The consortium cannot endorse or support CYC's Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study Addendum, as presently published or CYC's proposed modifications to Policy H7: Off Campus Purpose Built Student Housing proposing introduction of an OSFC (at a rate of 2.5% affordable housing equivalent per student bedroom) towards traditional affordable housing secured from off campus PBSA development.

74. In fact, for the reasons set out in this document and its enclosures, the consortium has fundamental doubts regarding the appropriateness of the timing of this consultation on a new CIL DCS. The consortium also has severe reservations regarding the questionable validity and dependability of the published viability evidence base upon which the proposed new charging rates for PBSA use development within the Revised CIL DCS is reliant, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

75. On this basis, the consortium cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

76. The consortium therefore hopes that this feedback prepared by CBRE, and the accompanying commentary from O'Neill Associates, is useful to CYC in reconsidering whether it is rational, prudent and justified to be proceeding with pursuing adoption of a CIL charging regime under the current circumstances.

77. To rectify the issues identified, the consortium advocate that the CIL rates proposed to apply to off campus PBSA development should be reduced to £0/m^2. CYC should undertake this action via modification to the published Revised CIL DCS.

78. CBRE has prepared additional up-to-date viability evidence within this representation. CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either provide CIL or meet the costs of the affordable OSFC sought via Policy H7 (as modified).

79. CBRE's evidence demonstrates this modification to the Revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications CYC's to Policy H7 to introduce an 2.5% affordable housing equivalent OSFC contribution per student room on sites brought forward.

80. Nevertheless, should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation, the consortium will be left with no choice but to continue to pursue this matter and will seek that the Examiner rejects the Charging Schedule via the examination process.

81. Should CYC wish to engage directly with the consortium on the matter, CBRE will be able to facilitate such arrangements.

Enclosures

Enclosure 1: Schedule of Proposed & Adopted CIL Rates in Yorkshire & Humber Region

Local Authority	CIL status	Date	Residential Charges	Retail/Commercial Charges	Others
Barnsley	Draft Charging Schedule Published	17/10/2016	Four large residential charging zones with rates of £80, £50, £10, and £0 per square metre. Four small residential charging zones with rates of £80, £50, £30, and £0 per square metre.	Retail developments (A1) will be charged £70 per square metre.	No charge for all other uses.
Bradford	**Adopted**	21/03/2017	Four residential development charging zones with rates of £100, £50, £20 and £0 per square metre. No charge for specialist older persons housing.	Two retail warehouse development charging zones with rates of £85 and £0 per square metre. Large scale supermarket developments will be charged £50 per square metre.	No charge for all other uses.
Calderdale	Charging Schedule Submitted	11/01/2019	Six residential housing charging zones with rates of £85, £40, £25, £10, £5 and £0 per square metre. Two residential institutions and care home development charging zones with rates of £360 and £60 per square metre. Hotel developments will be charged at £60 per square metre.	Large convenience retail developments will be charged £45 per square metre. Retail warehouse developments will be charged at £100 per square metre.	All other chargebale uses will be charged £5 per square metre.
East Riding of Yorkshire	Draft Charging Schedule Published	23/01/2017	Five residential development charging zones with rates of £90, £60, £20, £10 and £0 per square metre.	Retail warehouse developments will be charged £75 per square metre.	No charge for all other uses.
Hambleton	**Adopted**	17/03/2015	Private market housing (excluding apartments) will be charged £55 per square metre.	Retail warehouses are to be charged £40 per square metre. Supermarkets are to be charged £90 per square metre.	No charge for all other uses.
Harrogate	**Adopted**	08/07/2020	Small scale residential developments will be charged £50 per square metre. Two charging zones for all other residential developments with rates of £50 and £0 per square metre. Two sheltered housing development charging zones with rates of £60 and £40 per square metre.	Three retail development charging zones for shops with rates of £120, £40 and £0 per square metre. Large supermarket and retail warehouse developments will be charged £120 per square metre. Small supermarkets will be charged £40 per square metre. Distribution developments will be charged £20 per square metre.	No charge for all other uses.
Hull	**Adopted**	23/01/2018	Two residential housing development charging zones with rates of £60 and £0 per square metre. Residential apartment developments will be charged £0 per square metre.	Large scale supermarket developments will be charged £50 per square metre. Small scale supermarket developments will be charged £5 per square metre. Retail warehouse developments will be charged £25 per square metre.	No charge for all other uses.
Kirklees	Examination Report Published	10/01/2020	Four residential charging zones with rates of £80,£20, £5 and £0 per square metre.	No charge for all commercial or industrial uses.	No charge for all other uses.
Leeds	**Adopted**	12/11/2014	Four residential charging zones with rates of £5, £23, £45 and £90 per square metre.	Two charging zones for supermarket developments with rates of £110 and £175 per square metre. Two charging zones for large comparison retail with rates of £35 and £55 per square metre. City centre offices will be charged £35 per square metre.	Publicly funded or not for profit developments will not be charged CIL. All other uses will be charged £5 per square metre.
Richmondshire	Preliminary Draft Charging Schedule Published	24/10/2016	Three residential development charging zones with rates of £120, £50 and £0 per square metre.	Supermarket developments will be charged £120 per square metre. Retail warehouse developments will be charged £60 per square metre. Neighbourhood convenience retail developments will be charged £60 per square metre.	No charge for all other uses.
Rotherham	**Adopted**	07/12/2016	Three residential charging zones with rates of £55, £30 and £15 per square metre. Retirement living developments will be charged £20 per square metre.	Large scale supermarket developments will be charged £60 per square metre. Large scale retail warehouse and retail park developments will be charged £30 per square metre.	No charge for all other uses.
Ryedale	**Adopted**	14/01/2016	Two residential charging zones with rates of £85 and £45 per square metre. No charge for apartment developments.	Supermarkets will be charged £120 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Selby	**Adopted**	03/12/2015	Three residential charging zones with rates of £50, £35 and £10 per square metre.	Supermarkets will be charged £110 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Sheffield	**Adopted**	03/06/2015	Four residential (C3 and C4) charging zones with rates of £80, £50, £30 and £0 per square metre. Hotel developments will be charged £40 per square metre. Student accommodation developments will be charged £30 per square metre.	Large retail developments are to be charged £60 per square metre. Three retail development (A1) charging zones with rates of £60, £30 and £0 per square metre.	No charge for all other uses.
Wakefield	**Adopted**	20/01/2016	Three residential charging zones with rates of £55, £20 and £0 per square metre.	Large supermarkets will be charged £103 per square metre. Retail warehouse developments will be charged £89 per square metre.	No charge for all other uses.

Enclosure 2: Investment Yield Guides – Q1 2024

CBRE

After a difficult 2023, Q1 looks likely to follow the same pattern.

Retail
Low volumes continue with few prime opportunities available.

Out of Town Retail
A few assets sold prior to year end, with several more under offer.

Industrial
Limited prime opportunities and worries over weaker rental growth prospects.

Offices
A few transactions completed at the end of the year in a weak market .

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
OFFICES						
West End (Mayfair/St James's)	3.75	3.75	4.00	4.00	4.00	Weaker
West End Non Core	4.00	4.25	4.50	4.75	4.75	Weaker
City of London	4.50	5.00	5.50	5.75	5.75	Weaker
M25/South East	6.25	6.50	6.85	7.00	7.00	Weaker
Regional Cities	6.00	5.75	6.00	6.25	6.25	Weaker
Good Secondary	9.25	9.50	9.75	10.00	10.00	Weaker
Secondary	13.00	13.50	13.75	14.00	14.00	Weaker
INDUSTRIAL						
Prime Distribution	5.25	5.25	5.25	5.25	5.25	Weaker
Prime Estate (Greater London)	4.75	4.75	4.75	4.75	4.75	Weaker
Prime Estate (Ex Greater London)	5.25	5.25	5.25	5.25	5.25	Weaker
Good Secondary	6.25	6.25	6.25	6.50	6.50	Weaker
Secondary Estate	7.25	7.25	7.25	7.50	7.50	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
HIGH STREET SHOPS						
Prime	6.75	6.75	6.75	7.00	7.00	Stable
Good Secondary	9.00	9.00	9.00	9.00	9.00	Stable
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	5.25	5.25	5.25	5.25	5.25	Weaker
SHOPPING CENTRES						
Prime	8.25	8.25	8.25	8.25	8.25	Stable
Best Secondary	12.00	12.00	12.00	12.00	12.00	Stable
Secondary	16.00	16.00	16.00	16.00	16.00	Stable
RETAIL WAREHOUSES						
Park – Prime – Open User	5.75	5.50	6.00	6.25	6.25	Weaker
Park – Prime – Bulky User	5.75	5.50	6.00	6.25	6.25	Weaker
Solus – Prime – Bulky User	5.75	5.50	5.75	6.25	6.25	Weaker
Park - Secondary	7.75	7.50	7.75	8.00	8.00	Weaker

CBRE

All sectors remain trending weaker as financial indicators improve.

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
LEISURE						
Prime Leisure Park	7.50	7.50	7.75	8.00	8.00	Weaker
Good Secondary Leisure Park	10.00	10.25	10.75	11.50	11.50	Weaker
Cinema Prime	7.50	7.50	8.00	8.50	8.50	Weaker
Health & Fitness Prime	5.75	5.50	5.50	6.00	6.00	Weaker
HOTELS						
Prime London Vacant Possession	4.75	4.75	4.75	5.00	5.00	Weaker
Prime London Management Contract	5.75	5.75	5.75	6.00	6.00	Weaker
Prime London Lease	4.50	4.50	4.75	4.75	4.75	Weaker
Prime Regional Vacant Possession	7.25	7.25	7.25	7.50	7.50	Weaker
Prime Regional Management Contract	8.50	8.50	8.50	8.50	8.50	Weaker
Prime Regional Lease	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
PUBS						
Prime London Corporate Pub	4.00	4.00	4.25	4.50	4.50	Weaker
Prime Regional Corporate Pub	6.75	6.75	7.50	8.00	8.00	Weaker
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI Lease	5.75	5.75	6.00	6.00	6.00	Weaker
Petrol Filling Station Prime RPI Lease	5.25	5.25	5.50	5.50	5.50	Weaker
Car Park Prime RPI Lease	5.50	5.50	5.75	6.50	6.50	Weaker
FINANCIAL INDICATORS						
Base Rate	4.00	4.50	5.25	5.25	5.25	◀▶
5 Year Swaps	4.02	4.48	4.92	4.09	3.62	▼
10 Year Gilts	3.82	4.18	4.61	4.16	3.82	▼
RPI	13.40	11.40	9.00	6.10	5.30	▼
CPI	10.10	8.70	6.80	4.60	3.90	▼

CBRE

Yields and sentiment unchanged

Residential

Yields and sentiment unchanged. Investors buoyed by tentative signs of positivity in economy.

Changes in red/Last month in brackets

Student

Sentiment remains positive for best in class “clean and green” properties with strong rental growth prospects, however, non-prime assets are seeing less demand from investors.

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.60	3.60	3.85	4.15	4.15	Weaker
London Zone 2 Good Secondary	4.00	4.00	4.25	4.50	4.50	Weaker
London Zone 3 to 6 Prime	3.75	3.75	4.00	4.25	4.25	Weaker
London Zone 3 to 6 Good Secondary	4.00	4.00	4.15	4.50	4.50	Weaker
South East Prime	4.00	4.00	4.15	4.25	4.25	Weaker
South East Good Secondary	4.50	4.50	4.50	4.50	4.50	Weaker
Regional Cities Prime	4.15	4.15	4.25	4.35	4.35	Weaker
Regional Cities Secondary	4.75	4.75	4.75	4.75	4.75	Weaker
Other Regional Centres Prime	4.50	4.50	4.50	4.50	4.50	Weaker
Other Regional Centres Secondary	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.80	3.80	4.00	4.15	4.15	Weaker
North West Prime	4.15	4.15	4.25	4.35	4.35	Weaker
HEALTHCARE						
Care Homes Prime (Not for Profit)	4.15	4.25	4.50	4.50	4.50	Weaker
Care Homes Prime (SPV)	5.50	5.50	5.50	5.50	5.50	Weaker
Care Homes Secondary	7.50	7.50	7.50	7.75	7.75	Weaker
STUDENT ACCOMMODATION						
Central London Direct Let	3.75	3.75	4.00	4.25	4.25	Stable
Prime Regional Direct Let	5.00	5.00	5.00	5.00	5.00	Stable
Secondary Regional Direct Let	8.50	8.50	8.50	8.50	8.50	Stable
Central London RPI Lease	4.00	4.00	4.00	4.25	4.25	Stable
Prime Regional RPI Lease	4.00	4.00	4.00	4..25	4..25	Stable
Secondary Regional RPI Lease	5.25	5.25	5.25	5.50	5.50	Stable

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Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Knight Frank

Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.

SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Prime London - 25 yr lease, Annual RPI	4.00% - 4.25%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	4.25% +		NEGATIVE
	Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.50% +		NEGATIVE
Co-Living	Prime London	4.00%	4.00% +	4.00% +	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	5.00%		STABLE
Build to Rent	Zone 1 London Prime	3.25% +	3.60%	3.75%	3.75% +	3.90%	3.90%	3.90%		STABLE
	Zone 2 London Prime	3.25% - 3.50%	3.80%	3.90%	4.00%	4.00% +	4.00% +	4.00% +		STABLE
	Zones 3-4 London Prime	3.5% +	3.90%	4.00%	4.00% +	4.15% +	4.15% +	4.15% +		STABLE
	Greater London Prime	3.75% +	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	South East Prime	3.75% - 4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	Tier 1 Regional Cities	4.00%	4.20%	4.25%	4.35%	4.50% -	4.50%	4.50%		STABLE
	Tier 2 Regional Cities	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	4.75% +		STABLE
	South East – Single Family Housing	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Regional – Single Family Housing	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	4.50% +		STABLE
Seniors Housing	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE

Your partners in property.

Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

KEY RESEARCH

CLICK TO DOWNLOAD PBSA

CLICK TO DOWNLOAD BTR

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q3 2023

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We like questions. If you would like some property advice , or want more information about our research, we would love to hear from you.

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Did you know

In addition to valuing assets in the main property sectors and having award winning teams in the Healthcare, Student and Automotive sectors, Knight Frank also has expertise in :

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
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- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

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Knight Frank Research Reports are available at **knightfrank.com/research**

Enclosure 3: RICS BCIS – Rebased to York (January 2024)

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 13-Jan-2024 07:26

Rebased to 1Q 2024 (389; forecast) and York (98; sample 19)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
816. Flats (apartments)								
Generally (15)	1,748	865	1,451	1,645	1,976	5,925	828	
1-2 storey (15)	1,649	1,007	1,386	1,561	1,842	3,419	173	
3-5 storey (15)	1,725	865	1,443	1,638	1,943	3,616	554	
6 storey or above (15)	2,057	1,255	1,667	1,935	2,232	5,925	98	
856.2 Students' residences, halls of residence, etc (15)	2,190	1,260	1,963	2,211	2,437	3,582	52	

Enclosure 4: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
100 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
100 beds

Appraisal Summary for Phase 5 100 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000
NET REALISATION				**12,804,000**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(321,685)	
				(321,685)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	**7,329,925**
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				1,123,509
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	645,033	
				645,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	256,080	
				256,080
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(51,402)	
Construction			760,990	
Total Finance Cost				709,587
TOTAL COSTS				**10,670,000**
PROFIT				
				2,134,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	31.70%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
200 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
200 beds

Appraisal Summary for Phase 6 200 (V2)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION	**25,608,000**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,005,781)	
				(1,005,781)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	**14,659,850**
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				2,295,018
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,290,067	
				1,290,067
DISPOSAL FEES				
Sales Agent Fee		2.00%	512,160	
				512,160
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(198,017)	
Construction			1,929,803	
Total Finance Cost				1,731,786
TOTAL COSTS				**21,340,000**
PROFIT				
				4,268,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	27.57%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
350 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
350 beds

Appraisal Summary for Phase 7 350 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION **44,813,792**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(2,159,876)	
				(2,159,876)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	**25,654,398**
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				3,998,233
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,257,587	
				2,257,587
DISPOSAL FEES				
Sales Agent Fee		2.00%	896,276	
				896,276
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(490,017)	
Construction			3,939,325	
Total Finance Cost				3,449,308
TOTAL COSTS				**37,344,826**
PROFIT				
				7,468,966

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	25.28%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
600 beds

Appraisal Summary for Phase 8 600 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION				**76,824,178**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(4,860,938)	
				(4,860,938)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,870,171	
				3,870,171
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,536,484	
				1,536,484
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,318,728)	
Construction			8,254,486	
Total Finance Cost				6,935,758
TOTAL COSTS				**64,020,142**
PROFIT				
				12,804,037

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.94%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 5: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
100 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
100 Beds

Appraisal Summary for Phase 1 100 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION				**12,804,000**

OUTLAY

ACQUISITION COSTS				
Residualised Price			343,343	
				343,343
Stamp Duty			6,667	
Effective Stamp Duty Rate		1.94%		
Agent Fee		1.00%	3,433	
Legal Fee		0.80%	2,747	
				12,847
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				8,453,434
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	645,033	
				645,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	256,080	
				256,080
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			62,329	
Construction			669,382	
Total Finance Cost				731,712
TOTAL COSTS				**10,670,000**
PROFIT				
				2,134,000

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	30.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
200 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
200 Beds

Appraisal Summary for Phase 2 200 (V1)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION				**25,608,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			336,588	
				336,588
Stamp Duty			6,329	
Effective Stamp Duty Rate		1.88%		
Agent Fee		1.00%	3,366	
Legal Fee		0.80%	2,693	
				12,388
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				16,954,869
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,290,067	
				1,290,067
DISPOSAL FEES				
Sales Agent Fee		2.00%	512,160	
				512,160
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			75,713	
Construction			1,701,316	
Total Finance Cost				1,777,028
TOTAL COSTS				**21,340,000**
PROFIT				
				4,268,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	26.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
350 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
350 Beds

Appraisal Summary for Phase 3 350 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION				**44,813,792**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			204,653	
				204,653
Agent Fee		1.00%	2,047	
Legal Fee		0.80%	1,637	
				3,684
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				29,652,631
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,257,587	
				2,257,587
DISPOSAL FEES				
Sales Agent Fee		2.00%	896,276	
				896,276
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			52,396	
Construction			3,478,702	
Total Finance Cost				3,531,098
TOTAL COSTS				**37,344,828**
PROFIT				
				7,468,964

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	24.38%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
600 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
600 Beds

Appraisal Summary for Phase 4 600 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION	**76,824,178**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(818,452)	
		(818,452)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450

PROFESSIONAL FEES			
Professional Fees	8.00%	3,870,171	
			3,870,171
DISPOSAL FEES			
Sales Agent Fee	2.00%	1,536,484	
			1,536,484
FINANCE			
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)			
Land		(228,187)	
Construction		7,321,459	
Total Finance Cost			7,093,272
TOTAL COSTS			**64,020,141**
PROFIT			
			12,804,037

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.03%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 6: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 13 100 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000

NET REALISATION	**12,222,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(1,744,175)	
		(1,744,175)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550

PROFESSIONAL FEES

Professional Fees	8.00%	714,844	
			714,844

DISPOSAL FEES

Sales Agent Fee	2.00%	244,440	
			244,440

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(242,974)	
Construction	834,982	
Total Finance Cost		592,007

TOTAL COSTS	**10,184,999**
PROFIT	
	2,037,001

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	40.21%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 14 200 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION				**24,444,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(3,809,821)	
				(3,809,821)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(661,256)	
Construction			2,116,943	
Total Finance Cost				1,455,687
TOTAL COSTS				**20,370,001**
PROFIT				
				4,073,999

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	34.83%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

Development Appraisal
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APPRAISAL SUMMARY	**LICENSED COPY**

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 15 350 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801

NET REALISATION	**42,776,801**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(7,012,275)	
				(7,012,275)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,410,817)	
Construction			4,322,340	
Total Finance Cost				2,911,522
TOTAL COSTS				**35,647,336**
PROFIT				
				7,129,466

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	31.95%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 16 600 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION	**73,332,170**

OUTLAY

ACQUISITION COSTS		
Residualised Price (Negative land)	(13,056,267)	
		(13,056,267)

CONSTRUCTION COSTS
Construction

	ft²	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450

PROFESSIONAL FEES			
Professional Fees	8.00%	4,289,033	
			4,289,033
DISPOSAL FEES			
Sales Agent Fee	2.00%	1,466,643	
			1,466,643
FINANCE			
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)			
Land		(3,166,713)	
Construction		9,057,416	
Total Finance Cost			5,890,704

TOTAL COSTS	**61,110,125**
PROFIT	
	12,222,045

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.31%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 7: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 9 100 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000

NET REALISATION	**12,222,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			(1,049,259)	
				(1,049,259)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550

PROFESSIONAL FEES

Professional Fees	8.00%	714,844	
			714,844

DISPOSAL FEES

Sales Agent Fee	2.00%	244,440	
			244,440

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(146,285)	
Construction	743,374	
Total Finance Cost		597,089

TOTAL COSTS	**10,184,997**

PROFIT

	2,037,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	37.54%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 10 200 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000
NET REALISATION				**24,444,000**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(2,420,391)	
				(2,420,391)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(422,202)	
Construction			1,888,456	
Total Finance Cost				1,466,253
TOTAL COSTS				**20,369,997**
PROFIT				
				4,074,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	32.48%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

Development Appraisal
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25 January 2024

APPRAISAL SUMMARY — LICENSED COPY

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 11 350 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801

NET REALISATION				**42,776,801**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(4,584,492)	
				(4,584,492)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(927,979)	
Construction			3,861,716	
Total Finance Cost				2,933,737
TOTAL COSTS				**35,647,333**
PROFIT				
				7,129,468

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.71%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 12 600 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION				**73,332,170**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(8,908,941)	
				(8,908,941)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450
PROFESSIONAL FEES				
Professional Fees		8.00%	4,289,033	
				4,289,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,466,643	
				1,466,643
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(2,180,996)	
Construction			8,124,389	
Total Finance Cost				5,943,393
TOTAL COSTS				**61,110,141**
PROFIT				
				12,222,029

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	26.97%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

[redacted]

From: [redacted]
Sent: 31 January 2024 19:37
To: localplan@york.gov.uk
Cc: [redacted]
Subject: Representations on behalf of Helmsley Group - Consultation on the revised CIL Draft Charging Schedule Jan 24
Attachments: Helmsley Group CIL Reps Jan24 ylp2401.CIL repsv3.pdf; CYC Revised CIL DCS Consultation 2024 - Helmsley Securities Representation (CBRE 31.01.24.).pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear sir/ madam, please find the attached representations on behalf of Helmsley Group in response to the Council's consultation on the revised CIL Draft Charging Schedule

Attached submission includes:
1) Over arching representation prepared by O'Neill Associates
2) Technical representation prepared by CBRE

Contact details set out below.

Many thanks,
[redacted]

[redacted]
O'Neill Associates
Chartered Town Planning Consultants
Lancaster House | James Nicolson Link | Clifton | York YO30 4GR | 01904 692313
www.oneill-associates.co.uk

City of York Community Infrastructure Levy Consultation

31 January 2024

Response on behalf of Helmsley Group

INTRODUCTION

i. These representations are submitted in response to:

   a. the consultation on the revised Community Infrastructure Levy Draft Charging Schedule reference to the revised draft CIL Charging Schedule (as amended on the 21 December 2023) and CIL Sensitivity Test Viability Report Errata Addendum (published 21 December 2023)

   b. they should be read in conjunction with previous representations made on behalf of Helmsley Group and Foss Argo Developments Limited in response to the City of York Community Infrastructure Levy (CIL) Consultation March 2023.

ii. This representation is supported by and should be read in conjunction with the Technical Representation prepared by CBRE and submitted with this representation.

iii. In general terms, the CIL charging schedule threatens the delivery of housing and is contrary to objectives of the emerging local plan and City of York 'One City, for all' Council Plan 2023-2027.

iv. In practical terms what this means is that where a residential scheme liable for CIL has higher development costs that affect viability, and given that CIL is non-negotiable, it is the section 106 requirements such as affordable housing, that will be negotiated down. Delivery of affordable housing is a key objective of the emerging local plan and 'One City for all: Council Plan' which will be severely threatened by the introduction of the draft CIL Charging Schedule.

v. Similarly, the Council has fallen short of its local plan targets for housing delivery for many years which, as a direct result of the draft CIL Charging Schedule, is likely to worsen rather than address the existing backlog.

vi. The proposed rate or rates would seriously undermine the deliverability of the emerging local plan, particularly with regards to residential completions, PBSA completions, delivery of affordable PBSA and housing, new open space delivery, and brownfield first principles, amongst others.

vii. It is essential that the CIL rates are set at a level which ensures that most developments remain robustly viable over time as development costs change – most likely upwards. As such CIL rates should not be set at a marginal viability point. It is vital for the Council to build in a significant degree of flexibility to ensure durability of the CIL charging schedule.

viii. The reality and specific context of developing in York have not been properly considered. This is particularly pertinent within the context of a brownfield first context which is the thrust of the recent national policy statements, and the emerging Local Plan spatial strategy. The majority of the city centre is located within an area of archaeological importance, and historic core conservation area. Both of these designations, and associated local plan policies increase development costs and have significant viability implications which are overlooked.

ix. The Council's Housing trajectory set out in supporting evidence to the Local Plan Examination, shows that a cumulative undersupply of housing will persist until 2023/24 – i.e. 7 years into the Plan period. Recently, the Secretary of State allowed an appeal at New Lane, Huntingdon York YO32 9NA (application ref: 21/00305/OUTM which concluded that:

> 378. *"The Council can only demonstrate a HLS of between 2.79 and 3.45 years. Over the last 5 years HLS has been within a range of 1.9 to 3.8 years. In addition, the Council has persistently and significantly under-delivered housing for at least 10 years and it does not dispute this fact. It has failed to meet the minimum requirement of the Housing Delivery Test every year since its inception. In the last 3 years the Council has delivered only 1,782 homes against a requirement of 2,728 homes. The latest HDT figure was 65% which is a very significant shortfall in delivery. Therefore, the provision of housing is a very significant benefit of the scheme."*
>
> 390. *"….the Council has a very significant shortage of HLS and has done over several years; its delivery of market housing has been **astonishingly poor** for several years as has its delivery of affordable housing. Furthermore, the future pipeline for affordable housing is very poor…."*

x. With regards to the Residential CIL rate, this must be considered in the context of the acknowledged poor delivery of housing in the city over a long run period. Evidence we have presented to the Local Plan Examination, using the Council's own data, demonstrates that in the 10 years 2013/13 to 2021/22, house completion rates fell below the OAH of 790 in 7 of those years. However, the Council's housing completion data includes student accommodation. If student accommodation is excluded, housing completions fell below the OAHN for 9 of the 10 years.

xi. In this context of long-term undersupply of housing, the imperative is clearly to implement the NPPF requirement to significantly boost the supply of housing. Against this background, the proposed £200 psm rate for housing, the highest rate in the Yorkshire region, seems clearly anomalous and could seriously impede the delivery of housing so desperately required to make good more than a decade of undersupply.

xii. At the time of writing, Helmsley Group has two planning applications, that will delivery comprehensive regeneration of the Coney Street riverside area, pending determination with the Council:

1. 3 - 7 Coney Street York (reference: 23/00420/FUL & 23/00421/LBC) for Internal and external works to include extensions to roof to create additional storey, partial demolition of No.5 Coney Street to form connection to riverside and new shopfronts in association with redevelopment of site to create commercial, business and service floorspace, residential units and public realm space. Submitted 28/02/23.

2. Site Of 19 To 33 Coney Street York (reference: 22/02525/FULM & 22/02526/LBC) Redevelopment of 19 to 33 Coney Street, land to rear of 35 to 37 Coney Street and 39 Coney Street to 2 Spurriergate comprising conversion of retained buildings and new build elements of 3 to 5 storeys to create commercial/business/service floorspace (use class E), purpose-built student accommodation (sui generis) and public realm works including riverside walkway, landscaping and access further to partial demolition of buildings. Submitted 08/12/22.

xiii. Both highlight the complexity of developing within York which has significant impacts in terms of viability. Both involve the restoration and conversion of listed building. Securing the long- term future of York's heritage for future generations is a key objective of the emerging local plan, and the NPPF. The draft CIL charging schedule would prevent such development because it would not be viable. Both PBSA and residential accommodation above shops makes an important contribution to housing supply but its delivery is seriously threatened by the draft CIL charging schedule.

xiv. A more sophisticated approach to the proposed rates would be setting a distinct city centre zone given the city centre commands the high values but also is subject to significant development cost because it is within an area of archaeological importance (huge risk/ cost for developments historically and in the future), the city centre is all in the historic core conservation area, the extremely high concentration of listed buildings, and most is high flood risk. The rest of the city commands lower values but lower development costs (typically).

xv. Without CIL relief (e.g. 'zero' rated) for conversion and upward extension of listed buildings the draft CIL charging schedule threatens the restoration and long-term future of York's heritage, and comprehensive regeneration schemes in the city centre.

xvi. It is unfortunate that the Council has not taken to opportunity to rectify inconsistencies between the *CIL Infrastructure Funding Gap Assessment (IFGA)* and *Consultation Information Booklet (CIB)* highlighted in previous representations. The *(IFGA)* and *(CIB)* documents issued with the Draft Charging Schedule set out to identify the cost of infrastructure required to support new development and where it is to be spent. However, there is a lack of clarity between the documents. For example, the IFGA identifies a cost of £47.3 million required for "Education". However, section 10 of the CIB states that Infrastructure for the purposes of CIL spend "can" include transport, flood defences, schools, hospitals and other health and social care facilities.

xvii. This provides no certainty or clarity, for example, for residential developers as to whether they will be paying CIL and a Section 106 contribution for education; flood alleviation; or health facilities.

xviii. The Charging Schedule therefore needs to state clearly what the CIL will be spent on so that developers can make a proper assessment of whether the CIL and S106 costs on a scheme be viable or whether necessary development will be inhibited. Similarly, it is fundamental to the setting of appropriate CIL rates.

xix. The latest modifications to the emerging local plan increase policy requirements for most developments, particularly major developments. These policies have a cumulative cost impact when taken together. The Council does not appear to have fully considered how sites can also bear CIL given this demanding policy context. A full viability review and justifiable evidence of the modified policy requirements will be necessary. Policy requirements include (not exhaustive), the majority of which are not considered in the CVS:

a) 75% carbon reduction aspirations – policy CC2 (modification) (this is considered within CIL Viability study)

b) 10% Biodiversity net gain (this is considered within CIL Viability study)

c) Accessible Housing Standards (this is considered within CIL Viability study)

d) Archaeology – much of the city centre is within an archaeology area of importance which, taken on its own, gives rise to considerable risk and significant additional delay and development costs

e) H10(i) states:

   "higher rates of (affordable housing) provision will be sought where development viability is not compromised".

   This implies that development may be subject to additional affordable housing if it can be viably provided, and that a viability assessment will be required for all applications over 5 units which will delay the determination period significantly, particularly given to limited capacity of the District Valuer. Policy H10 requires all viability assessments to be reviewed by the District Valuer.

f) Changes to policy H7 and the requirement for nominations agreements.

g) Air Quality assessments/mitigation for all major applications

h) Flood mitigation measures. Policy requires a 30% betterment for surface water runoff which typically requires attenuation or SuDS, and much of the city centre is within high flood risk area. Again, taken on its own, flood mitigation gives rise to considerable risk and significant additional development costs.

i) Heritage policy. The vast majority of the city centre is within the York Historic Core Conservation Area and contains amongst the highest concentration of listed buildings and scheduled ancient monuments in England. These heritage constraints arising from national and local heritage policies, taken on their own, gives rise to considerable risk and significant additional development costs.

j) Travel Plan obligations e.g. car clubs, free bus travel, cycle equipment contributions, travel plan coordinator.

k) Green infrastructure/ on-site open space provision – the local plan including its evidence base prescribes totally undeliverable targets with regards for open space as part of new development and currently S106 payments are sought for any shortfall. Will this now be provided through CIL and does this mean no on site provision is required? If not, on site provision has significant viability impacts.

For example, draft local plan policy G16 seeks on-site open space provision for all residential developments, except in exceptional circumstances or for small sites. The amenity open space requirement is typically around 40.5sqm **per bedroom** depending of the level of local open space deficit (by electoral ward) – this spatial requirements is set out in the 2017 open space & GI update - https://www.york.gov.uk/downloads/file/14274/open_space_and_green_infrastructure_update_2017.

Cumulatively, the requirement for 40.5sqm per bedroom has significant implications for the viability of proposals, particularly large city centre schemes. A significant proportion of land within a development site would have to be given over to open space. This requirement does not seem to have been properly considered as part of the Council's draft CIL charging schedule evidence.

i. We request to be notified about:

- submission of the CIL Draft Charging Schedule to the Examiner in accordance with Section 212 of the Planning Act 2008;
- the publication of the recommendations of the Examiner and the reasons for those recommendations; and
- the adoption of the charging schedule by the charging authority.

ii. In accordance with Regulation 21 of the CIL Regulations 2010 we wish to exercise our right to be heard by the examiner either as a consortium or as an independent stakeholder organisation.

CBRE

City of York Revised CIL Draft Charging Schedule Consultation

Technical representation prepared by CBRE UK Ltd on behalf of:

Helmsley Group Ltd

January 2024

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by Helmsley Securities Ltd ('Helmsley Securities), which has land and property interests in York, to prepare a formal representation document setting out a technical response to the City of York Council ('CYC') Community Infrastructure Levy ('CIL') Draft Charging Schedule ('DCS') Proposed Modifications consultation ('the consultation').

2. CBRE's technical representations focus upon the evidence base underpinning the CYC CIL DCS Proposed Modifications – specifically the City of York CIL Viability Study Addendum ('CIL Viability Addendum') produced by Porter Planning Economics ('PPE') and dated November 2023.

3. An overarching representation has been prepared by York-based town planning consultancy O'Neill Associates.

The Consultation

4. CYC published the following documents:

   – CIL Statement of Representations Procedure ('SORP') (published 13 February 2023)
   – CIL Consultation Information Booklet (published 13 February 2023)
   – CIL Draft Charging Schedule ('CIL DCS') (published 13 February 2023)
   – CIL Viability Study (published 13 February 2023)
   – CIL Infrastructure Funding Gap (published 13 February 2023)
   – CIL Associated Mapping (for information only) (published 13 February 2023)
   – CIL Draft Charging Schedule ('Revised CIL DCS') Proposed Modifications (as amended on 21 December 2023)
   – CIL Viability Study Addendum (dated November 2023)
   – CIL Viability Study Addendum Erratum (published 21 December 2023)

5. The consultation ran to 31 January 2024.

6. The SORP confirms CYC's intention to submit the CIL DCS for independent examination following the close of the CIL DCS consultation.

Prior Representations

CBRE was previously instructed by Helmsley Securities to prepare representations on the previous CIL Viability Study evidence base produced by PPE on behalf of CYC, as published as part of the CYC CIL DCS consultation 2023.

The previous representations highlighted several issues with the evidence base and a number of these areas of critique remain unresolved and similar issues continue in the latest evidence base. In summary, the previous representation identified the following issues:

- Illogical timing of implementation of CIL during a period of economic deterioration.

- Outdated evidence, in particular relying on unrealistically low construction costs.

- Failure to reflect softening of the investment yields, resulting in overstating PBSA GDV.
- Lack of evidence in supporting proposed Benchmark Land Values ('BLV').
- Lack of transparency by not providing corresponding appraisals for stakeholders to analyse.

Within this representation, CBRE has referred to and provided responses back to PPE's and CYC's responses set out in **Appendix 3** of the *Local Plan Responses to new issues raised through consultation on Main Modifications* document dated August 2023, as published by CYC.

To CBRE's understanding, PPE and CYC have not provided a formal set of responses to the CIL Viability Study consultation representations in response to developers and stakeholders. As a result, it is unclear how PPE and CYC have appropriately considered and accounted for the high volume of technical representations submitted.

Helmsley Securities' Background

7. Helmsley Securities is a long-standing investor and developer in York, working across a variety of property sectors. Helmsley Securities intends to bring forward a major redevelopment scheme in York city centre and has re-submitted a planning application (ref: 22/02525/FULM) for the redevelopment of land and premises at Coney Street, York.
8. This proposed development scheme comprises the provision of high-quality Purpose Built Student Accommodation ('PBSA') containing 385 no. rooms with generous communal amenity space including a shared lounge on each floor, cinema room, gym, yoga studio, quiet study rooms and café space.
9. The proposal will also deliver a new riverside public square providing flexible space for events and public riverside walkway with restaurants featuring outdoor seating. Retail space will also be provided offering a range of unit sizes supporting both independent retailers and large high street names. This will include provision of new retail frontages along a new route to the riverside from Coney Street and improved shop fronts on Coney Street.
10. Helmsley Securities also has another planning application pending determination at 3 - 7 Coney Street York (ref: 23/00420/FUL & 23/00421/LBC) for Internal and external works to include extensions to the roof to create an additional storey, partial demolition of No.5 Coney Street to form connection to riverside and new shopfronts in association with redevelopment of site to create commercial, business and service floorspace, residential units and public realm space.
11. The latter proposal will convert empty space in listed buildings to residential use, and will create an upward extension to gently increase density and optimise the efficient use of the properties in the city. However, this form of development is costly, and will not gain relief from CIL.
12. CYC should give consideration to exempting conversion and upward extension of empty Listed buildings from CIL (by applying a £NIL rate) to incentivise their return to use and safeguard the future of such heritage assets.

Helmsley Securities' Stance

13. Helmsley Securities has fundamental concerns regarding:
    a. CYC's proposal to introduce CIL charging on 'off-campus' purpose built student accommodation ('PBSA') development within the Revised CIL DCS; and
    b. CYC's proposal to introduce CIL charging on residential dwellings within the City of York in the Revised CIL DCS.
14. It is Helmsley Securities' firm view that the introduction of the proposed CIL rates will undermine the viability of new development in an environment where recent long-term construction cost inflation, softened funding

investment yields, and increased debt servicing costs have placed increasing pressures on development significantly since mid-2022. This is exacerbated by the limited availability of suitable sites in what represents a highly constrained urban context.

15. In light of above Helmsley Securities does not accept the validity and reliability of the published viability evidence base upon which the proposed off-campus PBSA and residential charging rates within the Revised CIL DCS relies, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

16. On this basis, Helmsley Securities cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the Revised CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

17. Should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation and O'Neill Associates overarching representation, Helmsley Securities will be left with no choice but to seek that the Examiner rejects the Charging Schedule via the examination process.

Request to be Heard and Notification Requests

18. It is stated on the consultation page of CYC's website that representations must clearly state a request to be heard at the examination of the CIL DCS. It also states that representations must clearly state a request for notification of the submission of the CIL DCS for examination, receipt of the Examiner's Report, and CYC's approval of the Charging Schedule.

19. This constitutes Helmsley Securities formal request to be heard at the examination of the CIL DCS, as an independent stakeholder organisation, and to be notified by CYC of the events listed in paragraph 12 above. This notification should be provided to both O'Neill Associates and CBRE, as instructed joint agents.

Matters of Representation

Purpose

20. This section of the document sets out the matters of representation that Helmsley Securities determine must be raised with CYC and ultimately, if left unresolved by CYC following the consultation, are for the consideration of the appointed Examiner.

Significance of Proposed Revised CIL DCS Rates

21. The Revised CIL DCS proposes a significant increase in the costs on development via the introduction of CIL charging on multiple uses for the first time.

22. Notably, the Revised CIL DCS introduces the following new zonal charges:

Revised Draft CIL Charging Schedule

Modifications are represented as: new text in **yellow highlighted bold text.**

Development type		CIL rate per sqm	Modification Proposed Explanation
Residential dwellings within the City of York		£200	No change proposed
Residential dwellings within the City of York Local Plan strategic sites **ST4**, ST7, ST8, ST9, ST14, ST15, **ST31 and ST33**		£0	To include ST4, ST31 & ST33 as £0 to reflect revised viability.
Residential dwellings within the City of York Local Plan strategic sites **ST16 and ST36**		£100	No change to CIL rate. For clarity, this category now only refers to ST16 and ST36
Sheltered/ Retirement accommodation	**Brownfield Sites**	**£100**	Split categories to differentiate between rates proposed for Greenfield / Brownfield to reflect revised viability.
	Greenfield Sites	**£0**	
Extra care accommodation		**£0**	All extra care accommodation now proposed to be £0 rated.
Purpose Built Student Accommodation	**Off Campus**	**£150**	Removed original categories. New split categories to differentiate geographically between on and off campus purpose built student accommodation to reflect revised viability.
	On Campus	**£0**	
Convenience[1] retail with up to 450 sqm gross internal area		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison[2] retail built outside the City Centre boundary		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison retail built inside of the City Centre boundary		£0	No change proposed
All other development		£0	No change proposed

[1] Convenience retail provides lower value good purchased regularly to meet day to day needs such as food, newspapers, petrol etc.
[2] Comparison retail provides higher value goods purchased less often, such as household items, electrical goods, clothes, shoes etc

23. These are not incremental changes, but rather represent a fundamental shift to introduce substantial rates of CIL charging across multiple uses both city-wide and on a zonal basis.

24. It is notable that the rates proposed are amongst the highest, if not the highest, across the entirety of Yorkshire and the Humber, even when allowing for indexation since adoption in other Charging Authorities.

CBRE has provided a full schedule of proposed and adopted rates across the region as a comparison within **Enclosure 1**.[1]

25. Due to the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England, since Harrogate adopted their CIL Charging Schedule in July 2020.

26. CBRE is aware that other Local Authorities such as Birmingham City Council has halted proposals to formally review their CIL Charging Schedule over past 18 months due to the challenging economic and property market context. CYC's proposition to introduce high charging rates for the first time is contradictory to decisions being made by other major regional cities and district authorities across the North and Midlands.

27. As a result, such proposals by CYC must necessitate comprehensive, robust, and up-to-date available evidence of financial viability in order to provide appropriate justification that they will strike an appropriate balance in accordance with Regulation 14(1) of the CIL Regulations (as amended).

28. Further reference to the illogical timing of CYC's decision to introduce a CIL charging regime is set out in the following sub section.

Illogical Timing

29. The UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022, continuing throughout 2023 and are expected to prevail into early 2024.

30. Specifically:

    a. The UK economy remains challenged with numerous headwinds. Most notably, inflation remains elevated. Inflation failed to fall as quickly as expected in 2023 and, as a result, the Bank of England increase rates by 175 basis points to 5.25% over the course of the year, the highest level for 15 years.

    b. For businesses, the prolonged period of high inflation has resulted in record wage growth and increased labour costs. This, coupled with the increased debt burden, will continue to erode profit margins, reduce investment, and dampen activity. Weak business sentiment is reflected in the UK Purchasing Managers' Index ('PMI') surveys, and bankruptcies have risen 25% since interest rates began climbing.

    c. The consumer sector has also been hit. Confidence is well below the long-term average, and spending has been flat. This is expected to continue at least in the first part of 2024, especially as costly mortgage refinancing will remain a drag on the economy. However, inflation is expected to continue to fall in 2024, partly due to lower goods prices.

[1] Note: this information was obtained from Planning Resource and is understood to have been correct as at January 2024. The rates presented are not indexed, but represent those rates either proposed (latest) or at the date of adoption of relevant Charging Schedules.

d. Apart from the 2% cut to national insurance, no major tax reforms were announced in the Autumn Statement. Still, an election is imminent – the latest it will happen is January 2025, but it is more likely to be in Q4 2024.

e. The ongoing rollover of fixed rate mortgages throughout 2024 poses a risk to household incomes, and therefore the outlook for growth. The UK has 10.8 million mortgages, the majority of which are fixed, and estimates show less than half have refinanced onto higher rates. As mortgages shift to higher rates, disposable household incomes fall, reducing their ability to spend, leading to weaker than expected consumption and, consequently, weaker growth. The Bank of England's November Monetary Policy Report estimates that less than half of the expected impact of rising interest rates on GDP has materialised. Further effects are expected to unfold, which will continue to drag on the economy. Evidence from the Bank of England suggests households have already reduced consumption in expectation of refinancing in 2024.

f. Global supply chains have been turbulent over recent years since the Covid-19 pandemic and forecasts for 2024 expect issues to continue with labour shortages, increasing inflation, material shortages and sustainability pressures.

g. There are more acute risks to the forecast, in particular, geo-political threats associated with the ongoing conflicts in Ukraine and the Middle East, which may undermine assumptions around falling energy prices. However, forecasts assume there to be no major economic disruptions from current conflicts or other global events.

31. Specifically considering the PBSA sector, CBRE's baseline forecast for 2024 is as follows:

a. Overall, the sector continues to be defined by an acute supply and demand imbalance but this is highly nuanced, and an understanding of affordability is key. An in-depth understanding of the submarket dynamics is critical.

b. Investment yields remained relatively stable for prime regional assets during 2023 and sentiment remains positive into 2024 but for best in class 'clean and green' properties with strong rental growth prospects. Occupancy for the 2023/24 academic year is the strongest on record, and many schemes were at least 98% booked by Spring 2023. The same is expected for the next academic year, which is underpinning strong rent growth projections. However, the outlook for non-prime assets is subdued due to less demand from investors.

c. Overall, the development of new PBSA is slowing due to a combination of factors. This will carry forward throughout 2024 and beyond as starts and completions in 2023 have been at an all-time low, compounding an estimated shortfall of 580,000 beds nationally. Specifically, the drivers are as follows:

   i. Rising build costs present viability challenges.

   ii. The pace of the planning system remains a significant barrier to delivery along with onerous PBSA planning requirements.

   iii. New Building Safety regulations and proposed energy efficiency standards.

   iv. Rising operational costs will also continue to hinder new development given the negative impact on net rental income.

   v. Development financing is also increasingly expensive and is increasingly difficult to obtain, with a tight liquidity pool and high competition for investment capital.

vi. Older university stock will need extensive modernization to meet expectations and remain competitive.

32. CBRE's baseline forecast for the residential market in 2024 is as follows:

a. The residential sales market is expected to remain challenging in 2024 with a fall in house prices and transaction volumes.

b. As previously discussed, households refinancing at higher mortgage rates will reduce discretionary incomes and, consequently, consumption. The UK has 10.8 million mortgages, the majority of which are fixed, and estimates show less than half have refinanced onto higher rates. However, the prospect of falling mortgage rates is positive news for the 850,000 two and five-year fixed mortgages renewing next year. And while payments will still rise, the prevailing rates are still below what these borrowers would have been originally stress-tested at. In addition, strong house price growth in recent years means those remortgaging will benefit from lower loan-to-values. Other tools, including extending the mortgage term, will also be utilised to keep repayments as low as possible.

c. CBRE forecast transactions to stay below their long-term average, but to be broadly level with 2023. The outlook therefore remains subdued and does not forecast a strong resurgence of transactions. And although affordability will improve, prices will need to continue to correct to accommodate buyers' budgets. CBRE forecast a moderate fall in UK house prices of 1% in 2024.

d. The housebuilding sector will continue to be hindered by several challenges, which will impact the future pipeline of new homes in 2024. Planning remains a key challenge and new fire safety regulations are a necessity but will nevertheless stall planning activity throughout the year.

e. The higher cost of debt and construction will also continue to impact viability. Almost two-thirds of respondents to the RICS Construction Survey now cite 'financial constraints' as a key factor limiting activity. This has risen consistently since the start of 2022.

f. Investment appetite for BTR remained strong in 2023. However, the challenging environment negatively impacted investment throughout 2023, but this is expected to start to improve by the end of 2024.

g. The number of BTR homes starting construction in 2023 fell to less than half the level recorded in 2022. This partly reflects subdued institutional investment into the sector, coupled with high construction costs, labour shortages, more expensive debt and new fire regulations requiring second staircases in tall buildings. This will translate into a significantly lower level of BTR completions in 2024.

h. Yields softened in H2 2023 and a further yield expansion is expected at the start of 2024, but this will continue to be mitigated by strong rent growth resulting in only a minor adjustment.

33. Against this backdrop, CBRE questions the logic and rationale, and efficiency in use of public funds, for introducing a CIL regime at this juncture, given the wider challenges facing development and uncertainty in both the macro-economy and property market.

34. CYC's proposals to increase the cost burden on development at this point will exacerbate uncertainty and slow or stall development and regeneration plans on major sites across the city for PBSA and residential development.

Outdated Evidence

35. The published available evidence to inform the Revised CIL DCS is the CIL Viability Addendum produced by PPE and dated November 2023.

36. CBRE has reviewed the CIL Viability Addendum in detail. It is apparent that the input assumptions for PBSA scheme typologies, which are subsequently utilised by PPE in undertaking the viability modelling, analysis, conclusions and recommendations rely substantially upon evidence from the 2023/24 academic year. However, the date this evidence was gathered is unclear.

37. It is well-known that student accommodation operators incorporate dynamic pricing models for advertised rents whereby towards the second half of the academic year, the marketed rental rates are generally at their highest given take-up is reaching or at capacity. Clarity should therefore been provided by PPE as to the date of the PBSA evidence as if PPE gathered their data in the second half of the academic year this could potentially be overstating the average rent for the whole academic year.

38. Moreover, the CIL Viability Addendum acknowledges that PPE's CIL Viability Study overstated the investment yield achievable for Prime Regional PBSA and accordingly adjusted outward the yield from 5.00% to 5.25%.

39. However, CBRE is of the opinion that this does not go far enough in reflecting the softening in yields over the past 18 months. The CIL Viability Addendum does not cite any investment yield evidence to substantiate their conclusion.

40. The input assumptions contained in the CIL Viability Study (December 2022) for residential typologies were originally collated from Land Registry between January 2019 and May 2022, then indexed to August 2022 using the House Price Index ('HPI'). The CIL Viability Addendum is based on the same data set which has been indexed using HPI up to June 2023. It appears that the CIL Viability Addendum therefore does not rely on new transactional evidence post May 2022 and relies entirely on indexed historic transactions only, now up to five years old. CBRE request that CYC clarify whether any new transactional evidence has been analysed for the purpose of the CIL Viability Addendum.

41. As set out above, and well-documented, there have been significant macro-economic headwinds and property market adjustment issues over the period since, as well as substantive ongoing construction cost inflation, which are material considerations that any robust viability evidence base must account for.

42. In addition, the Government is conducting a staged implementation of the Building Safety Act 2022, and has stated that it expects student accommodation to be subject to the regulatory regime under Part Three, which will have implications for the design and construction of new developments.

43. New Fire Safety (England) Regulations 2022, came into force on 23 January 2023 and under the new Regulations, a responsible person (usually a mangaing agent or similar) is required to provide information and carry out checks on fire safety for all buildings over 11m (or 5 storey) which contain at least two domestic premises.

44. In accordance with Approved Document B, there is also a requirement for firefighting lifts in buildings to offer additional protection and controls that enable it to be used by the fire and rescue service when fighting a fire. This is a requirement when the lift needs to travel more than 18m above or 10m below the fire service vehicle access level. The firefighting lift must have a secondary back-up power supply to ensure it continues to operate in the event of power failure in the building, a lift control system and a lift communication system.

45. The Government has also recently consulted upon amendments to Approved Document B, which proposes that all new buildings of 30m (circa 10 storeys) or above will require a second separated staircase[2]. The Greater London Authority ('GLA') has pre-empted the Government's conclusions by mandating this requirement for new development in Greater London with immediate effect.

46. The Government is currently considering responses following closure of the consultation on 17 March 2023, but it is widely anticipated that student accommodation will be required to conform to the amendments, which is prompting developers and investors to factor second staircases into plans for new development going forward in order that they can meet regulations, and be insurable, investable and deliverable. Specifically, Government states:

"58. Recognising that many schemes are in development, and this change would represent a significant change, we are proposing a very short transition period before implementing the changes.

59. The transition period will allow time for schemes to be completed but should not allow the opportunity for developments to get off the ground ahead of the new requirements coming into effect.

60. We would encourage all developments to prepare for this change now."

47. CBRE can provide examples of recently submitted PBSA schemes in York, which already take into account the Government's proposal for a second staircase in order to future proof the developments. These example schemes include:

    a. 15 Foss Islands Road, York (planning ref: 23/01647/FULM): The proposed accommodation is arranged over ground floor + 4 storeys and incorporates 3 staircases and a dual lift core.

    b. Coney Riverside, Coney Street, York (planning ref: 22/02525/FULM): The proposed accommodation is arranged over basement, ground + 5 storeys and incorporates 3 staircases with dual and singular lift cores in Zone 3 and 1 staircase with a dual lift core in Zone 4.

48. Based on the impact assessment conducted, the Government has publicly acknowledged that the implications of additional construction costs, and loss of build efficiency, will impact negatively on the financial viability of development and, as a result, is likely to reduce the propensity of higher density schemes to deliver affordable housing as a consequence:

"65. The costs of a second staircase will also impact the viability of high rise buildings, this is likely to reduce the amount of affordable housing that can be provided by developers."

49. The impact will be that gross to net build efficiency is reduced, meaning lower net lettable floorspace against a higher or equivalent gross internal area (GIA).

50. It does not appear that the CIL Viability Addendum has accounted for the this or addressed the implications.

[2] https://www.gov.uk/government/consultations/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings

51. Finally, the Government launched the Building Safety Levy: Technical Consultation on 23rd January 2024[3]. This confirms that an additional charge on new development – including both residential and PBSA uses – is proposed to be charged on a broadly consistent basis to CIL. Whilst a 50% discount will be applied to development on brownfield land, it will nevertheless reflect an additional and non-negotiable capital cost to new development schemes, and will impact negatively on development viability.

52. The additional cost of the Building Safety Levy has yet to be quantified, meaning it is difficult to accurately account for this additional cost within the CIL setting process. However, the most prudent approach would be to ensure that a substantial buffer is introduced prior to the setting of CIL rates – of at least 50% of the available 'surplus' for CIL as tested via the viability modelling process.

53. CBRE has provided further details upon this relating to PBSA use within the 'Technical Deficiencies' sub-section of this representation.

Technical Deficiencies

Purpose Built Student Housing

54. There are a range of detailed technical issues identified, which render the CIL Viability Addendum as an unsound basis for setting the proposed CIL rates for purpose built student housing, and which Helmsley Securities advocate will require rectification prior to CYC proceeding with the Revised CIL DCS as presently published:

    a. **Rents, Yields and Capital Values for Off-Campus PBSA Typologies:**

        i. The CIL Viability Addendum tests 5no. off-campus PBSA typologies ranging from 25 beds to 600 beds. An average gross rental income is applied of £201/week over 47.6 weeks (annual) based on the 2023-24 academic year. This is drawn from a cross-section of PBSA schemes across the city, which is provided in Appendix A1.4 of the document.

        ii. CBRE notes that the adoption of an 'average' gross rental rate of £201/week represents a cross-section of both private sector operator PBSA schemes and HEI operated off-campus student accommodation.

        iii. CBRE does not disagree with the CIL Viability Addendum's usage of the average gross rental income of £201/week to be applied to private sector (off-campus) development typologies.

        iv. OPEX is deducted at 30% of gross annual rent to generate a net rental income, which is capitalised at an investment yield of 5.25%. This is stated as generating a capital value of £128,035 per room.

[3] https://www.gov.uk/government/consultations/building-safety-levy-technical-consultation?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=a5093222-a03d-44be-baf1-04a3e1bbf108&utm_content=daily

v. Analysing York specifically, there are several recent transactions for which information is available. These are as follows and demonstrate a tone of circa 5.5%-6.5% NIY and capital value of circa £90,000-£100,000 per bed:

   1. 3 James Street: comprising 303 beds transacted in June 2023 on a forward fund to S Harrison at a yield of 5.50% to 5.75%.

   2. 62 Layerthorpe: comprising 98 beds transacted in 2019 on a forward fund / commit to iQ Student Accommodation for a total capital value of £92,000 per bed.

   3. Haxby Road City Residential: comprising 124 beds transacted in 2018 on a stabilized investment basis at a NIY of 6.5%, reflecting £60,000 per bed.

   4. Foss Studios: comprising 220 beds transacted in 2017 on a stabilized investment basis at a NIY of 5.7%, reflecting £106,000 per bed.

vi. The above evidence suggests that the adopted sum of £128,035 per room and a yield of 5.25% utilised within the CIL Viability Study Addendum actually exceed transactional evidence available for York in recent years.

vii. CBRE's research places York as 21st in the league of the UK's cities with the highest full-time student populations in 2021/22, with circa 27,000 full-time students. This is relatively low compared to the top five regional cities (Birmingham, Glasgow, Manchester, Nottingham, Leeds), which collectively accounted for 374,000 full time students.

viii. On the basis of the above, CBRE ranks York as a Prime Regional location for PBSA and understand that other agents such as Knight Frank regard the city on an equivalent basis.

ix. PBSA prime regional (direct let) stabilised investment yields softened from Q3 2022 due to wider macro-economic conditions, then remained at 5.0%-5.25% throughout 2023. The latest available investment yield sheets now record Prime Regional PBSA yields for stabilised asset as follows:

   1. Knight Frank Prime Yield Guide – January 2024: PBSA Prime Regional at 5.0% - 5.25% (softening from 4.75%-5% in Q3 2022)[4].

   2. CBRE UK Living Sectors Investment Yields – January 2024: PBSA Prime Regional at 5.0% (softening from 4.75% in Q3 2022)[5].

x. In summary, respected agents all report PBSA Prime Regional stabilised yields softening to 5.0% - 5.25% at present day. Importantly, these are not development funding yields, but are stabilised investment yields, which do not account for development and stabilisation (letting) risk (i.e., transaction by a fund of a high specification stabilised standing PBSA asset).

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[4] Note: this is provided within **Enclosure 2**.
[5] Note: this is provided within **Enclosure 2**.

xi. Institutional forward funding has been one of the main delivery routes for financing the development of PBSA schemes in York and elsewhere across the regions, where brought forward by the private sector (i.e. non-University). CBRE's market intelligence is that funding yields are transacting at a discount of up to 50bps in comparison to stabilised investment yields. As a result, if the rates above are adjusted for development funding, this would see yields at 5.5%-5.75%, which is reflective of the recent forward funding deal in York at 3 James Street.

xii. PPE has evidently not considered current PBSA investment evidence in York and has failed to reflect that forward funding is the key delivery route for financing PBSA schemes in the current market. Consequently, PPE is incorrectly overstating the GDV of the PBSA typologies.

b. **PBSA Room Sizes:**

i. The PBSA comparables cited in the Appendix A1.4 do not provide room sizes for the purpose of analysis. The comparables are merely categorised as 'standard', 'large', 'studio' etc., which is not transparent and does not assist with comparison between room types.

ii. The CIL Viability Study Addendum adopts a generic room size of 17.25m². However, it is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how this room size has been determined, the room type itself (i.e., studio or cluster/en-suite) and the evidence used to inform the area.

iii. Based on CBRE's knowledge of the York PBSA market, the adopted room size utilised within the CIL Viability Study Addendum is positioned between the expected size range for 'studios' and 'cluster/en-suites'. Studios are typically larger at an absolute minimum of 20-21m², whilst cluster / en-suite rooms are generally much smaller at circa 10-15m² and attract lower weekly rents in comparison to PPE's rental assumption.

iv. CBRE is aware that CYC has recently refused a planning application for a PBSA scheme at 15 Foss Islands Road based on limited room size and lack of communal space[6]. The Foss Islands Road scheme included 137 no. studios ranging in size from 20-42m².

v. The Foss Islands Road scheme has been resubmitted for planning with adjusted room sizes and to resolve the reason for refusal by CYC, the communal areas have been increased which results in a revised net to gross efficiency of 60%. Additionally, the Coney Riverside proposed development scheme (planning ref: 22/02525/FULM) has also been resubmitted for planning and demonstrates a net to gross efficiency of 60%.

vi. This evidenced efficiency is 5% lower than that assumed by PPE in the PBSA viability testing. The consequence of this is that the GIA area utilised in viability testing would be expected

[6] Planning application ref: 22/01795/FULM. Refused 13 July 2023. CYC stated a reason for refusal of the application concerned *"The proposed development fails to promote the health and well-being of future occupants due to the limited room size of the studios and lack of communal spaces throughout all levels of the development"*.

to be 5% larger than currently modelled by PPE. Hence, PPE's estimation of build costs for each of the PBSA viability typologies is 5% lower than it should be, which erroneously overstates the financial viability of the PBSA typologies.

vii. Taking this into consideration, it is therefore highly unlikely that the proposed hypothetical scheme used in the PBSA typologies testing would actually be granted planning consent by CYC as the room sizes would be considered too small for studios or not akin with comparable cluster/en-suite room sizes and the communal areas would be insufficient to meet CYC planning officer's minimum expectations. The room sizes would evidently need to be larger whilst maintaining an appropriate gross to net efficiency. Any reduction in gross to net efficiency would lead to the loss of valuable amenity space which drives the rental value. As a result, this necessitates a proportionate increase in both room sizes and GIA within the PBSA typologies tested.

viii. Adoption of an unjustified and incorrect room size and building GIA by PPE / CYC poses a significant risk to overstating the viable delivery of PBSA developments by understating the total construction costs attributable to the PBSA typologies.

ix. For the reasons set out above, CBRE strongly advocates that the room size adopted for viability testing developer-led (i.e. off campus) PBSA typologies is reflective of the York PBSA market.

x. CBRE has prepared an analysis of the impact upon the NIA and GIA of PBSA typologies' when utilising the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market. This analysis is provided in **Table 1**.

xi. The below table demonstrates that adopting an informed, representative room size has a significant impact (c. 16% increase) on the GIA of the PBSA typologies.

Table 1: PBSA Typologies | NIA & GIA Analysis: 65% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**65.0%**	15,923	600	**20.0**	12,000	**65.0%**	18,462	**16%**
350	**17.25**	6,038	**65.0%**	9,288	350	**20.0**	7,000	**65.0%**	10,769	**16%**
200	**17.25**	3,450	**65.0%**	5,308	200	**20.0**	4,000	**65.0%**	6,154	**16%**
100	**17.25**	1,725	**65.0%**	2,654	100	**20.0**	2,000	**65.0%**	3,077	**16%**

Source: CYC / CBRE Data

xii. This is based on the assumption of 65% net to gross, which through the Foss Islands refusal demonstrates that 65% is insufficient to meet CYC planning policy requirements as a result, CBRE has also tested the impact of correcting the PBSA built GIA within each of the

typologies to a 60%[7] net to gross efficiency, which is expected to be consistent with CYC's requirements for communal and amenity space within PBSA schemes. This analysis is provided in **Table 2**.

Table 2: PBSA Typologies | NIA & GIA Analysis: 60% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**60.0%**	17,250	600	**20.0**	12,000	**60.0%**	20,000	**16%**
350	**17.25**	6,038	**60.0%**	10,063	350	**20.0**	7,000	**60.0%**	11,667	**16%**
200	**17.25**	3,450	**60.0%**	5,750	200	**20.0**	4,000	**60.0%**	6,667	**16%**
100	**17.25**	1,725	**60.0%**	2,875	100	**20.0**	2,000	**60.0%**	3,333	**16%**

Source: CYC / CBRE Data

xiii. The CIL Viability Addendum therefore misrepresents the correct NIA and GIA to be utilised for the PBSA typologies in order to secure planning permission in York, which has severe consequences in understating the total construction costs.

xiv. CBRE strongly advocates that CYC review the NIA and GIA of PBSA typologies to be reflective of the York PBSA market and CYC's precedents for securing planning permission and adjust their inputs accordingly.

c. **Construction costs**:

i. The construction costs adopted are set out in para 42. (CIL Viability Study Addendum, page 12) are cited as being drawn from RICS BCIS. The RICS BCIS median cost is cited as £2,199/m^2 (£204/ft^2) and base-dated at Q2 (i.e. Apr-Jun.) 2023.

ii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the RICS BCIS data as published at 16 January 2024. On an equivalent basis the RICS BCIS median cost now stands at £2,211/m^2 (£205/ft^2), which is an increase of 0.5%. The data is provided within **Enclosure 3**.

iii. CBRE comment that the RICS BCIS costs of £2,211/m^2 (£205/ft^2) are extremely low in the context of off-campus developer / operator led PBSA developments being brought forward for delivery in regional cities in the current market. CBRE also highlight that RICS BCIS is a significantly lagging indicator due to the time taken for tender data be provided and reporting updated. Hence, in an inflationary environment over 2022 and 2023, it has

[7] The resubmitted planning applications for 15 Foss Islands Road (planning ref: 23/01647/FULM) and Coney Riverside (planning ref: 22/02525/FULM) demonstrate a gross to net efficiency of 60.0%.

consistently underestimated construction costs being generated in real-time. Moreover, as mentioned prior, RICS BCIS will not yet account for changes to fire safety guidance (Approved Document Part B), which prudent developers have been told by the Government to design into schemes.

iv. In **Table 3** overleaf, CBRE has set out both a comparison between the RICS BCIS median rate costs as at Q2 2023 and January 2024. CBRE considers these costs to be more likely representative of construction to a low-mid specification product, which would achieve a lower than average (i.e. more affordable) rental price point in the York market than that adopted by PPE. As the definition in RICS BCIS states it would therefore be more appropriate to reflect student halls of residences (i.e. university-led on campus development), rather than the higher specification product being delivered off-campus by private developers, and those which can secure rents at an average for York (i.e. the £201/week) or above.

v. CBRE notes that even the RICS BCIS upper quartile rate (£2,437/m^2 | £226/ft^2) generates a construction cost which remains significantly below the level of costs being seen for mid-market specification PBSA schemes in the regions (i.e., circa £100,000 per bed). This is provided for comparison against the RICS BCIS median rate in **Table 3**.

vi. CBRE can provide up to date benchmarking evidence on construction costs for recently tendered PBSA schemes of 400+ beds. The construction costs have been indexed from the contract award date to present day (Q1 2024) in order to reflect inflation during the intervening period.

1. Nottingham scheme of circa 550 beds: £251/ft^2 (July 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £253/ft^2

2. Liverpool scheme of 400-500 beds: £248/ft^2 (June 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £252/ft^2

vii. This benchmarking evidence suggests that even the RICS BCIS upper quartile rate is unrealistically low and developers are facing significantly higher construction costs for PBSA schemes.

viii. For the reasons set out above, CBRE strongly advocates that the RICS BCIS upper quartile rate should represent the **absolute minimum** base construction cost for generic viability testing developer-led (i.e. off campus) PBSA typologies. The median rate simply isn't a realistic cost benchmark to adopt for this purpose in the current market. PPE's use of an unrealistically low construction cost will erroneously state the viability of the PBSA typologies tested.

Table 3: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on PPE's gross to net efficiency of 65.0%

RICS BCIS Median Q2 2023			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	18,462	40,596,923	600	67,662	4,059,692	6,766	44,656,615	**74,428**	**2,419**	**225**
2,199	204	10,769	23,681,538	350	67,662	2,368,154	6,766	26,049,692	**74,428**	**2,419**	**225**
2,199	204	6,154	13,532,308	200	67,662	1,353,231	6,766	14,885,538	**74,428**	**2,419**	**225**
2,199	204	3,077	6,766,154	100	67,662	676,615	6,766	7,442,769	**74,428**	**2,419**	**225**

RICS BCIS Median Q1 2024			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	18,462	40,818,462	600	68,031	4,081,846	6,803	44,900,308	**74,834**	**2,432**	**226**
2,211	205.4	10,769	23,810,769	350	68,031	2,381,077	6,803	26,191,846	**74,834**	**2,432**	**226**
2,211	205.4	6,154	13,606,154	200	68,031	1,360,615	6,803	14,966,769	**74,834**	**2,432**	**226**
2,211	205.4	3,077	6,803,077	100	68,031	680,308	6,803	7,483,385	**74,834**	**2,432**	**226**

RICS BCIS Upper Quartile Q1 2024			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.40	18,462	44,990,769	600	74,985	4,499,077	7,498	49,489,846	**82,483**	**2,681**	**249**
2,437	226.40	10,769	26,244,615	350	74,985	2,624,462	7,498	28,869,077	**82,483**	**2,681**	**249**
2,437	226.40	6,154	14,996,923	200	74,985	1,499,692	7,498	16,496,615	**82,483**	**2,681**	**249**
2,437	226.40	3,077	7,498,462	100	74,985	749,846	7,498	8,248,308	**82,483**	**2,681**	**249**

Source: RICS BCIS / CBRE Data

Table 4: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on corrected gross to net efficiency of 60.0%

RICS BCIS Median Q2 2023			Build			External Works @ 10%		Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	20,000	43,980,000	600	73,300	4,398,000	7,330	48,378,000	**80,630**	**2,419**	**225**
2,199	204	11,667	25,655,000	350	73,300	2,565,500	7,330	28,220,500	**80,630**	**2,419**	**225**
2,199	204	6,667	14,660,000	200	73,300	1,466,000	7,330	16,126,000	**80,630**	**2,419**	**225**
2,199	204	3,333	7,330,000	100	73,300	733,000	7,330	8,063,000	**80,630**	**2,419**	**225**

RICS BCIS Median Q1 2024			Build			External Works @ 10%		Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	20,000	44,220,000	600	73,700	4,422,000	7,370	48,642,000	**81,070**	**2,432**	**226**
2,211	205.4	11,667	25,795,000	350	73,700	2,579,500	7,370	28,374,500	**81,070**	**2,432**	**226**
2,211	205.4	6,667	14,740,000	200	73,700	1,474,000	7,370	16,214,000	**81,070**	**2,432**	**226**
2,211	205.4	3,333	7,370,000	100	73,700	737,000	7,370	8,107,000	**81,070**	**2,432**	**226**

RICS BCIS Upper Quartile Q1 2024			Build			External Works @ 10%		Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.40	20,000	48,740,000	600	81,233	4,874,000	8,123	53,614,000	**89,357**	**2,681**	**249**
2,437	226.40	11,667	28,431,667	350	81,233	2,843,167	8,123	31,274,833	**89,357**	**2,681**	**249**
2,437	226.40	6,667	16,246,667	200	81,233	1,624,667	8,123	17,871,333	**89,357**	**2,681**	**249**
2,437	226.40	3,333	8,123,333	100	81,233	812,333	8,123	8,935,667	**89,357**	**2,681**	**249**

Source: RICS BCIS / CBRE Data

d. **Contingency**:

i. The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. Whilst PPE acknowledge that contingency is *"understood to be in the region of 3% to 5% of build costs plus externals"*[8]. PPE has apparently taken a 'midpoint' of 4.00% without providing any explanation of the relevance to varying development typologies and, greenfield and brownfield sites.

ii. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conservation area.

iii. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk in a city with known contingency issues.

e. **Abnormals:**

i. The CIL Viability Study Addendum applies costs related to 'abnormals' within the brownfield land typology appraisals at £400,000 per net hectare and within the mixed greenfield/brownfield land typology appraisals at £200,000 per net hectare.

ii. The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[9]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

iii. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

iv. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for PBSA. These costs range from £20,000 to £652,000 based on site areas of between 0.05 and 1.63 net hectares.

[8] CIL Viability Study (December 2022)
[9] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

v. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

vi. CBRE has analysed the abnormals associated with the redevelopment of a number of brownfield sites in York. The abnormals costs cited include items such as demolition of existing buildings, site clearance, flood defence works, archaeology works, public realm, listed building works and conservation area. Other abnormal costs include land remediation.

vii. The abnormal costs cited by developers are significantly higher than the rates adopted within the CIL Viability Study Addendum. CBRE therefore requests that clarification is provided by PPE / CYC as to the methodology used for calculating site abnormal costs and whether the costs have been indexed appropriately.

f. **Development Programme**:

i. The CIL Viability Study Addendum does not set out a clear, detailed cashflow outlining development expenditure, finance roll up and revenue over the assumed development programme. The information provided is considered insufficient to undertake a detailed analysis of PPE's cashflow. CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

g. **Site Areas for Typologies**:

i. It is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how the site areas applied for each typology were derived and the evidence used to inform this. Given this is an important basis for setting benchmark land values, CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

h. **Benchmark Land Value**:

i. The CIL Viability Study Addendum includes the adopted BLVs for on campus and off campus PBSA with non-residential uses on p.13, the document contains no supporting evidence or justification to underwrite the proposed BLVs, which CBRE considers a significant omission.

ii. The CIL Viability Study Addendum proposes varying BLVs for on campus and off campus PBSA as follows:

1. A BLV of **£450,000/ha (£182,000/acre)** for on campus PBSA on the basis that on campus PBSA is likely to occur only at Campus East where greenfield sites exist. This is the same rate as for greenfield residential testing.

2. A BLV of **£1.5m/ha (£607,000/acre)** for off campus PBSA based on the assumption of "*city centre residential developments on brownfield sites considered no longer fit for purpose for their existing use*"[10].

iii. In order to find justification for this BLV, CBRE has had regard to the earlier Technical Note titled *CYC Local Plan Viability Technical Note on Changes to Student Accommodation Policy H7 ('Policy H7 Technical Note')*, which was produced by PPE and which is dated August 2022. An explanation is provided in paras 20-23.

iv. This is predicated on a logic whereby it is proposed that abandoned or unviable locations and/or dilapidated industrial units will be the typical brownfield sites that will be brought forward for alternative uses, such as PBSA schemes. The transactions drawn upon in Table 4 of the Policy H7 Technical Note, which are cited as comparables, are not relevant to York and it is not stated whether any of the transacted sites were ultimately brought forward for PBSA development.

v. There is presently a limited supply of sites suitable for redevelopment for PBSA uses across the city, which necessitates PBSA development competing with other forms of prospective development including hotels, traditional residential, elderly persons accommodation or offices.

vi. CBRE therefore remains unclear on the logic behind the BLVs in the CIL Viability Study Addendum, which have been extracted from the appraisals and reiterated in the **Table 5** below. It sets substantially lower BLV for PBSA development in comparison to competing uses such as small local convenience and retail warehouse (both £2m/ha).

Table 5: CIL Viability Study & CIL Viability Study Addendum | Non-Residential BLV

Typology	BLV per gross area (hectares)
Retirement / Extra Care (Urban)	£1,120,000
Retirement / Extra Care (Village/ Rural)	£900,000
Small local convenience	£2,000,000
Retail warehouse	£2,000,000
On Campus PBSA	£450,000
Off Campus PBSA	£1,500,000

[10] CIL Viability Study Addendum (November 2023)

vii. In addition, CBRE also notes that the CIL Viability Study Addendum adopts a BLV for residential typology viability testing of £1.7m/ha for brownfield land in its existing use as 'City centre / extension' land in Appendix A1.5.

viii. The CIL Viability Study does not adequately justify why competing brownfield land uses have been viability tested against a higher BLV and PBSA against a lower BLV. This warrants further explanation by CYC.

ix. The risk is that this overstates the propensity for PBSA developments to acquire land at lower prices than competing uses, and through the proposed CIL rates applied to PBSA, then places them at a disadvantage when seeking to acquire land due to overstating viability and the further additional CIL costs applied.

x. A rational approach would be for BLVs for this use to be considered by way of market transactional analysis of sites brought forward for PBSA use within the city of York in recent years.

xi. CBRE has gathered market transactional evidence for sites brought forward for PBSA use as set out below.

1. 3 James Street, York: In September 2022, the 0.92-acre site was acquired by 77 York Limited for £4,040,200 (£4,391,522/gross acre). 303-bed PBSA scheme (planning ref: 22/00367/FULM).

2. Fawcett Street, York: In June 2022, the 0.40-acre site was acquired by L&S York Ltd for £2,800,000 (£6,975,651/gross acre). 85-bed PBSA scheme (planning ref: 21/01570/FULM).

3. The Coal Yard, Mansfield Street, York: In May 2018, the 0.38-acre site was acquired by Residential Capital (York) Ltd for £814,000 (£2,145,223/gross acre). Over 100-bed PBSA scheme (planning ref: 17/02702/FULM).

xii. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

Results & Re-appraisal

55. The CIL Viability Study Addendum sets out the results of viability modelling within Table A1.11 on p.13. This is replicated below for ease.

Table A1.11 Viability of PBSA developments off campus and on campus in CYC and their psm CIL liable floorspace headroom

Typology	Headroom per CIL liable sqm	After buffer of		
		50%	33%	25%
On campus PBSAs				
10a: Student accommodation - 25 bed	£141	£71	£94	£106
10b: Student accommodation - 100 bed	£91	£46	£61	£68
10c: Student accommodation - 200 bed	-£36			
10d: Student accommodation - 350 bed	-£72			
10e: Student accommodation - 600 bed	-£139			
Off campus PBSAs				
10a: Student accommodation - 25 bed	£494	£247	£329	£370
10b: Student accommodation - 100 bed	£437	£218	£291	£328
10c: Student accommodation - 200 bed	£325	£162	£217	£244
10d: Student accommodation - 350 bed	£284	£142	£189	£213
10e: Student accommodation - 600 bed	£169	£85	£113	£127

56. The CIL Viability Study Addendum appends summary viability appraisals for all on campus and off campus PBSA typology.

57. Table A1.11 presents PPE's headroom analysis which concludes that all off campus PBSA typologies can viably accommodate both CIL and an affordable housing OSFC contribution of £7,000 per student room as proposed under modifications published under CYC's draft Local Plan Proposed Main Modifications public consultation – specifically via modified Policy H7: Off Campus Purpose Built Student Housing. The headroom analysis concludes that the only on campus PBSA typologies 10a and 10b can viably accommodate CIL (noting the affordable housing OSFC is not applicable to on campus PBSA).

58. This is notwithstanding representations that the conclusions within Table A1.11 and the CIL Viability Study Addendum are not reflective of the full deterioration in market conditions over the past 18 months.

59. With this in mind, Table A1.11 of the CIL Viability Study Addendum shows on campus PBSA typologies 10c – 10e to all fall below the threshold of financial viability. This means they cannot accommodate any CIL, as there is no headroom, but critically these PBSA typologies are also demonstrated as generating negative headroom (shown in red).

60. The CIL Viability Study Addendum states that it is rare for small PBSA schemes to be developed on campus and the majority of new on campus PBSA schemes are generally 200 beds or more. CYC conclude that to *"avoid overcomplicating the charging schedule"*, CYC *"do not consider that on campus PBSA developments merit adding to the CIL charging schedule"* (p14). CBRE endorses this as a logical conclusion.

61. Furthermore, the CIL Viability Study Addendum runs viability testing on PBSA typologies including the cost of meeting the 2.5% affordable housing equivalent OSFC contribution per student room (i.e., a cost of £7,000/bed) to determine the additional CIL headroom to apply to off-campus PBSA.

62. CBRE cannot support the levels of CIL headroom being identified within Table 7.2 above for the PBSA typologies, for the reasons set out earlier within this representation. Neither can CBRE support in CYC seeking for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room.

63. Firstly, there is an inconsistency in the level of buffer back from the calculated maximum headroom being recommended by PPE. For residential typologies (and proposed CIL rates) a buffer of 60%[11] is advocated by PPE, citing market risk and uncertainty.

64. However, for PBSA typologies only 25%-50% buffer is recommended for allowance in proposing the setting of the CIL charging rate at £150/m^2. CBRE considers this to be irrational and advocates for consistency in the applying of any buffer – which should be at the very least 50% across all typologies.

65. On the basis presented in Table A1.11 above, scheme typologies of 350+beds do not demonstrate sufficient headroom (with a 50% buffer) to accommodate the proposed rate of £150/m^2 for off-campus PBSA development within the Revised CIL DCS.

CBRE Updated Appraisal Modelling | Off-Campus PBSA Development (Private sector-led)

66. Given CBRE's analysis set out above firmly highlights both technical issues with the CIL Viability Study Addendum evidence base methodology and inputs, CBRE has run independent viability modelling on PBSA typologies to determine the implications for CIL headroom in the current market.

   a. **CIL Headroom Analysis | Revised NIA and GIA:**

      i. Firstly, the CIL Viability Study Addendum adopts an unjustified and incorrect room size and gross to net efficiency for the PBSA typologies which poses a significant risk in overstating the viable delivery of a scheme due to understating the total construction costs attributable to the PBSA typologies. In order to determine the implications of this on CIL headroom, CBRE has independently viability tested the off campus PBSA typology models with the adoption of the (absolute) minimum comparable room size for studios (at 20m^2) in the York PBSA market and the gross to net efficiency (i.e., 60%) required by CYC. For the purpose of this analysis, all other inputs are consistent with the CIL Viability Study Addendum. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 4**.

Table 6: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom	After Buffer of:		
		£/CIL Liable sqm	50%	33%	25%
10b	100-bed	-173	-87	-115	-130
10c	200-bed	-254	-127	-170	-191
10d	350-bed	-283	-141	-189	-212
10e	600-bed	-365	-183	-244	-274

Source: CBRE

      ii. In summary, the analysis in **Table 6** above demonstrates that when adopting an appropriate NIA and GIA, plus PPE's own inputs, there is no headroom for off-campus developer-led

[11] CIL Viability Study (December 2022)

PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

iii. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 5**.

Table 7: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	27	13	18	20
10c	200-bed	-53	-27	-35	-40
10d	350-bed	-80	-40	-53	-60
10e	600-bed	-163	-82	-109	-122

Source: CBRE

iv. In summary, the analysis in **Table 7** suggests that when adopting an appropriate NIA and GIA, plus PPE's inputs, there is limited headroom for off-campus developer-led PBSA schemes to provide the CIL liability.

v. In summary, when removing the cost of the affordable OSFC sought via Policy H7 (as modified) the only typology to generate a surplus is 10b (100-beds) and this does not achieve the CIL rate of £150/m². The larger typologies do not have sufficient headroom available for either the affordable OSFC sought via Policy H7 (as modified) or CIL.

vi. However, CBRE highlight that this conclusion is based on PPE's inputs contained within the CIL Viability Study Addendum with which CBRE has highlighted technical issues. This analysis is therefore a starting point and CBRE has addressed these technical issues below.

b. **CIL Headroom Analysis | CBRE Modelling:**

i. In order to take a comprehensive approach, CBRE has utilised present-day input assumptions for off-campus (developer-led) PBSA development scheme typologies.

ii. Firstly, CBRE has tested the off campus PBSA typologies with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market along with an evidenced gross to net efficiency acceptable by CYC.

iii. Secondly, CBRE has set the rental rates to £201/week to represent an average rate across the York market. OPEX is deducted at 30% of the gross annual rent to generate a net rental income. This is consistent with the CIL Viability Study Addendum inputs.

iv. Thirdly, CBRE has capitalised the net rental income at a forward fund investment yield of 5.50%. As set out earlier in this representation, most private-sector driven PBSA development has, and is expected to continue to be, institutionally funded. PBSA development funding yields are presently at circa 5.50% - 5.75% for prime regional locations, such as York. CBRE has taken an optimistic stance of adopting the lower end of this rate at 5.50%, which represents a strong / best case illustrative position.

v. CBRE has also increased the construction costs to reflect the RICS BCIS upper quartile cost as published at January 2024. This is deemed the absolute minimum benchmark rate for

current market construction costs for mid-market specification private-sector led PBSA schemes being brought forward in regional cities.

vi. Finally, CBRE has adjusted the contingency allowance utilised in the CIL Viability Study Addendum modelling to reflect the higher figure referenced in the text of 5.00%.

vii. For all other aspects, CBRE has attempted to mirror the approach in the CIL Viability Study modelling. As previously discussed, this should not be taken as an endorsement, but is deemed reasonable and rational for the purposes of comparison – given it is not the responsibility of Helmsley Securities to prepare CYC's evidence.

viii. CBRE has run the appraisals inclusive of the (modified) Policy H7 requirement to provide a 2.5% affordable housing equivalent OSFC contribution per student room. A headroom analysis is provided overleaf. Appraisal summaries are provided within **Enclosure 6**.

Table 8: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-600	-300	-400	-450
10c	200-bed	-675	-337	-450	-506
10d	350-bed	-699	-349	-466	-524
10e	600-bed	-775	-388	-517	-581

Source: CBRE

67. In summary, the analysis in **Table 8** above reiterates that there is no headroom for off-campus developer-led PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

68. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL. A headroom analysis is provided in **Table 9** below. Appraisal summaries are provided within **Enclosure 7**.

Table 9: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-391	-196	-261	-293
10c	200-bed	-467	-233	-311	-350
10d	350-bed	-491	-245	-327	-368
10e	600-bed	-568	-284	-379	-426

Source: CBRE

69. In summary, even when removing the cost of the affordable OSFC sought via Policy H7 (as modified), the developer led PBSA typologies remain unviable with no headroom available for CIL.

70. On the weight of the above (and enclosed) evidence, CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable OSFC sought via Policy H7 (as modified) or CIL.

Residential

71. CBRE notes the following observations on the CIL Viability Study Addendum:

   a. **City Centre Development**: CBRE notes that whilst York City Centre development generates the highest sales values, which is itself a symptom of supply-side constraints, the costs of development in the city centre are substantially higher than across the rest of the city. Specifically, it is a an archaeological area of importance, in the historic core conservation area, and most of the city centre is also designated high flood risk with all development having to provide a 30% betterment in terms of surface water runoff (usually through attenuation). These factors, and associated costs, do not appear to have been accounted for within the CIL Viability Study and CIL Viability Study Addendum.

   b. **Repurposing Existing Floorspace**: CYC has had a longstanding ambition to see the City make better use of the spaces it has, notably conversion of upper floor retail space, which Is generally redundant, into residential. CYC's 'Our City Centre Vision' (previously 'My City Centre Vision') explicitly sets out the objective to *"encourage re-use of the under-used upper floors of buildings through planning support and business rates approach"*. P.23 of the document also states: "*Floors above commercial units are significantly underused, dominated by storage for retail units and empty space. Introducing different and mixed uses to the centre will allow more of this space to be actively used, but conversions of these buildings are complex."*

   c. Helmsley Securities is an advocate of promoting residential development above retail with numerous projects delivered in the city, running through planning or in the pipeline. As the 'My City Centre Vision' document notes, conversion of these buildings are complex for a myriad of reasons. Some of the most notable being: planning challenges around bins/ bikes/ noise, City Centre access restrictions, achieving sound attenuation between commercial and residential uses and working in buildings of which a significant proportion are listed and all within a conservation area. The increased difficulty of conversion of these spaces is not reflected in the CIL Viability Study Addendum.

   d. Upper floors for conversion are potentially an important part of the housing supply for the City going forward, particularly at this time when York, along with many City Centre retail destinations are going through a period of significant change given the ongoing effect that online shopping has had on physical retail offerings and the decline in large format retail generally.

   e. If upper floor residential conversions are to be encouraged to meet the undersupply of residential property in the City, this approach should be explicitly tested within the CIL evidence basis.

   f. **Residential Values**:

      i. **Geographical Pricing**: The CIL Viability Addendum does not address the previous point of concern raised regarding the use of a fixed average sales values across both York city centre and areas outside the city 'core'.

      ii. CBRE has cross-referenced the 'heat mapping' in Figure 3.8 (p.22) of the CIL Viability Study (December 2022) with the commentary in paragraph 3.20 on average sales values. This states that the average sale price for apartments in the City of York (i.e. city-wide) is £5,335/m^2 (£496/ft^2). CBRE notes that the average cited is inconsistent with the heat map, which shows this rate being at the upper end of the price banding (£3,960/m^2 - £5,399/m^2), and focused in a limited geography, with prices recorded in the majority of the city outside the city centre substantially lower (at £3,564/m^2 - £3,960/m^2 or less).

      iii. This infers that the pricing adopted is only likely to be appropriate for the city centre itself, and that there is in fact evidence that a lower set of sales values should have been adopted in the CIL Viability Study for apartment development outside the city centre. As it stands, the approach adopted is overstating the development value, and hence viability, of apartment development outside the city centre core.

iv. **Sales Values:** The input assumptions contained in the CIL Viability Study (December 2022) for residential typologies were originally collated from Land Registry between January 2019 and May 2022, then indexed to August 2022 using the House Price Index ('HPI').

v. The CIL Viability Addendum is based on the same data set which has been indexed using HPI up to June 2023 (latest available). It appears that the CIL Viability Addendum therefore does not rely on new transactional evidence post May 2022 and relies entirely on indexed historic transactions only.

vi. The sales values adopted by PPE are summarised in Table A1.1 below.

Table A1.1 Changing psm residential sales values

Residential type	Average £psm		% change
	Q3 2022	Q2 2023	
Flats / apartments	£5,335	£5,390	+1.03%
Houses	£4,200	£4,198	-0.05%

vii. PPE has not sourced and analysed new transactional evidence post May 2022 or considered the availability and asking prices of all housing types for live schemes (exception of flats which have been considered as at September 2023) for the CIL Viability Study Addendum. Placing weight solely on the indexation of somewhat historic transactional evidence does not give a true representation of the current state of the housing market in York and more recent data should be relied upon. However, CBRE note that PPE utilised the latest HPI data available (i.e., from June 2023) at the time of preparing the CIL Viability Study Addendum.

viii. **Inflation**: Prices have been adopted at £4,200/m^2 for houses and £5,390/m^2 for flats, which is base dated to June 2023. CBRE has cross-checked against the latest data available (as at January 2024) from the Land Registry House Price Index ('HPI') for November 2023. This confirms that pricing had remained relatively unchanged, reducing by 0.125% in the period from June 2023. However, this data lags by circa 3 months and residential developers have publicly reported continued slowing of reservation and conversion rates as well as reduced buyer demand and downward pricing pressure (and increased incentivisation) during H2 2023. CBRE expects this pressure to continue over 2024 and manifest in price decreases, lower transaction volumes and slower sales trajectories in new build development.

g. **Residential Build Costs**:

i. **Flatted / Apartment Costs**: The CIL Viability Study Addendum adopts the RICS BCIS (median) midpoint rate between flats 1-2 storey and flats 3-5 storey at a cost of £1,580/m^2 (£147ft^2) as at Q2 2023 for the construction of apartments across York. This reportedly reflects a 5.0% increase on construction costs adopted for the CIL Viability Study at Q3 2022. However, CBRE is of the opinion that this does not go far enough in fully reflecting inflation of construction costs during this period.

ii. Based on recent experience, CBRE confirm that it is not possible to construct residential apartments within the city (and certainly not the city centre) at the cost rate adopted within the viability modelling. It will substantially overstate the financial viability of flatted apartment development typologies.

iii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the latest RICS BCIS data published at 16 January 2024. On an equivalent basis, the cost now stands at £1,638/m2 (£152/ft2) for apartments across York, which is an increase of 3.7%. As a result, construction costs have increased ahead of residential property price inflation, which will have a negative impact on scheme viability.

iv. **Benchmark Build Costs:** Rex Proctor & Partners ('RPP') was appointed by CYC to undertake a review of construction costs (as at April 2023) presented by Oakgate Group Limited in respect of their proposed scheme for 35 apartments at 1 Mill Street, York (planning ref: 21/01045/FULM). RPP considered that the applicant's base build construction costs to be reasonably based on other similar recent submissions and RPP's own internal cost data. RPP noted some potential savings (c. 5%) but concluded on a revised construction cost of £218.28/ft² for base build and externals.

v. For consistency with PPE's approach, CBRE has used BCIS All-in TPI (published January 2024) to take into account construction cost inflation in the intervening period, which results in an uplift from £218.28/ft² as at Q2 2023 to £221.70/ft² at Q1 2024.

h. **Garages**: The CIL Viability Study Addendum includes a single garage cost of £9,000. The latest information provided to CBRE by volume housebuilders places the current cost at in excess of £16,000 per single garage in Q1 2024. As a result, the cost allowance in the CIL Viability Study Addendum is considered unreasonably low.

i. **Other development costs**:

viii. **Contingency:** The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conversation area.

ix. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk.

x. **Demolition and land remediation**: The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[12]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability

[12] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

i. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

ii. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for residential brownfield typologies. These costs range from £45,714 to £1.4m based on site areas of between 0.11 and 3.50 net hectares.

iii. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

iv. **M4(2), M4(3)(A) and M4(3)(B)**: the costs appear to be based on a historic EC Harris report, which dates from 2014. However, rates adopted should be indexed to present day to fully reflect the impact of inflation.

j. **BLV:**

i. **Residential Typologies:** PPE formed opinions of residential land BLVs for the Local Plan viability assessment undertaken in 2018. Subsequently, for the purpose of the CIL Viability Study (December 2022), PPE reportedly used Savills Residential Land Value Index as a proxy to determine the change in current BLVs since the preparation of the Local Plan viability assessment.

ii. It appears that the CIL Viability Study Addendum does not rely on any new land transactional evidence since 2018. PPE has not sought to obtain up to date transactional evidence, which CBRE considers a significant oversight by PPE.

iii. CBRE therefore remains unclear on the logic and relevance behind the BLVs adopted in the CIL Viability Study Addendum. The BLVs have been extracted from the residential appraisals and reiterated in the **Table 10** below.

Table 10: CIL Viability Study & CIL Viability Study Addendum | BLV

Typology	BLV per gross area (hectares)
Residential (City Centre)	£1,700,000
Residential (Urban & Suburban)	£1,120,000
Residential (Village/Rural)	£900,000
Residential Agricultural /Greenfield	£450,000

Source: CYC

iv. CBRE has gathered market transactional evidence for sites brought forward for residential use as set out below.

1. Eboracum Way, York: In December 2022, the 0.57-acre site was acquired by Modernistiq (Layerthorpe) Ltd for £2,900,000 (£5,102,669/gross acre). Residential scheme comprising 62 units (planning ref: 19/01467/FULM).

v. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

k. **Summary:** Overall, CBRE would advocate a cautious approach is taken by CYC to setting CIL rates in what represents a slowing and, potentially, reversing housing market into 2024, particularly if CYC is minded to seek to maintain or increase levels of affordable housing provision as part of the overall housing supply.

Failure to Strike an Appropriate Balance

72. In setting CIL rates, CYC must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments. In accordance with CIL Regulation 14(1)[13], CYC must be able to demonstrate and explain how the proposed CIL rate(s) will contribute towards the implementation of the Plan and support development across city.

73. As set out in PPG[14], Charging Schedules should be consistent with, and support the implementation of, up-to-date relevant plans.

74. The charging authority must take development costs into account when setting CIL rates, particularly those likely to be incurred on strategic sites or brownfield land. Importantly, development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan.

75. As also clearly set out in the RICS Guidance[15], the impact on viability of a CIL, whether proposed or existing, should be considered alongside the policy requirements of the Plan. In simple terms, a 'policy-on' approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for, and taking precedence over, the introduction of CIL rate setting.

76. Moreover, CBRE concludes that it is illogical and counter-intuitive for CYC to introduce the proposed CIL rates for off campus PBSA and residential use development for the published CIL Viability Study Addendum document does not constitute up-to-date appropriate available evidence to underpin the proposed rates within the Revised CIL DCS.

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[13] CIL Regulations 2010 (as amended)
[14] PPG CIL: Paragraph: 011 Reference ID: 25-011-20190901
[15] RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14

77. As a result, if submitted to PINS for examination in its present form and with the current evidence base, Helmsley Securities would strongly contend that the Revised CIL DCS is unsound and should not be endorsed by the Examiner for the above fundamental reasons and further technical deficiencies expanded upon below.

78. If non-compliance could not be rectified via modification(s) prior to submission to PINS or by recommendation from the Examiner, the Examiner would be requested to reject the Revised CIL DCS in accordance with Section 212A(2) of the 2008 Act.

Lack of Transparency

79. There is a lack of transparency in the CIL Viability Study that CBRE deems falls short of the requirements and expectations of PPG CIL (Paragraph: 019 Reference ID: 25-019-20190901), PPG Viability (Paragraph: 010 Reference ID: 10-010-20180724), the NPPF (para. 58), the RICS Guidance[16] and RICS Professional Standards[17], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

80. Whilst all appraisals have now been provided, the corresponding cashflows have not. This is inadequate and all cashflows for residential and non-residential typologies (notably PBSA) should be issued.

81. Without this stakeholders cannot see stabilisation and exit periods corresponding to gross development value (GDV), monthly apportionment of construction and other costs and finance roll-up. This means the actual viability testing evidence utilised to set proposed CIL rates is not published in its entirety, available, and cannot be interrogated appropriately.

[16] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note
[17] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition

Conclusions and Recommendations

82. Helmsley Securities cannot endorse or support the Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study Addendum, as presently published.

83. In fact, for the reasons set out in this document and its enclosures, Helmsley Securities has fundamental doubts regarding the appropriateness of the timing of this consultation on a new CIL DCS. Helmsley Securities also has severe reservations regarding the questionable validity and dependability of the published viability evidence base upon which the proposed new charging rates for PBSA use development within the Revised CIL DCS is reliant, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

84. On this basis, Helmsley Securities cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the Revised CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

85. Helmsley Securities therefore hopes that this feedback prepared by CBRE, and the accompanying commentary from O'Neill Associates, is useful to CYC in reconsidering whether it is rational, prudent and justified to be proceeding with pursuing adoption of a CIL charging regime under the current circumstances.

86. To rectify the issues identified, Helmsley Securities advocate that the CIL rates proposed to apply to off campus PBSA development should be reduced to £0/m^2. CYC should undertake this action via modification to the published Revised CIL DCS.

87. CBRE's evidence demonstrates this modification to the Revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications CYC's to Policy H7 to introduce an 2.5% affordable housing equivalent OSFC contribution per student room on sites brought forward.

88. Nevertheless, should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation, Helmsley Securities will be left with no choice but to continue to pursue this matter and will seek that the Examiner rejects the Charging Schedule via the examination process.

89. Should CYC wish to engage directly with Helmsley Securities on the matter, CBRE will be able to facilitate such arrangements.

Enclosures

Enclosure 1: Schedule of Proposed & Adopted CIL Rates in Yorkshire & Humber Region

Local Authority	CIL status	Date	Residential Charges	Retail/Commercial Charges	Others
Barnsley	Draft Charging Schedule Published	17/10/2016	Four large residential charging zones with rates of £80, £50, £10, and £0 per square metre. Four small residential charging zones with rates of £80, £50, £30, and £0 per square metre.	Retail developments (A1) will be charged £70 per square metre.	No charge for all other uses.
Bradford	**Adopted**	21/03/2017	Four residential development charging zones with rates of £100, £50, £20 and £0 per square metre. No charge for specialist older persons housing.	Two retail warehouse development charging zones with rates of £85 and £0 per square metre. Large scale supermarket developments will be charged £50 per square metre.	No charge for all other uses.
Calderdale	Charging Schedule Submitted	11/01/2019	Six residential housing charging zones with rates of £85, £40, £25, £10, £5 and £0 per square metre. Two residential institutions and care home development charging zones with rates of £360 and £60 per square metre. Hotel developments will be charged at £60 per square metre.	Large convenience retail developments will be charged £45 per square metre. Retail warehouse developments will be charged at £100 per square metre.	All other chargebale uses will be charged £5 per square metre.
East Riding of Yorkshire	Draft Charging Schedule Published	23/01/2017	Five residential development charging zones with rates of £90, £60, £20, £10 and £0 per square metre.	Retail warehouse developments will be charged £75 per square metre.	No charge for all other uses.
Hambleton	**Adopted**	17/03/2015	Private market housing (excluding apartments) will be charged £55 per square metre.	Retail warehouses are to be charged £40 per square metre. Supermarkets are to be charged £90 per square metre.	No charge for all other uses.
Harrogate	**Adopted**	08/07/2020	Small scale residential developments will be charged £50 per square metre. Two charging zones for all other residential developments with rates of £50 and £0 per square metre. Two sheltered housing development charging zones with rates of £60 and £40 per square metre.	Three retail development charging zones for shops with rates of £120, £40 and £0 per square metre. Large supermarket and retail warehouse developments will be charged £120 per square metre. Small supermarkets will be charged £40 per square metre. Distribution developments will be charged £20 per square metre.	No charge for all other uses.
Hull	**Adopted**	23/01/2018	Two residential housing development charging zones with rates of £60 and £0 per square metre. Residential apartment developments will be charged £0 per square metre.	Large scale supermarket developments will be charged £50 per square metre. Small scale supermarket developments will be charged £5 per square metre. Retail warehouse developments will be charged £25 per square metre.	No charge for all other uses.
Kirklees	Examination Report Published	10/01/2020	Four residential charging zones with rates of £80,£20, £5 and £0 per square metre.	No charge for all commercial or industrial uses.	No charge for all other uses.
Leeds	**Adopted**	12/11/2014	Four residential charging zones with rates of £5, £23, £45 and £90 per square metre.	Two charging zones for supermarket developments with rates of £110 and £175 per square metre. Two charging zones for large comparison retail with rates of £35 and £55 per square metre. City centre offices will be charged £35 per square metre.	Publicly funded or not for profit developments will not be charged CIL. All other uses will be charged £5 per square metre.
Richmondshire	Preliminary Draft Charging Schedule Published	24/10/2016	Three residential development charging zones with rates of £120, £50 and £0 per square metre.	Supermarket developments will be charged £120 per square metre. Retail warehouse developments will be charged £60 per square metre. Neighbourhood convenience retail developments will be charged £60 per square metre.	No charge for all other uses.
Rotherham	**Adopted**	07/12/2016	Three residential charging zones with rates of £55, £30 and £15 per square metre. Retirement living developments will be charged £20 per square metre.	Large scale supermarket developments will be charged £60 per square metre. Large scale retail warehouse and retail park developments will be charged £30 per square metre.	No charge for all other uses.
Ryedale	**Adopted**	14/01/2016	Two residential charging zones with rates of £85 and £45 per square metre. No charge for apartment developments.	Supermarkets will be charged £120 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Selby	**Adopted**	03/12/2015	Three residential charging zones with rates of £50, £35 and £10 per square metre.	Supermarkets will be charged £110 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Sheffield	**Adopted**	03/06/2015	Four residential (C3 and C4) charging zones with rates of £80, £50, £30 and £0 per square metre. Hotel developments will be charged £40 per square metre. Student accommodation developments will be charged £30 per square metre.	Large retail developments are to be charged £60 per square metre. Three retail development (A1) charging zones with rates of £60, £30 and £0 per square metre.	No charge for all other uses.
Wakefield	**Adopted**	20/01/2016	Three residential charging zones with rates of £55, £20 and £0 per square metre.	Large supermarkets will be charged £103 per square metre. Retail warehouse developments will be charged £89 per square metre.	No charge for all other uses.

Enclosure 2: Investment Yield Guides – Q1 2024

CBRE

After a difficult 2023, Q1 looks likely to follow the same pattern.

Retail
Low volumes continue with few prime opportunities available.

Out of Town Retail
A few assets sold prior to year end, with several more under offer.

Industrial
Limited prime opportunities and worries over weaker rental growth prospects.

Offices
A few transactions completed at the end of the year in a weak market .

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
OFFICES						
West End (Mayfair/St James's)	3.75	3.75	4.00	4.00	4.00	Weaker
West End Non Core	4.00	4.25	4.50	4.75	4.75	Weaker
City of London	4.50	5.00	5.50	5.75	5.75	Weaker
M25/South East	6.25	6.50	6.85	7.00	7.00	Weaker
Regional Cities	6.00	5.75	6.00	6.25	6.25	Weaker
Good Secondary	9.25	9.50	9.75	10.00	10.00	Weaker
Secondary	13.00	13.50	13.75	14.00	14.00	Weaker
INDUSTRIAL						
Prime Distribution	5.25	5.25	5.25	5.25	5.25	Weaker
Prime Estate (Greater London)	4.75	4.75	4.75	4.75	4.75	Weaker
Prime Estate (Ex Greater London)	5.25	5.25	5.25	5.25	5.25	Weaker
Good Secondary	6.25	6.25	6.25	6.50	6.50	Weaker
Secondary Estate	7.25	7.25	7.25	7.50	7.50	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
HIGH STREET SHOPS						
Prime	6.75	6.75	6.75	7.00	7.00	Stable
Good Secondary	9.00	9.00	9.00	9.00	9.00	Stable
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	5.25	5.25	5.25	5.25	5.25	Weaker
SHOPPING CENTRES						
Prime	8.25	8.25	8.25	8.25	8.25	Stable
Best Secondary	12.00	12.00	12.00	12.00	12.00	Stable
Secondary	16.00	16.00	16.00	16.00	16.00	Stable
RETAIL WAREHOUSES						
Park – Prime – Open User	5.75	5.50	6.00	6.25	6.25	Weaker
Park – Prime – Bulky User	5.75	5.50	6.00	6.25	6.25	Weaker
Solus – Prime – Bulky User	5.75	5.50	5.75	6.25	6.25	Weaker
Park - Secondary	7.75	7.50	7.75	8.00	8.00	Weaker

CBRE

All sectors remain trending weaker as financial indicators improve.

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
LEISURE						
Prime Leisure Park	7.50	7.50	7.75	8.00	8.00	Weaker
Good Secondary Leisure Park	10.00	10.25	10.75	11.50	11.50	Weaker
Cinema Prime	7.50	7.50	8.00	8.50	8.50	Weaker
Health & Fitness Prime	5.75	5.50	5.50	6.00	6.00	Weaker
HOTELS						
Prime London Vacant Possession	4.75	4.75	4.75	5.00	5.00	Weaker
Prime London Management Contract	5.75	5.75	5.75	6.00	6.00	Weaker
Prime London Lease	4.50	4.50	4.75	4.75	4.75	Weaker
Prime Regional Vacant Possession	7.25	7.25	7.25	7.50	7.50	Weaker
Prime Regional Management Contract	8.50	8.50	8.50	8.50	8.50	Weaker
Prime Regional Lease	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
PUBS						
Prime London Corporate Pub	4.00	4.00	4.25	4.50	4.50	Weaker
Prime Regional Corporate Pub	6.75	6.75	7.50	8.00	8.00	Weaker
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI Lease	5.75	5.75	6.00	6.00	6.00	Weaker
Petrol Filling Station Prime RPI Lease	5.25	5.25	5.50	5.50	5.50	Weaker
Car Park Prime RPI Lease	5.50	5.50	5.75	6.50	6.50	Weaker
FINANCIAL INDICATORS						
Base Rate	4.00	4.50	5.25	5.25	5.25	◀ ▶
5 Year Swaps	4.02	4.48	4.92	4.09	3.62	▼
10 Year Gilts	3.82	4.18	4.61	4.16	3.82	▼
RPI	13.40	11.40	9.00	6.10	5.30	▼
CPI	10.10	8.70	6.80	4.60	3.90	▼

CBRE

Yields and sentiment unchanged

Residential

Yields and sentiment unchanged. Investors buoyed by tentative signs of positivity in economy.

Changes in red/Last month in brackets

Student

Sentiment remains positive for best in class "clean and green" properties with strong rental growth prospects, however, non-prime assets are seeing less demand from investors.

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.60	3.60	3.85	4.15	4.15	Weaker
London Zone 2 Good Secondary	4.00	4.00	4.25	4.50	4.50	Weaker
London Zone 3 to 6 Prime	3.75	3.75	4.00	4.25	4.25	Weaker
London Zone 3 to 6 Good Secondary	4.00	4.00	4.15	4.50	4.50	Weaker
South East Prime	4.00	4.00	4.15	4.25	4.25	Weaker
South East Good Secondary	4.50	4.50	4.50	4.50	4.50	Weaker
Regional Cities Prime	4.15	4.15	4.25	4.35	4.35	Weaker
Regional Cities Secondary	4.75	4.75	4.75	4.75	4.75	Weaker
Other Regional Centres Prime	4.50	4.50	4.50	4.50	4.50	Weaker
Other Regional Centres Secondary	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.80	3.80	4.00	4.15	4.15	Weaker
North West Prime	4.15	4.15	4.25	4.35	4.35	Weaker
HEALTHCARE						
Care Homes Prime (Not for Profit)	4.15	4.25	4.50	4.50	4.50	Weaker
Care Homes Prime (SPV)	5.50	5.50	5.50	5.50	5.50	Weaker
Care Homes Secondary	7.50	7.50	7.50	7.75	7.75	Weaker
STUDENT ACCOMMODATION						
Central London Direct Let	3.75	3.75	4.00	4.25	4.25	Stable
Prime Regional Direct Let	5.00	5.00	5.00	5.00	5.00	Stable
Secondary Regional Direct Let	8.50	8.50	8.50	8.50	8.50	Stable
Central London RPI Lease	4.00	4.00	4.00	4.25	4.25	Stable
Prime Regional RPI Lease	4.00	4.00	4.00	4..25	4..25	Stable
Secondary Regional RPI Lease	5.25	5.25	5.25	5.50	5.50	Stable

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Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Knight Frank

Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.

SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Prime London - 25 yr lease, Annual RPI	4.00% - 4.25%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	4.25% +		NEGATIVE
	Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.50% +		NEGATIVE
Co-Living	Prime London	4.00%	4.00% +	4.00% +	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	5.00%		STABLE
Build to Rent	Zone 1 London Prime	3.25% +	3.60%	3.75%	3.75% +	3.90%	3.90%	3.90%		STABLE
	Zone 2 London Prime	3.25% - 3.50%	3.80%	3.90%	4.00%	4.00% +	4.00% +	4.00% +		STABLE
	Zones 3-4 London Prime	3.5% +	3.90%	4.00%	4.00% +	4.15% +	4.15% +	4.15% +		STABLE
	Greater London Prime	3.75% +	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	South East Prime	3.75% - 4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	Tier 1 Regional Cities	4.00%	4.20%	4.25%	4.35%	4.50% -	4.50%	4.50%		STABLE
	Tier 2 Regional Cities	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	4.75% +		STABLE
	South East – Single Family Housing	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Regional – Single Family Housing	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	4.50% +		STABLE
Seniors Housing	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE

Your partners in property.

Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Knight Frank

KEY RESEARCH

CLICK TO DOWNLOAD PBSA

CLICK TO DOWNLOAD BTR

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q3 2023

Knight Frank V&A

Did you know

In addition to valuing assets in the main property sectors and having award winning teams in the Healthcare, Student and Automotive sectors, Knight Frank also has expertise in :

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

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We like questions. If you would like some property advice , or want more information about our research, we would love to hear from you.

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Knight Frank Research Reports are available at **knightfrank.com/research**

Enclosure 3: RICS BCIS – Rebased to York (January 2024)

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 13-Jan-2024 07:26

Rebased to 1Q 2024 (389; forecast) and York (98; sample 19)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	**£/m² gross internal floor area**						**Sample**	
	Mean	**Lowest**	**Lower quartiles**	**Median**	**Upper quartiles**	**Highest**		
New build								
816. Flats (apartments)								
Generally (15)	1,748	865	1,451	1,645	1,976	5,925	828	
1-2 storey (15)	1,649	1,007	1,386	1,561	1,842	3,419	173	
3-5 storey (15)	1,725	865	1,443	1,638	1,943	3,616	554	
6 storey or above (15)	2,057	1,255	1,667	1,935	2,232	5,925	98	
856.2 Students' residences, halls of residence, etc (15)	2,190	1,260	1,963	2,211	2,437	3,582	52	

Enclosure 4: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
100 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY	**LICENSED COPY**

PBSA Typology
Includes Policy H7 2.5% OSFC/room
100 beds

Appraisal Summary for Phase 5 100 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION				**12,804,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(321,685)	
				(321,685)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	**7,329,925**
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				1,123,509
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	645,033	
				645,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	256,080	
				256,080
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(51,402)	
Construction			760,990	
Total Finance Cost				709,587
TOTAL COSTS				**10,670,000**
PROFIT				
				2,134,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	31.70%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
200 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
200 beds

Appraisal Summary for Phase 6 200 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION	**25,608,000**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,005,781)	
				(1,005,781)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	**14,659,850**
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				2,295,018
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,290,067	
				1,290,067
DISPOSAL FEES				
Sales Agent Fee		2.00%	512,160	
				512,160
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(198,017)	
Construction			1,929,803	
Total Finance Cost				1,731,786
TOTAL COSTS				**21,340,000**
PROFIT				
				4,268,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	27.57%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
350 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
350 beds

Appraisal Summary for Phase 7 350 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION	**44,813,792**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(2,159,876)	
		(2,159,876)

CONSTRUCTION COSTS
Construction

	ft²	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	**25,654,398**
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				3,998,233
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900

PROFESSIONAL FEES

Professional Fees	8.00%	2,257,587	
			2,257,587

DISPOSAL FEES

Sales Agent Fee	2.00%	896,276	
			896,276

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)

Land	(490,017)	
Construction	3,939,325	
Total Finance Cost		3,449,308

TOTAL COSTS	**37,344,826**
PROFIT	
	7,468,966

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	25.28%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
600 beds

Appraisal Summary for Phase 8 600 (V2)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION				**76,824,178**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(4,860,938)	
				(4,860,938)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,870,171	
				3,870,171
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,536,484	
				1,536,484
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,318,728)	
Construction			8,254,486	
Total Finance Cost				6,935,758
TOTAL COSTS				**64,020,142**
PROFIT				
				12,804,037

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.94%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 5: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
100 Beds

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25 January 2024

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
100 Beds

Appraisal Summary for Phase 1 100 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION				**12,804,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			343,343	
				343,343
Stamp Duty			6,667	
Effective Stamp Duty Rate		1.94%		
Agent Fee		1.00%	3,433	
Legal Fee		0.80%	2,747	
				12,847
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				8,453,434
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	645,033	
				645,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	256,080	
				256,080
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			62,329	
Construction			669,382	
Total Finance Cost				731,712
TOTAL COSTS				**10,670,000**
PROFIT				
				2,134,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	30.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
200 Beds

Development Appraisal
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25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
200 Beds

Appraisal Summary for Phase 2 200 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION				**25,608,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			336,588	
				336,588
Stamp Duty			6,329	
Effective Stamp Duty Rate		1.88%		
Agent Fee		1.00%	3,366	
Legal Fee		0.80%	2,693	
				12,388
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				16,954,869
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,290,067	
				1,290,067
DISPOSAL FEES				
Sales Agent Fee		2.00%	512,160	
				512,160
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			75,713	
Construction			1,701,316	
Total Finance Cost				1,777,028
TOTAL COSTS				**21,340,000**
PROFIT				
				4,268,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	26.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
350 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
350 Beds

Appraisal Summary for Phase 3 350 (V1)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION				**44,813,792**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			204,653	
				204,653
Agent Fee		1.00%	2,047	
Legal Fee		0.80%	1,637	
				3,684
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				29,652,631
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,257,587	
				2,257,587
DISPOSAL FEES				
Sales Agent Fee		2.00%	896,276	
				896,276
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			52,396	
Construction			3,478,702	
Total Finance Cost				3,531,098
TOTAL COSTS				**37,344,828**
PROFIT				
				7,468,964

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	24.38%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
600 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
600 Beds

Appraisal Summary for Phase 4 600 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION				**76,824,178**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(818,452)	
				(818,452)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,870,171	
				3,870,171
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,536,484	
				1,536,484
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(228,187)	
Construction			7,321,459	
Total Finance Cost				7,093,272
TOTAL COSTS				**64,020,141**
PROFIT				
				12,804,037

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.03%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 6: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 13 100 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000
NET REALISATION				**12,222,000**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,744,175)	
				(1,744,175)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	714,844	
				714,844
DISPOSAL FEES				
Sales Agent Fee		2.00%	244,440	
				244,440
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(242,974)	
Construction			834,982	
Total Finance Cost				592,007
TOTAL COSTS				**10,184,999**
PROFIT				
				2,037,001

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	40.21%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 14 200 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION				**24,444,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(3,809,821)	
				(3,809,821)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(661,256)	
Construction			2,116,943	
Total Finance Cost				1,455,687
TOTAL COSTS				**20,370,001**
PROFIT				
				4,073,999

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	34.83%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 15 350 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801

NET REALISATION	**42,776,801**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(7,012,275)	
				(7,012,275)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,410,817)	
Construction			4,322,340	
Total Finance Cost				2,911,522
TOTAL COSTS				**35,647,336**
PROFIT				
				7,129,466

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	31.95%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 16 600 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION				**73,332,170**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(13,056,267)	
				(13,056,267)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	4,289,033	
				4,289,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,466,643	
				1,466,643
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(3,166,713)	
Construction			9,057,416	
Total Finance Cost				5,890,704
TOTAL COSTS				**61,110,125**
PROFIT				
				12,222,045

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.31%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 7: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 9 100 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000

NET REALISATION				**12,222,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(1,049,259)	
				(1,049,259)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	714,844	
				714,844
DISPOSAL FEES				
Sales Agent Fee		2.00%	244,440	
				244,440
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(146,285)	
Construction			743,374	
Total Finance Cost				597,089
TOTAL COSTS				**10,184,997**
PROFIT				
				2,037,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	37.54%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 10 200 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION **24,444,000**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(2,420,391)	
				(2,420,391)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(422,202)	
Construction			1,888,456	
Total Finance Cost				1,466,253
TOTAL COSTS				**20,369,997**
PROFIT				
				4,074,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	32.48%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 11 350 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801
NET REALISATION				**42,776,801**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(4,584,492)	
				(4,584,492)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(927,979)	
Construction			3,861,716	
Total Finance Cost				2,933,737
TOTAL COSTS				**35,647,333**
PROFIT				
				7,129,468

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.71%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 12 600 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION	**73,332,170**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(8,908,941)	
				(8,908,941)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450
PROFESSIONAL FEES				
Professional Fees		8.00%	4,289,033	
				4,289,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,466,643	
				1,466,643
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(2,180,996)	
Construction			8,124,389	
Total Finance Cost				5,943,393
TOTAL COSTS				**61,110,141**
PROFIT				
				12,222,029

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	26.97%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

[redacted]

From: [redacted]
Sent: 31 January 2024 16:21
To: localplan@york.gov.uk
Cc: [redacted]

Subject: CIL Revised Draft Charging Schedule
Attachments: 20240131 CIL Draft Schedule Consultation Response.pdf

Good afternoon

Please find the comments from the Chamber of Commerce and York and North Yorkshire Property Forum on the Revised Draft Charging Schedule, on behalf of the group. Further contact if needed will be myself or Eamonn Keogh, who is cc'ed in this email.

As expressed in the response, though we recognise the need for developers to contribute, the level of charging is concerning and needs to be readdressed.

Kind regards
[redacted]

[redacted]
Policy & Representation Executive
[redacted]
[redacted]
www.wnychamber.co.uk
Devere House, Vicar Lane, Little Germany, Bradford BD1 5AH

West & North Yorkshire Chamber of Commerce
British Chambers of Commerce Accredited

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The York Property Forum on behalf of the West & North Yorkshire Chamber of Commerce makes representations on the City of York Council's Revised CIL Draft Charging Schedule. The Chamber made representations on consultation of the Draft Charging schedule in March 2023. These representations build on and should be read in conjunction with those previous representations.

We recognise that new property development should pay its fair share of infrastructure needed so that the City and its residents benefit from the fruits of new development. However, we are very concerned at the scale of the charges proposed.

We know that others in the property sector are making more detailed representations, but we would add our voice to those from others who are concerned with the potential negative impact of high CIL rates on much need development in the City.

The CIL is proposed at a time when the UK economy remains challenged with numerous headwinds. Most notably, inflation remains elevated. Inflation failed to fall as quickly as expected in 2023 and, as a result, the Bank of England increase rates by 175 basis points to 5.25% over the course of the year, the highest level for 15 years.

In addition, the UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022, continuing throughout 2023 and are expected to prevail into early 2024 and beyond.

The York draft charging schedule envisages charges on Brownfield development which are significantly higher than any authority nearby. In particular, the charges that affect Harrogate for example, are much lower in an area which enjoys many of the same economic & house price advantages as York. Whilst we appreciate more detailed viability work has been undertaken, we struggle to understand how it can be feasible for these significantly higher charges to work. These higher charges could well act to deter developers from entering the York market and so run counter to the city's recently Published York 2032 10-year strategy to promote economic growth.

It is of note that in light of the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England since Harrogate adopted their CIL Charging Schedule in July 2020.

Another significant factor is that the CIL charging schedule proposes a significant increase in costs on multiple uses form the first time. These are not incremental changes but rather a sudden shift that could deliver a shock to development in the city at a time of continued economic uncertainty.

We are particularly concerned about the £200 levy proposed for residential development. The Residential CIL rate must be considered in the context of the acknowledged poor delivery of housing in the City over a long run period. The Councils own data, demonstrates that in the 10 years 2013/13 to 2021/22, house completion rates fell below the objectively assessed housing need (OAHN) of 790 dwellings per annum in 7 of those years. However, the Council's housing completion data includes student accommodation. If student accommodation is excluded, housing completions fell below the OAHN for 9 of the 10 years.

Furthermore, the Council's Housing trajectory set out in supporting evidence to the Local Plan Examination, shows that a cumulative undersupply of housing will persist until at least 2023/24, and even beyond – i.e. 7+ years into the Plan period. Recently, the Secretary of State allowed an appeal at New Lane, Huntingdon York (application ref: 21/00305/OUTM) which concluded that the Council can only demonstrate a housing land supply of between 2.79 and 3.45 years. At the Appeal Inquiry, the Council did not dispute the fact that it has persistently and significantly under-delivered housing for at least 10 years. The Inspectors conclusion, with which the Secretary of State, concurred was that:

> *390. "….the Council has a very significant shortage of HLS and has done over several years; its delivery of market housing has been* ***astonishingly poor*** *for several years as has its delivery of affordable housing. Furthermore, the future pipeline for affordable housing is very poor…."*

In this context of long-term undersupply of housing, the imperative is clearly to implement the NPPF requirement to significantly boost the supply of housing. Against this background, the proposed £200 psm rate for housing, the highest rate in the Yorkshire region, seems clearly anomalous and could seriously impede the delivery of housing so desperately required to make good more than a decade of undersupply.

York is an important centre for higher education with two renowned universities. In recent years the City's two universities have expanded significantly. However, the supply of student accommodation has not matched the need. Although there have recently been some significant private purpose-built student accommodation (PBSA) schemes, more accommodation is required to meet backlog and future growth. The Draft Charging schedule proposes a significant levy of £150 per square metre on off-campus student accommodation schemes. This is in addition to a proposed affordable housing contribution of c.£7,000 per bed space. We understand other parties have commented on the potential negative impact of the CIL levy on the viability of new PBSA schemes. We will leave the detailed technical comments on this matter to those parties, but the Chamber's concern is that CIL levy should not impede the delivery of much need student accommodation in the City. A highly qualified workforce is essential to the future economic growth of the City and wider region. Anything that dissuades potential students taking a place at the City's Universities is to be avoided.

Brownfield land is typically significantly more expensive to develop with costs of demolition, land remediation, archaeology etc. this is well established, yet CYC propose a higher charge on brownfield residential development and brownfield sheltered/ retirement accommodation than levied on greenfield schemes which we find difficult to comprehend. This preference for greenfield sites runs counter to national policy and all principles of sustainable land use.

It is unfortunate that the Council has not taken to opportunity to rectify inconsistencies between the *CIL Infrastructure Funding Gap Assessment (IFGA)* and *Consultation Information Booklet (CIB)* highlighted in our previous representations. The *(IFGA)* and *(CIB)* documents issued with the Draft Charging Schedule set out to identify the cost of infrastructure required to support new development and where it is to be spent. However, there is a lack of clarity between the documents. For example, the IFGA identifies a cost of £47.3 million required for "Education". However, section 10 of the CIB, states that Infrastructure for the purposes of CIL spend "can" include transport, flood defences, schools, hospitals and other health and social care facilities.

This provides no certainty or clarity, for example, for residential developers as to whether they will be paying CIL and a Section 106 contribution for education; flood alleviation; or health facilities.

The Charging Schedule therefore needs to state clearly what the CIL will be spent on so that developers can make a proper assessment of whether the CIL and S106 costs on a scheme be viable or whether necessary development will be inhibited.

Because the CIL levy is non-negotiable and Section 106 contributions are, a very high CIL charge will likely result in reduced S106 contributions for affordable housing and other facilities such as education and open space and the developers of many brownfield housing sites will have no option but to pursue this line of negotiation in the future.

Therefore, the Chamber's concern is that the scale of the levy sought is likely to result in less development overall and less affordable housing, one of the categories of property most needed in York.

Yours sincerely

[redacted]

[redacted]
Policy and Representation Executive

[redacted]

From: [redacted]
Sent: 26 January 2024 10:34
To: localplan@york.gov.uk
Cc: [redacted]
Subject: Consultation on the revised CIL Draft Charging Schedule
Attachments: Letter to City of York Council NJ 26.01.2024.pdf - signed.pdf; CIL representations March 2023(1.0).pdf

Good morning
Please find attached our representations on behalf of British Sugar in relation to the above consultation.
I enclose also for ease of reference our previous representations of March 2023.
Please can you confirm receipt of these.
Regards

[redacted]

[redacted]

[redacted]

London | Birmingham | Bristol | Cambridge | Edinburgh | Huntingdon | Manchester

RAPLEYS

[redacted]
Strategic Planning Policy Team
City of York Council
West Offices
Station Rise
York
YO1 6GA

By email only to localplan@york.gov.uk

Our ref: NJ/1119/114/3
Date: 27 March 2023

Dear [redacted]

Re: City of York Council – Community Infrastructure Levy (CIL) Consultation 2023 – Representations on Behalf of British Sugar

We write on behalf of our client, British Sugar Plc, to submit representations to the above CIL consultation. Please therefore find enclosed with this letter our formal representations.

By way of background, British Sugar is the owner of the Former British Sugar site (the Site), Boroughbridge Road, York. The British Sugar site forms the substantial part of site ST1 (British Sugar / Manor School) in the draft Local Plan. The British Sugar site and Manor School Site, together, are identified within draft Policy SS6 to deliver approximately 1,200 dwellings as part of a residential led mixed use development, incorporating significant community and neighbourhood facilities.

British Sugar has worked with City of York Council (CYC) since the closure of the former British Sugar site in 2007 to progress its sustainable redevelopment for residential led mixed uses. British Sugar has secured outline and full planning permissions (see below) to enable the residential led mixed use development of the site and has recently commenced ground works on site.

- Outline planning permission (ref 15/00524/OUTM, Appeal Ref 3177821) for up to 1,100 residential units and associated community uses

- Full planning permission (ref 20/00774/FULM) for engineering works, remediation and reclamation of the Site

- Full planning permission (ref 17/01072/FUL) for the construction of access roads at Boroughbridge Road and Millfield Lane and across the Former Manor School site

British Sugar remains committed to the delivery of the redevelopment of the Site and continues to work closely with Officers at City of York Council accordingly.

We trust that these representations will be taken into account in the further preparation of the draft CIL charging schedule. We wish to be notified of future updates to CIL by the Council and wish to participate in the CIL examination. We also reserve the right to provide further information, including supporting viability evidence, at or in advance of the CIL Examination.

Yours sincerely,

[redacted]

[redacted]
Consultant - Town Planning
[redacted]

City of York Community Infrastructure Levy Consultation Feb / Mar 2023

Representations on Behalf of British Sugar March 2023

The following representations are submitted by Rapleys on behalf of British Sugar and are provided as responses to the specific questions set out in the Council's CIL Consultation Response Form.

1a. The Community Infrastructure Levy (CIL) Viability Study informed the production of the proposed rates in the draft CIL Charging Schedule.

Do you have any comments on the content of the CIL Viability Study?

Response 1a:

1. Para 1.2 of the CIL Viability Study refers to the previous Local Plan and CIL viability testing undertaken by Peter Brett Associates 2017 and Porter PE in April 2018, and subsequent updates prepared for the local plan examination hearings. As acknowledged in para 1.2 of the Viability Study, these assessments focussed on viability testing the impacts of the draft Local Plan (rather than being prepared specifically for the purpose of informing a CIL tariff). Therefore, these assessments cannot be taken as robust evidence for the purpose of demonstrating the viability or otherwise of the proposed CIL tariffs.

2. It is important to note that Rapleys, on behalf of British Sugar, has previously made representations to the Peter Brett Associates 2017 assessment (in Rapleys Local Plan Reg 18 representations dated October 2017) which made it clear that British Sugar had signficant concerns in relation to the assessment evidence base, and that British Sugar was therefore unable to confirm any of the inputs or assumptions that may have been used in the cited site specific assessment. British Sugar did not therefore accept that the document provided a correct approach to valuation of the site, but rather, based on our detailed knowledge of the site, the conclusions and viability results shown in respect of the British Sugar site were not considered to be correct.

3. These concerns on the viability evidence base for the draft Local Plan in respect of the British Sugar site were reiterated within Rapleys Hearing Statements for the draft Local Plan examination process. In particular, Rapleys Phase 2 Hearing Statement for Matter 6 – Infrastructure Requirements, Delivery and Development Viability (Ref HS/P2/M6/IR/6) set out that *'with specific reference to the viability and delivery of the British Sugar site, there are extant planning permissions informed by a bespoke site-specific viability assessment which demonstrate that the assumptions adopted by the Council in the Plan viability testing for this particular site are not accurate, particularly in respect of site preparation costs'.*

4. Therefore, it is clear that prior evidence on viability was prepared not for the purposes of CIL assessment, but rather, to inform Local Plan viability. Moreover, Rapleys on behalf of British Sugar has documented in previous representations its concerns as to the accuracy of these Local Plan viability assessments with regard to the findings for the British Sugar site.

5. This is important, as it is understood that the British Sugar site, unlike other strategic sites, has not been specifically assessed, in terms of viability assessment, within the CIL Viability Study. Rather, as explained at Para 4.5 of the Viability Study, strategic sites are tested, *'except for where they have an agreed planning application.'* It is our understanding, based on discussions with Officers undertaken as part of the preparation of these representations, that the British Sugar site was not therefore specifically tested within the Viability Study on

the basis that it benefits from an existing planning permission for residential led development (and therefore officers have assumed that as a pre-CIL permission, this development will not be subject to the proposed CIL tariff).

6. However, Section 6 of the Viability Study (Residential Viability Testing Results) then provides the viability results of the 'typologies' and the tested Strategic Sites, to identify the financial ability, or otherwise, of particular types of development, or Strategic Sites, to pay a CIL charge. However, the British Sugar site is not specifically tested in any of these strategic site assessments. Nor does it fit within any of the listed typologies assessed (the largest brownfield site typology being '140 dwellings'). In this respect there is no typology or site-specific assessment of the British Sugar site undertaken for the purposes of the CIL Viability Study.

7. Notwithstanding the above, para 6.22 of the Viability Study concludes that *'there is scope of setting a residential CIL charge on all strategic sites in the emerging Local Plan. After allowing a healthy financial buffer in the headroom, CIL could be comfortably set at around £100 psm on a number of strategic sites, without threatening delivery of these tested sites'.* However, as demonstrated in the preceding paragraphs, there is no site specific assessment of the British Sugar site in the CIL Viability Assessment that would support this conclusion for the British Sugar site, and as also identified above, previous viability assessments prepared for the draft Local Plan cannot be relied on as evidence for the CIL tariff, in particular given the serious concerns raised in respect of these previous viability assessment by Rapleys in the course of the draft Local Plan consultation process

8. At Section 4 of the CIL Viability Study, Porter Economics set out the Tested Viability Assumptions adopted to carry out their typology testing. It is acknowledged in the report that '*It is not always possible to get a perfect fit between a site, the site profile and cost/revenue categories for every site likely to come forward within the CYC area. So, in line with national guidance, a best-fit approach is used by testing typologies that reflect allocated sites within the emerging Local Plan and typical windfall sites, based on generic development assumptions relevant to the local area'.*

9. In fact, for the British Sugar site, it is possible to consider the specific viability constraints affecting the site as they were considered in detail during the Public Inquiry for the outline permission and are set out in the Viability Review Mechanism within the s.106 Agreement that accompanies that permission. One of the primary viability considerations relevant to the British Sugar Site is the cost of remediation and site preparation costs. These are identified as the Master Developer Works in the s.106 at £54,999,132. These costs date back to 2017 and would need to be subject to build cost inflation to current date. Based on a site area of 39.83 hectares, the Master Developer Works equate to £1,308,846 per gross hectare or £2,134,230 based on the net developable area of 25.77 hectares (these are unindexed costs).

10. However, at para 4.46 of the CIL Viability Study, Porter Economics have adopted a generic site costs rate of £400,000 per net developable hectare for their typology testing. It is understood that on the basis that there is no site-specific assessment of the British Sugar Strategic Site in the CIL Viability Study, it is this generic site cost rate that has been applied. It is evident therefore that adopting the actual Master Developer Costs would erode any 'Headroom per CIL Liable SQM' that may have been assumed for the British Sugar site within the Council's evidence.

11. Para 6.22 of the Viability Study acknowledges that *'there should be exceptions for several major sites since the CIL rate could potentially place these large strategic sites at risk of*

non-delivery, and potentially undermine the emerging Local Plan. Also, these sites are already expected to support infrastructure investments that benefit the City through site specific s106 contributions.' These same justifications for exception apply wholeheartedly to the British Sugar site (ST1). The viability position for the British Sugar site is reflected in the bespoke viability review mechanism included within the s106 agreement associated with the approved outline planning permission for the development. This viability position reflects the commitment at the site to deliver significant social infrastructure that benefits the City through s106 contributions. In particular, the s106 agreement confirms that commitment, and contributions, for the delivery of the following social infrastructure, will be provided by the development:

- 2 x on site pre-schools
- 1 x on site primary school
- On site community / sports hall
- Community management organisation
- Secondary education contributions
- Offsite sport pitch improvements
- Local and strategic highways and infrastructure improvements

12. In summary therefore it is considered that the approach in the CIL viability study in respect of the British Sugar site is not a logical one, nor is it evidenced based, for the following reasons:

    - The British Sugar site has not been specifically assessed within the CIL viability study, unlike other strategic sites.
    - The site-specific viability assessments of the British Sugar site that have been undertaken for the Council previously (by Peter Brett and Porter Economics) were done primarily for the purposes of informing the draft Local Plan, rather than the proposed CIL charging schedule. Rapleys has documented the serious concerns with the robustness and accuracy of these assessments in their previous representations to the draft Local Plan.
    - The justification given for not undertaking any site-specific viability assessment of the British Sugar site within the CIL Viability Study is that the site benefits from existing planning permissions (and therefore we understand that Officers have assumed that given these pre-CIL permissions, this scheme will not be CIL liable).
    - Whilst it is accepted that there are arrangements in place for pre-CIL permissions, there remains the potential that amendments to the exiting permissions, or indeed fresh permissions, become necessary to ensure the further implementation and completion of the development at the British Sugar site. These permissions could become CIL liable.
    - Despite not including any site specific assessment of the British Sugar site, the CIL Viability Study then fails to include it within the list of sites that where an exception is made. Rather, it is by default included with the strategic sites which would attract a CIL liability of £100 psm. However, there is no evidence contained within the CIL viability study to support this approach. Indeed as demonstrated in these representations, the

evidence on site preparation costs at the British Sugar site identifies that there would be no headroom to provide for CIL.

- Moreover, the justification for the identified 'exception' strategic sites in the charging schedule applies directly to the British Sugar site. Specifically, it is a large strategic site where the CIL rate could have an adverse impact on delivery and is a site that is supporting significant social infrastructure to the benefit of the City via a package of s106 obligations and contributions. These reasons for exception are therefore clearly applicable to the British Sugar site.

13. In this respect, it is considered that there is clear justification for the inclusion of the British Sugar Strategic Site (ST1) within the list of 'exception sites' that includes other strategic sites which are identified as having a £0 per sqm recommended charge in Table 8.1 of the Viability Study. The British Sugar site ST1 should therefore be included within this list of 'exception sites'.

2a. Do the proposed levy rates set out in the draft CIL Charging Schedule appropriately reflect the conclusions of the CIL Viability Study?

1. No. As set out in our response to Q1 above, there is no site-specific CIL viability evidence prepared in respect of the British Sugar strategic site ST1. The Council's reasoning for this is that the site benefits from an existing planning permission.

2. However as currently drafted, the Draft Charging Schedule does not include site ST1 in the list of 'excluded' strategic sites, and therefore, should it become necessary to secure a new outline or full permission for the development of the ST1 site in future, it would be included with other strategic sites deemed capable of funding a £100psm rate for new residential floorspace within the Draft Charging Schedule, despite there being no relevant CIL viability assessment evidence to support or justify this position.

3. The British Sugar site will provide significant social infrastructure, and the specific viability arrangements associated with the delivery of the site (including this extensive social infrastructure) is reflected in the bespoke viability mechanisms included within the s106 obligations for the approved planning permission (Ref 15/00524/OUTM).

4. In this respect, it is considered that there is clear justification for the inclusion of the British Sugar Strategic Site (ST1) within the list of 'exception sites' that includes other strategic sites identified as having a £0 per square m. charge in the Draft Charging Schedule.

3a. Do the proposed levy rates set out in the draft CIL Charging Schedule provide an appropriate balance between securing infrastructure investment and supporting the financial viability of new development in the area?

1. No. See response to Question 1a and 2a above.

4a. CIL rates should not be set at a level which could render new development financially unviable. To ensure the financial viability of new development in the area, and to take into account variations in land prices and development costs throughout the authority's area, the draft CIL Charging Schedule proposes variable rates for different kinds of development. Do you have any comments on the proposed CIL rates?

1. Yes – see responses to Questions 1a, 2a above.

5a. Should any types of development be charged a different CIL rate, and if so, why? Where alternative rates are proposed, please provide evidence to demonstrate why a proposed rate should be changed.

1. Yes – see responses to Questions 1a and 2 above.

6a. To support the financial viability of new development in the area, the draft CIL Charging Schedule includes an Instalments Policy which allows specified levels of levy charges to be paid in instalments over a set period of time. Do you have any comments on the draft Instalments Policy?

1. We support the proposed agreement of project specific payment schedules for sites with overall CIL liabilities of £500,000 or more.

7a. Part 6 of the CIL Regulations (as amended) allows the Council to give discretionary relief for certain types of development from paying the levy. The Council has not identified any types of development which may require this beyond the compulsory relief and exemptions outlined in the Regulations.

Is there a need to provide discretionary relief from the levy to any types of development, and if so, why?

1. N/A

8a. Do you have any other comments on the draft CIL Charging Schedule?

1. No

9a. Do you have any other comments on the CIL evidence base?

1. The Viability Study 2022 refers at para 1.2 to previous viability assessment work undertaken on behalf of the Council. As set out in our response to Question 1 above, this information was prepared for the purpose of informing the draft Local Plan, and not specifically prepared for the purposes of informing the CIL Charging Schedule. In particular, reference is made to the 'City of York Local Plan Viability Update Addendum' (Ref HS/P2/M6/IR/1b App 2). This document was prepared on behalf of the Council during the Local Plan Examination and included an assessment of the impact of changes to the draft Local Plan that had taken place since the publication of the Porter 2018 sites, assessing the strategic sites (including British Sugar). It is noted that this document was prepared for the purposes of the Local Plan rather than the CIL consultation. In addition, consistent with Rapleys previous representations to the Local Plan viability evidence base (cited in our response to question 1a above) it is not accepted that this document provides a correct approach to valuation of the British Sugar site, but rather, based on our detailed knowledge of the site, the conclusions and viability results shown in respect of the British Sugar site are not considered to be accurate. For this reason, this Local Plan evidence base material cannot be relied upon for the purposes of preparing the draft CIL Charging Schedule.

Letter to [redacted] 27.03.2023

Final Audit Report 2023-03-27

Created:	2023-03-27
By:	[redacted]
Status:	Signed
Transaction ID:	[redacted]

"Letter to [redacted] 27.03.2023" History

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Document e-signed by [redacted]
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Agreement completed.
2023-03-27 - 10:51:20 AM GMT

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RAPLEYS

Strategic Planning Policy
City of York Council
Directorate of Place
West Offices
Station Rise
York
Y01 6GA

By email only to localplan@york.gov.uk

Our ref NJ/1119/114/3
Date 26 January 2024

Dear Sir / Madam

City of York Council – Community Infrastructure Levy (CIL) Draft Charging Schedule – Proposed Modifications December 2023 – Representations on behalf of British Sugar Plc

We write on behalf of our client, British Sugar Plc, to submit representations to the above consultation on the proposed modifications to the CIL draft charging schedule.

British Sugar remains committed to facilitating the redevelopment of the British Sugar site and continues to work closely with officers at City of York (CYC) accordingly.

The background and current planning framework for the British Sugar site was set out in our previous representations of 27 March 2023 (enclosed). Since that time, British Sugar has submitted a further 's73' application for the British Sugar site (ref 23/02302/FUL) which seeks approval for minor amendments to the approved outline masterplan permission at the site, to enable its onward delivery.

In terms of the consultation on the proposed modifications to the draft charging schedule, we **strongly object** to the proposed modifications. The reasons for this objection are set out below.

The previous version of the Draft Charging Schedule (December 2022), in effect, included the British Sugar Site (Strategic Site ST1) within the strategic sites to which the £100 per sq m CIL rate would be applicable.

Our representations of March 2023 set out the reasons for objection to this position, and the clear justification for the inclusion of the British Sugar site within the list of strategic sites to which the £0 per sq m CIL rating should apply.

Our previous representations have not however been reflected in the revised draft charging schedule.

Rather, following correspondence with officers in the Strategic Policy Team to clarify the potential application of the revised draft charging schedule to the British Sugar site, it is understood that future applications and development on the site could be subject to the £200 per sq m rate identified for residential dwellings, given that the site is not specifically identified as one of the strategic sites that benefits from the lower ratings.

In effect therefore, the CIL rate that could be applied to future residential development at the British Sugar site has doubled since the December 2022 consultation, to £200 per sq m, as a result of the proposed modifications to the draft charging schedule currently being consulted on.

However, as set out in our representations of March 2023, there was no evidence contained within the CIL Viability Study at that time to support the £100 per sq m rate proposed, and there is no assessment or evidence contained within the CYC CIL Viability Study Addendum Nov 2023 (the evidence base document used to justify the revised draft charging schedule) that supports the doubling of the CIL rate applicable to the British Sugar site.

Officers have confirmed in recent correspondence that they recognise that the viability position at the British Sugar site (as referenced in our March 2023 representations) would mean that an 'exceptional circumstances' case could apply in respect of the application of the CIL rate in the future. However this is not considered to represent a justified or evidenced based approach to the preparation of the CIL charging schedule as it relates to the British Sugar site.

Specifically therefore, we reiterate our representations made in March 2023, as follows:

- The British Sugar site has not been specifically assessed within the CIL viability study (or the addendum), unlike other strategic sites.

- The site-specific viability assessments of the British Sugar site that have been undertaken for the Council previously (by Peter Brett and Porter Economics) were done primarily for the purposes of informing the draft Local Plan, rather than the proposed CIL charging schedule. Rapleys has documented the serious concerns with the robustness and accuracy of these assessments in their previous representations to the draft Local Plan.

- The justification given for not undertaking any site-specific viability assessment of the British Sugar site within the CIL Viability Study is that the site benefits from existing planning permissions (and therefore we understand that Officers have assumed that given these pre-CIL permissions, the British Sugar development will not be CIL liable).

- Whilst it is accepted that there are arrangements in place for pre-CIL permissions, there remains the potential that amendments to the existing permissions, or indeed fresh permissions, become necessary to ensure the further implementation and completion of the development at the British Sugar site. These permissions could become CIL liable.

- Despite not including any site specific assessment of the British Sugar site, it is by default included in the revised draft charging schedule as a site which would potentially be subject to a CIL rate of £200 psm. There is no evidence contained within the CIL viability study or addendum to support this approach. Indeed as demonstrated in our March 2023 representations, the evidence on site preparation costs at the British Sugar site identifies that there would be no headroom to viably provide for CIL.

- Moreover, the justification for the identified £0 rated 'exception' strategic sites in the draft charging schedule applies equally to the British Sugar site. Specifically, it is a large strategic site where the CIL rate could have an adverse impact on delivery and is a site that is supporting significant social infrastructure to the benefit of the City via a package of s106 obligations and contributions. The cited reasons for exception at other sites are therefore clearly and equally applicable to the British Sugar site.

In this respect, it is considered that there is clear justification for the inclusion of the British Sugar Strategic Site (ST1) within the list of 'exception sites' which are identified as having a £0 per sqm CIL rate in the draft charging schedule. The British Sugar site ST1 should therefore be included within this list of 'exception sites'.

We trust these representations will be fully taken into account in the further preparation of the CIL charging schedule. We wish to be notified of any future updates to the draft CIL by the Council and wish to reserve the right to participate in the CIL examination.

In addition, at the time of writing we are awaiting a further response from the Strategic Policy Team in relation to our recent correspondence regarding this consultation. On this basis, we reserve the right to amend our representations, or make further comment, following receipt of this response, post the consultation deadline of 31st January 2024, as necessary.

Yours faithfully

[redacted]

[redacted]

Letter to City of York Council [redacted] 26.01.2024.pdf

Final Audit Report 2024-01-26

Created:	2024-01-26
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From: [redacted]
Sent: 31 January 2024 21:20
To: localplan@york.gov.uk
Subject: City of York Council - Consultation Revised Draft Charging Schedule December 2023
Attachments: CYC Revised CIL DCS Consultation 2024 - Fusion Representation (CBRE 31.01.24).pdf; yfb2401.Fusion CIL reps SUBMIT.pdf

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Dear Sirs,

Please find the attached representations on behalf of Fusion York Deveco Limited (Fusion Group) in response to the Council's consultation on the revised CIL Draft Charging Schedule

The submission includes:
1) Over arching representation prepared by O'Neill Associates
2) Technical representation prepared by CBRE

If you have any queries regarding the submission, please do not hesitate to contact me.

Kind regards

[redacted]

O'Neill Associates
[redacted]
Lancaster House | James Nicolson Link | Clifton | York YO30 4GR | 01904 692313
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City of York Community Infrastructure Levy Consultation

31 January 2024

Response on behalf of Fusion York Deveco Limited (Fusion Group)

INTRODUCTION

i. These representations are submitted in response to:

  a. the consultation on the revised Community Infrastructure Levy Draft Charging Schedule reference to the revised draft CIL Charging Schedule (as amended on the 21 December 2023) and CIL Sensitivity Test Viability Report Errata Addendum (published 21 December 2023)
  b. they should be read in conjunction with previous representations made on behalf of Foss Argo Developments Limited Developments Limited in response to the City of York Community Infrastructure Levy (CIL) Consultation March 2023.

ii. This representation is supported by and should be read in conjunction with the Technical Representation prepared by CBRE and submitted with this representation.

Purpose Built Student Accommodation

iii. It is Fusions view that the CIL charging schedule at £150/m^2 of development would:

- Impact on the viability of future schemes for student housing, to the detriment of the growth of the City's two Universities as supported by draft Local Plan policies ED1, ED4 and ED7;

- Impact on the rents that would need to be charged to the detriment of students' finances and the Universities' policies on inclusivity;

- Impact on the Council's economic strategy to which the Universities contribute by providing high quality educational opportunities and the financial contributions to the local economy;

- Compromise the contributions to affordable housing sought through Draft Policy H7 as the only negotiable element of the financial obligations to be imposed on PBSA development.

iv. The Technical Representation document prepared by CBRE sets out the substantive points of the Fusion representation. In summary:

- The up-to-date viability evidence prepared by CBRE demonstrates that there is no financial viability headroom in the current market for PBSA typologies to either provide CIL or meet the cost of the affordable off site financial contribution sought under Policy H7.

- The introduction of the proposed CIL rates will undermine the viability of new development in an environment where recent long-term construction cost inflation, softened funding investment yields, and increased debt servicing costs have placed increasing pressures on development significantly since mid-2022. This is exacerbated by the limited availability of suitable sites in what represents a highly constrained urban context.

- In light of above Fusion does not accept the validity and reliability of the published viability evidence base upon which the proposed off-campus PBSA and residential charging rates within the Revised CIL DCS relies, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

- To rectify the issues identified, Fusion advocate that the CIL rates proposed to apply to off campus PBSA development should be reduced to £0/m^2 CYC should undertake this action via modification to the published revised CIL Draft Charging Schedule (DCS).

- CBRE's evidence demonstrates this modification to the revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications to Policy H7 of the Draft Local Plan to introduce a 2.5% affordable housing off site financial contribution per student room on PBSA schemes.

v. Fusion's position is that if there is any headroom available from off campus PBSA development, that this should be directed towards providing affordable student accommodation, in the form of on-site discounts to rental rates to students. This could be agreed in conjunction with the Universities.

Residential Dwellings

vi. In general terms, the CIL charging schedule threatens the delivery of housing and is contrary to objectives of the emerging local plan and City of York 'One City, for All' Council Plan 2023-2027.

vii. In practical terms what this means is that where a residential scheme liable for CIL has higher development costs that affect viability, and given that CIL is non-negotiable, it is the section 106 requirements such as affordable housing, that will be negotiated down.

Delivery of affordable housing is a key objective of the emerging local plan and 'One City for all: Council Plan' which will be severely threatened by the introduction of the draft CIL Charging Schedule.

viii. Similarly, the Council has fallen short of its local plan targets for housing delivery for many years which is likely to worsen rather than address the existing backlog.

ix. The proposed rate or rates would seriously undermine the deliverability of the emerging local plan, particularly with regards to residential completions, PBSA completions, delivery of affordable PBSA and affordable housing, new open space delivery, and brownfield first principles, amongst others.

x. It is essential that the CIL rates are set at a level which ensures that most developments remain robustly viable over time as development costs change – most likely upwards. As such CIL rates should not be set at a marginal viability point. It is vital for the Council to build in a significant degree of flexibility to ensure durability of the CIL charging schedule.

xi. The reality and specific context of developing in York have not been properly considered. This is particularly pertinent within the context of a brownfield first context which is the thrust of the recent national policy statements, and the emerging Local Plan spatial strategy. The majority of the city centre is located within an area of archaeological importance, and historic core conservation area. Both of these designations, and associated local plan policies increase development costs and have significant viability implications which are overlooked.

xii. The proposed CIL levy's must be considered in the context of the acknowledged poor delivery of housing in the city over a long run period. Evidence we have presented to the Local Plan Examination, using the Council's own data, demonstrates that in the 10 years 2013/13 to 2021/22, house completion rates fell below the OAH of 790 in 7 of those years. However, the Council's housing completion data includes student accommodation. If student accommodation is excluded, housing completions fell below the OAHN for 9 of the 10 years.

xiii. The Council's Housing trajectory set out in supporting evidence to the Local Plan Examination, shows that a cumulative undersupply of housing will persist until 2023/24 and possibly beyond – i.e. 7 years into the Plan period.

xiv. Recently, the Secretary of State allowed an appeal at New Lane, Huntingdon York YO32 9NA (application ref: 21/00305/OUTM which concluded that:

> 378. *"The Council can only demonstrate a HLS of between 2.79 and 3.45 years. Over the last 5 years HLS has been within a range of 1.9 to 3.8 years. In addition, the Council has persistently and significantly under-delivered*

> *housing for at least 10 years and it does not dispute this fact. It has failed to meet the minimum requirement of the Housing Delivery Test every year since its inception. In the last 3 years the Council has delivered only 1,782 homes against a requirement of 2,728 homes. The latest HDT figure was 65% which is a very significant shortfall in delivery. Therefore, the provision of housing is a very significant benefit of the scheme."*
>
> 390. *"….the Council has a very significant shortage of HLS and has done over several years; its delivery of market housing has been* ***astonishingly poor*** *for several years as has its delivery of affordable housing. Furthermore, the future pipeline for affordable housing is very poor…."* (Our emphasis)

xv. In this context of long-term undersupply of housing, the imperative is clearly to implement the NPPF requirement to significantly boost the supply of housing. Against this background, the proposed £200 psm rate for housing, the highest rate in the Yorkshire region, seems clearly anomalous and could seriously impede the delivery of housing so desperately required to make good more than a decade of undersupply.

xvi. A more sophisticated approach to the proposed rates would be setting a distinct city centre zone given the city centre commands the high values but also is subject to significant development cost because it is within an area of archaeological importance (huge risk/ cost for developments historically and in the future), the city centre is all in the historic core conservation area, and most is high flood risk. The rest of the city commands lower values but lower development costs (typically).

xvii. It is unfortunate that the Council has not taken to opportunity to rectify inconsistencies between the *CIL Infrastructure Funding Gap Assessment (IFGA)* and *Consultation Information Booklet (CIB)* highlighted in previous representations. The *(IFGA)* and *(CIB)* documents issued with the Draft Charging Schedule set out to identify the cost of infrastructure required to support new development and where it is to be spent. However, there is a lack of clarity between the documents. For example, the IFGA identifies a cost of £47.3 million required for "Education". However, section 10 of the CIB states that Infrastructure for the purposes of CIL spend "can" include transport, flood defences, schools, hospitals and other health and social care facilities.

xviii. This provides no certainty or clarity, for example, for residential developers as to whether they will be paying CIL and a Section 106 contribution for education; flood alleviation; or health facilities.

xix. The Charging Schedule therefore needs to state clearly what the CIL will be spent on so that developers can make a proper assessment of whether the CIL and S106 costs on a scheme be viable or whether necessary development will be inhibited.

xx. The latest modifications to the emerging local plan increase policy requirements for most developments, particularly major developments. These policies have a cumulative cost impact when taken together. The Council does not appear to have fully considered how sites can also bear CIL given this demanding policy context. A full viability review and justifiable evidence of the modified policy requirements will be necessary. Policy requirements include (not exhaustive), the majority of which are not considered in the CVS:

a) 75% carbon reduction aspirations – policy CC2 (modification) (this is considered within CIL Viability study)

b) 10% Biodiversity net gain (this is considered within CIL Viability study)

c) Accessible Housing Standards (this is considered within CIL Viability study)

d) Archaeology – much of the city centre is within an archaeology area of importance which, taken on its own, gives rise to considerable risk and significant additional delay and development costs

e) H10(i) states:

"higher rates of (affordable housing) provision will be sought where development viability is not compromised".

This implies that development may be subject to additional affordable housing if it can be viably provided, and that a viability assessment will be required for all applications over 5 units which will delay the determination period significantly, particularly given to limited capacity of the District Valuer. Policy H10 requires all viability assessments to be reviewed by the District Valuer.

f) Changes to policy H7 and the requirement for nominations agreements.

g) Air Quality assessments/mitigation for all major applications

h) Flood mitigation measures. Policy requires a 30% betterment for surface water runoff which typically requires attenuation or SuDS, and much of the city centre is within high flood risk area. Again, taken on its own, flood mitigation gives rise to considerable risk and significant additional development costs.

i) Heritage policy. The vast majority of the city centre is within the York Historic Core Conservation Area and contains amongst the highest concentration of listed buildings and scheduled ancient monuments in England. These heritage constraints arising from national and local heritage policies, taken on their own, gives rise to considerable risk and significant additional development costs.

j) Travel Plan obligations e.g. car clubs, free bus travel, cycle equipment contributions, travel plan coordinator.

k) Green infrastructure / on-site open space provision – the local plan, including its evidence base, prescribes totally undeliverable targets with regards for open space as part of new development and currently S106 payments are sought for any shortfall. Will this now be provided through CIL and does this mean no on site provision is required? If not, on site provision has significant viability impacts. For example, draft local plan policy G16 seeks on-site open space provision for all residential developments, except in exceptional circumstances or for small sites. The amenity open space requirement is 40.5sqm **per bedroom** – this spatial requirements is set out in the 2017 open space & GI update –

https://www.york.gov.uk/downloads/file/14274/open_space_and_green_infrastructure_update_2017

i. We request to be notified about:

- submission of the CIL Draft Charging Schedule to the Examiner in accordance with Section 212 of the Planning Act 2008;
- the publication of the recommendations of the Examiner and the reasons for those recommendations; and
- the adoption of the charging schedule by the charging authority.

ii. In accordance with Regulation 21 of the CIL Regulations 2010 we wish to exercise our right to be heard by the examiner either as a consortium or as an independent stakeholder organisation.

CBRE

City of York Revised CIL Draft Charging Schedule Consultation

Technical representation prepared by CBRE UK Ltd on behalf of:

Fusion Y Devco Limited (‘Fusion’)

January 2024

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by Fusion Y Devco Limited ('Fusion'), which has land and property interests in York, to prepare a formal representation document setting out a technical response to the City of York Council ('CYC') Community Infrastructure Levy ('CIL') Draft Charging Schedule ('DCS') Proposed Modifications consultation ('the consultation').

2. CBRE's technical representations focus upon the evidence base underpinning the CYC CIL DCS Proposed Modifications – specifically the City of York CIL Viability Study Addendum ('CIL Viability Addendum') produced by Porter Planning Economics ('PPE') and dated November 2023.

3. An overarching representation has been prepared by York-based town planning consultancy O'Neill Associates.

The Consultation

4. CYC published the following documents:

   – CIL Statement of Representations Procedure ('SORP') (published 13 February 2023)
   – CIL Consultation Information Booklet (published 13 February 2023)
   – CIL Draft Charging Schedule ('CIL DCS') (published 13 February 2023)
   – CIL Viability Study (published 13 February 2023)
   – CIL Infrastructure Funding Gap (published 13 February 2023)
   – CIL Associated Mapping (for information only) (published 13 February 2023)
   – CIL Draft Charging Schedule ('Revised CIL DCS') Proposed Modifications (as amended on 21 December 2023)
   – CIL Viability Study Addendum (dated November 2023)
   – CIL Viability Study Addendum Erratum (published 21 December 2023)

5. The consultation ran to 31 January 2024.

6. The SORP confirms CYC's intention to submit the CIL DCS for independent examination following the close of the CIL DCS consultation.

Prior Representations

CBRE was previously instructed by a consortium of developers (Foss Argo Developments Ltd and Helmsley Group Ltd) to prepare representations on the previous CIL Viability Study evidence base produced by PPE on behalf of CYC.

The previous representations highlighted several issues with the evidence base and a number of these areas of critique remain unresolved and similar issues continue in the latest evidence base. In summary, the previous representation identified the following issues:

- Illogical timing of implementation of CIL during a period of economic deterioration.

- Outdated evidence, in particular relying on unrealistically low construction costs.

- Failure to reflect softening of the investment yields, resulting in overstating PBSA GDV.
- Lack of evidence in supporting proposed Benchmark Land Values ('BLV').
- Lack of transparency by not providing corresponding appraisals for stakeholders to analyse.

Within this representation, CBRE has referred to and provided responses back to PPE's and CYC's responses set out in **Appendix 3** of the *Local Plan Responses to new issues raised through consultation on Main Modifications* document dated August 2023, as published by CYC.

To CBRE's understanding, PPE and CYC have not provided a formal set of responses to the CIL Viability Study consultation representations in response to developers and stakeholders. As a result, it is unclear how PPE and CYC have appropriately considered and accounted for the high volume of technical representations submitted.

Fusion's Background

7. Fusion is a developer and operator of Purpose Built Student Accommodation ('PBSA') with a portfolio spanning the entire UK. Fusion has a number of operational PBSA schemes in regional cities including Bristol, Cardiff, Newcastle, Nottingham, Sheffield and Swansea. Further schemes are in the pipeline in locations such as Birmingham, Brent Cross, Glasgow, Manchester, Leeds, Liverpool, London Wood Green, Loughborough and Portsmouth.

8. Fusion intends to bring forward a major redevelopment scheme in York city centre at Foss Bank and is in the process of formulating a masterplan, supported by a consultancy team led by planning consultants O'Neill Associates.

Fusion's Stance

9. Fusion has fundamental concerns regarding:

    a. CYC's proposal to introduce CIL charging on 'off-campus' purpose built student accommodation ('PBSA') development within the Revised CIL DCS; and

    b. CYC's proposal to introduce CIL charging on residential dwellings within the City of York in the Revised CIL DCS.

10. It is Fusion's firm view that the introduction of the proposed CIL rates will undermine the viability of new development in an environment where recent long-term construction cost inflation, softened funding investment yields, and increased debt servicing costs have placed increasing pressures on development significantly since mid-2022. This is exacerbated by the limited availability of suitable sites in what represents a highly constrained urban context.

11. In light of above Fusion does not accept the validity and reliability of the published viability evidence base upon which the proposed off-campus PBSA and residential charging rates within the Revised CIL DCS relies, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

12. On this basis, Fusion cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the Revised CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

13. Should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation and O'Neill Associates overarching representation, Fusion will be left with no choice but to seek that the Examiner rejects the Charging Schedule via the examination process.

Request to be Heard and Notification Requests

14. It is stated on the consultation page of CYC's website that representations must clearly state a request to be heard at the examination of the CIL DCS. It also states that representations must clearly state a request for notification of the submission of the CIL DCS for examination, receipt of the Examiner's Report, and CYC's approval of the Charging Schedule.

15. This constitutes Fusion's formal request to be heard at the examination of the CIL DCS, as an independent stakeholder organisation, and to be notified by CYC of the events listed in paragraph 12 above. This notification should be provided to both O'Neill Associates and CBRE, as instructed joint agents.

Matters of Representation

Purpose

16. This section of the document sets out the matters of representation that Fusion determine must be raised with CYC and ultimately, if left unresolved by CYC following the consultation, are for the consideration of the appointed Examiner.

Significance of Proposed Revised CIL DCS Rates

17. The Revised CIL DCS proposes a significant increase in costs via the introduction of CIL charging on multiple uses for the first time.

18. Notably, the Revised CIL DCS introduces the following new zonal charges:

Revised Draft CIL Charging Schedule

Modifications are represented as: new text in **yellow highlighted bold text.**

Development type		CIL rate per sqm	Modification Proposed Explanation
Residential dwellings within the City of York		£200	No change proposed
Residential dwellings within the City of York Local Plan strategic sites **ST4**, ST7, ST8, ST9, ST14, ST15, **ST31 and ST33**		£0	To include ST4, ST31 & ST33 as £0 to reflect revised viability.
Residential dwellings within the City of York Local Plan strategic sites **ST16 and ST36**		£100	No change to CIL rate. For clarity, this category now only refers to ST16 and ST36
Sheltered/ Retirement accommodation	**Brownfield Sites**	**£100**	Split categories to differentiate between rates proposed for Greenfield / Brownfield to reflect revised viability.
	Greenfield Sites	**£0**	
Extra care accommodation		**£0**	All extra care accommodation now proposed to be £0 rated.
Purpose Built Student Accommodation	**Off Campus**	**£150**	Removed original categories. New split categories to differentiate geographically between on and off campus purpose built student accommodation to reflect revised viability.
	On Campus	**£0**	
Convenience[1] retail with up to 450 sqm gross internal area		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison[2] retail built outside the City Centre boundary		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison retail built inside of the City Centre boundary		£0	No change proposed
All other development		£0	No change proposed

[1] Convenience retail provides lower value good purchased regularly to meet day to day needs such as food, newspapers, petrol etc.
[2] Comparison retail provides higher value goods purchased less often, such as household items, electrical goods, clothes, shoes etc

19. These are not incremental changes, but rather represent a fundamental shift to introduce substantial rates of CIL charging across multiple uses both city-wide and on a zonal basis.

20. It is notable that the rates proposed are amongst the highest, if not the highest, across the entirety of Yorkshire and the Humber, even when allowing for indexation since adoption in other Charging Authorities.

CBRE has provided a full schedule of proposed and adopted rates across the region as a comparison within **Enclosure 1**.[1]

21. Due to the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England since Harrogate adopted their CIL Charging Schedule in July 2020.

22. CBRE is aware that other Local Authorities such as Birmingham City Council has halted proposals to formally review their CIL Charging Schedule over past 18 months due to the challenging economic and property market context. CYC's proposition to introduce high charging rates for the first time is contradictory to decisions being made by other major regional cities and district authorities across the North and Midlands.

23. As a result, such proposals by CYC must necessitate comprehensive, robust, and up-to-date available evidence of financial viability in order to provide appropriate justification that they will strike an appropriate balance in accordance with Regulation 14(1) of the CIL Regulations (as amended).

24. Further reference to the illogical timing of CYC's decision to introduce a CIL charging regime is set out in the following sub section.

Illogical Timing

25. The UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022, continuing throughout 2023 and are expected to prevail into early 2024.

26. Specifically:

    a. The UK economy remains challenged with numerous headwinds. Most notably, inflation remains elevated. Inflation failed to fall as quickly as expected in 2023 and, as a result, the Bank of England increase rates by 175 basis points to 5.25% over the course of the year, the highest level for 15 years.

    b. For businesses, the prolonged period of high inflation has resulted in record wage growth and increased labour costs. This, coupled with the increased debt burden, will continue to erode profit margins, reduce investment, and dampen activity. Weak business sentiment is reflected in the UK Purchasing Managers' Index ('PMI') surveys, and bankruptcies have risen 25% since interest rates began climbing.

    c. The consumer sector has also been hit. Confidence is well below the long-term average, and spending has been flat. This is expected to continue at least in the first part of 2024, especially as costly mortgage refinancing will remain a drag on the economy. However, inflation is expected to continue to fall in 2024, partly due to lower goods prices.

[1] Note: this information was obtained from Planning Resource and is understood to have been correct as at January 2024. The rates presented are not indexed, but represent those rates either proposed (latest) or at the date of adoption of relevant Charging Schedules.

d. Apart from the 2% cut to national insurance, no major tax reforms were announced in the Autumn Statement. Still, an election is imminent – the latest it will happen is January 2025, but it is more likely to be in Q4 2024.

e. The ongoing rollover of fixed rate mortgages throughout 2024 poses a risk to household incomes, and therefore the outlook for growth. The UK has 10.8 million mortgages, the majority of which are fixed, and estimates show less than half have refinanced onto higher rates. As mortgages shift to higher rates, disposable household incomes fall, reducing their ability to spend, leading to weaker than expected consumption and, consequently, weaker growth. The Bank of England's November Monetary Policy Report estimates that less than half of the expected impact of rising interest rates on GDP has materialised. Further effects are expected to unfold, which will continue to drag on the economy. Evidence from the Bank of England suggests households have already reduced consumption in expectation of refinancing in 2024.

f. Global supply chains have been turbulent over recent years since the Covid-19 pandemic and forecasts for 2024 expect issues to continue with labour shortages, increasing inflation, material shortages and sustainability pressures.

g. There are more acute risks to the forecast, in particular, geo-political threats associated with the ongoing conflicts in Ukraine and the Middle East, which may undermine assumptions around falling energy prices. However, forecasts assume there to be no major economic disruptions from current conflicts or other global events.

27. Specifically considering the PBSA sector, CBRE's baseline forecast for 2024 is as follows:

a. Overall, the sector continues to be defined by an acute supply and demand imbalance but this is highly nuanced, and an understanding of affordability is key. An in-depth understanding of the submarket dynamics is critical.

b. Investment yields remained relatively stable for prime regional assets during 2023 and sentiment remains positive into 2024 but for best in class 'clean and green' properties with strong rental growth prospects. Occupancy for the 2023/24 academic year is the strongest on record, and many schemes were at least 98% booked by Spring 2023. The same is expected for the next academic year, which is underpinning strong rent growth projections. However, the outlook for non-prime assets is subdued due to less demand from investors.

c. Overall, the development of new PBSA is slowing due to a combination of factors. This will carry forward throughout 2024 and beyond as starts and completions in 2023 have been at an all-time low, compounding an estimated shortfall of 580,000 beds nationally. Specifically, the drivers are as follows:

i. Rising build costs present viability challenges.

ii. The pace of the planning system remains a significant barrier to delivery along with onerous PBSA planning requirements.

iii. New Building Safety regulations and proposed energy efficiency standards.

iv. Rising operational costs will also continue to hinder new development given the negative impact on net rental income.

v. Development financing is also increasingly expensive and is increasingly difficult to obtain, with a tight liquidity pool and high competition for investment capital.

vi. Older university stock will need extensive modernization to meet expectations and remain competitive.

28. CBRE's baseline forecast for the residential market in 2024 is as follows:

a. The residential sales market is expected to remain challenging in 2024 with a fall in house prices and transaction volumes.

b. As previously discussed, households refinancing at higher mortgage rates will reduce discretionary incomes and, consequently, consumption. The UK has 10.8 million mortgages, the majority of which are fixed, and estimates show less than half have refinanced onto higher rates. However, the prospect of falling mortgage rates is positive news for the 850,000 two and five-year fixed mortgages renewing next year. And while payments will still rise, the prevailing rates are still below what these borrowers would have been originally stress-tested at. In addition, strong house price growth in recent years means those remortgaging will benefit from lower loan-to-values. Other tools, including extending the mortgage term, will also be utilised to keep repayments as low as possible.

c. CBRE forecast transactions to stay below their long-term average, but to be broadly level with 2023. The outlook therefore remains subdued and does not forecast a strong resurgence of transactions. And although affordability will improve, prices will need to continue to correct to accommodate buyers' budgets. CBRE forecast a moderate fall in UK house prices of 1% in 2024.

d. The housebuilding sector will continue to be hindered by several challenges, which will impact the future pipeline of new homes in 2024. Planning remains a key challenge and new fire safety regulations are a necessity but will nevertheless stall planning activity throughout the year.

e. The higher cost of debt and construction will also continue to impact viability. Almost two-thirds of respondents to the RICS Construction Survey now cite 'financial constraints' as a key factor limiting activity. This has risen consistently since the start of 2022.

f. Investment appetite for BTR remained strong in 2023. However, the challenging environment negatively impacted investment throughout 2023, but this is expected to start to improve by the end of 2024.

g. The number of BTR homes starting construction in 2023 fell to less than half the level recorded in 2022. This partly reflects subdued institutional investment into the sector, coupled with high construction costs, labour shortages, more expensive debt and new fire regulations requiring second staircases in tall buildings. This will translate into a significantly lower level of BTR completions in 2024.

h. Yields softened in H2 2023 and a further yield expansion is expected at the start of 2024, but this will continue to be mitigated by strong rent growth resulting in only a minor adjustment.

29. Against this backdrop, CBRE questions the logic and rationale, and efficiency in use of public funds, for introducing a CIL regime at this juncture, given the wider challenges facing development and uncertainty in both the macro-economy and property market.

30. CYC's proposals to increase the cost burden on development at this point will exacerbate uncertainty and slow or stall development and regeneration plans on major sites across the city for PBSA and residential development.

Outdated Evidence

31. The published available evidence to inform the Revised CIL DCS is the CIL Viability Addendum produced by PPE and dated November 2023.

32. CBRE has reviewed the CIL Viability Addendum in detail. It is apparent that the input assumptions for PBSA scheme typologies, which are subsequently utilised by PPE in undertaking the viability modelling, analysis, conclusions and recommendations rely substantially upon evidence from the 2023/24 academic year. However, the date this evidence was gathered is unclear.

33. It is well-known that student accommodation operators incorporate dynamic pricing models for advertised rents whereby towards the second half of the academic year, the marketed rental rates are generally at their highest given take-up is reaching or at capacity. Clarity should therefore been provided by PPE as to the date of the PBSA evidence as if PPE gathered their data in the second half of the academic year this could potentially be overstating the average rent for the whole academic year.

34. Moreover, the CIL Viability Addendum documents that the CIL Viability Study overstated the investment yield achievable for Prime Regional PBSA and accordingly adjusted outward the yield from 5.00% to 5.25%.

35. However, CBRE is of the opinion that this does not go far enough in reflecting the softening in yields over the past 18 months. The CIL Viability Addendum does not cite any investment yield evidence to substantiate their conclusion.

36. The input assumptions contained in the CIL Viability Study (December 2022) for residential typologies were originally collated from Land Registry between January 2019 and May 2022, then indexed to August 2022 using the House Price Index ('HPI'). The CIL Viability Addendum is based on the same data set which has been indexed using HPI up to June 2023. It appears that the CIL Viability Addendum therefore does not rely on new transactional evidence post May 2022 and relies entirely on indexed historic transactions only. CBRE request that CYC clarify whether any new transactional evidence has been analysed for the purpose of the CIL Viability Addendum.

37. As set out above, and well-documented, there have been significant macro-economic headwinds and property market adjustment issues over the period since, as well as substantive ongoing construction cost inflation, which are material considerations that any robust viability evidence base must account for.

38. In addition, the Government is conducting a staged implementation of the Building Safety Act 2022, and has stated that it expects student accommodation to be subject to the regulatory regime under Part Three, which will have implications for the design and construction of new developments.

39. New Fire Safety (England) Regulations 2022, came into force on 23 January 2023 and under the new Regulations, a responsible person (usually a managing agent or similar) is required to provide information and carry out checks on fire safety for all buildings over 11m (or 5 storey) which contain at least two domestic premises.

40. In accordance with Approved Document B, there is also a requirement for firefighting lifts in buildings to offer additional protection and controls that enable it to be used by the fire and rescue service when fighting a fire. This is a requirement when the lift needs to travel more than 18m above or 10m below the fire service vehicle access level. The firefighting lift must have a secondary back-up power supply to ensure it continues to operate in the event of power failure in the building, a lift control system and a lift communication system.

41. The Government has also recently consulted upon amendments to Approved Document B, which proposes that all new buildings of 30m (circa 10 storeys) or above will require a second separated staircase[2]. The Greater London Authority ('GLA') has pre-empted the Government's conclusions by mandating this requirement for new development in Greater London with immediate effect.

42. The Government is currently considering responses following closure of the consultation on 17 March 2023, but it is widely anticipated that student accommodation will be required to conform to the amendments, which is prompting developers and investors to factor second staircases into plans for new development going forward in order that they can meet regulations, and be insurable, investable and deliverable. Specifically, Government states:

    "58. Recognising that many schemes are in development, and this change would represent a significant change, we are proposing a very short transition period before implementing the changes.

    59. The transition period will allow time for schemes to be completed but should not allow the opportunity for developments to get off the ground ahead of the new requirements coming into effect.

    60. We would encourage all developments to prepare for this change now."

43. CBRE can provide examples of recently submitted PBSA schemes in York, which already take into account the Government's proposal for a second staircase in order to future proof the developments. These example schemes include:

    a. 15 Foss Islands Road, York (planning ref: 23/01647/FULM): The proposed accommodation is arranged over ground floor + 4 storeys and incorporates 3 staircases and a dual lift core.

    b. Coney Riverside, Coney Street, York (planning ref: 22/02525/FULM): The proposed accommodation is arranged over basement, ground + 5 storeys and incorporates 3 staircases with dual and singular lift cores in Zone 3 and 1 staircase with a dual lift core in Zone 4.

44. Based on the impact assessment conducted, the Government has publicly acknowledged that the implications of additional construction costs, and loss of build efficiency, will impact negatively on the financial viability of development and, as a result, is likely to reduce the propensity of higher density schemes to deliver affordable housing as a consequence:

    "65. The costs of a second staircase will also impact the viability of high rise buildings, this is likely to reduce the amount of affordable housing that can be provided by developers."

45. The impact will be that gross to net build efficiency is reduced, meaning lower net lettable floorspace against a higher or equivalent gross internal area (GIA).

46. It does not appear that the CIL Viability Addendum has accounted for this or addressed the implications.

[2] https://www.gov.uk/government/consultations/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings

47. Finally, the Government launched the Building Safety Levy: Technical Consultation on 23rd January 2024[3]. This confirms that an additional charge on new development – including both residential and PBSA uses – is proposed to be charged on a broadly consistent basis to CIL. Whilst a 50% discount will be applied to development on brownfield land, it will nevertheless reflect an additional and non-negotiable capital cost to new development schemes, and will impact negatively on development viability.

48. The additional cost of the Building Safety Levy has yet to be quantified, meaning it is difficult to accurately account for this additional cost within the CIL setting process. However, the most prudent approach would be to ensure that a substantial buffer is introduced prior to the setting of CIL rates – of at least 50% of the available 'surplus' for CIL as tested via the viability modelling process.

49. CBRE has provided further details upon this relating to PBSA use within the 'Technical Deficiencies' sub-section of this representation.

Technical Deficiencies

Purpose Built Student Housing

50. There are a range of detailed technical issues identified, which render the CIL Viability Addendum as an unsound basis for setting the proposed CIL rates for purpose built student housing, and which Fusion advocate will require rectification prior to CYC proceeding with the Revised CIL DCS as presently published:

    a. **Rents, Yields and Capital Values for Off-Campus PBSA Typologies:**

        i. The CIL Viability Addendum tests 5no. off-campus PBSA typologies ranging from 25 beds to 600 beds. An average gross rental income is applied of £201/week over 47.6 weeks (annual) based on the 2023-24 academic year. This is drawn from a cross-section of PBSA schemes across the city, which is provided in Appendix A1.4 of the document.

        ii. CBRE notes that the adoption of an 'average' gross rental rate of £201/week represents a cross-section of both private sector operator PBSA schemes and HEI operated off-campus student accommodation.

        iii. CBRE does not disagree with the CIL Viability Addendum's usage of the average gross rental income of £201/week to be applied to private sector (off-campus) development typologies.

        iv. OPEX is deducted at 30% of gross annual rent to generate a net rental income, which is capitalised at an investment yield of 5.25%. This is stated as generating a capital value of £128,035 per room.

[3] https://www.gov.uk/government/consultations/building-safety-levy-technical-consultation?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=a5093222-a03d-44be-baf1-04a3e1bbf108&utm_content=daily

v. Analysing York specifically, there are several recent transactions for which information is available. These are as follows and demonstrate a tone of circa 5.5%-6.5% NIY and capital value of circa £90,000-£100,000 per bed:

   1. 3 James Street: comprising 303 beds transacted in June 2023 on a forward fund to S Harrison at a yield of 5.50% to 5.75%.

   2. 62 Layerthorpe: comprising 98 beds transacted in 2019 on a forward fund / commit to iQ Student Accommodation for a total capital value of £92,000 per bed.

   3. Haxby Road City Residential: comprising 124 beds transacted in 2018 on a stabilized investment basis at a NIY of 6.5%, reflecting £60,000 per bed.

   4. Foss Studios: comprising 220 beds transacted in 2017 on a stabilized investment basis at a NIY of 5.7%, reflecting £106,000 per bed.

vi. The above evidence suggests that the adopted sum of £128,035 per room and a yield of 5.25% utilised within the CIL Viability Study Addendum actually exceed transactional evidence available for York in recent years.

vii. CBRE's research places York as 21st in the league of the UK's cities with the highest full-time student populations in 2021/22, with circa 27,000 full-time students. This is relatively low compared to the top five regional cities (Birmingham, Glasgow, Manchester, Nottingham, Leeds), which collectively accounted for 374,000 full time students.

viii. On the basis of the above, CBRE ranks York as a Prime Regional location for PBSA and understand that other agents such as Knight Frank regard the city on an equivalent basis.

ix. PBSA prime regional (direct let) stabilised investment yields softened from Q3 2022 due to wider macro-economic conditions, then remained at 5.0%-5.25% throughout 2023. The latest available investment yield sheets now record Prime Regional PBSA yields for stabilised asset as follows:

   1. Knight Frank Prime Yield Guide – January 2024: PBSA Prime Regional at 5.0% - 5.25% (softening from 4.75%-5% in Q3 2022)[4].

   2. CBRE UK Living Sectors Investment Yields – January 2024: PBSA Prime Regional at 5.0% (softening from 4.75% in Q3 2022)[5].

x. In summary, respected agents all report PBSA Prime Regional stabilised yields softening to 5.0% - 5.25% at present day. Importantly, these are not development funding yields, but are stabilised investment yields, which do not account for development and stabilisation (letting) risk (i.e., transaction by a fund of a high specification stabilised standing PBSA asset).

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[4] Note: this is provided within **Enclosure 2**.
[5] Note: this is provided within **Enclosure 2**.

xi. Institutional forward funding has been one of the main delivery routes for financing the development of PBSA schemes in York and elsewhere across the regions, where brought forward by the private sector (i.e. non-University). CBRE's market intelligence is that funding yields are transacting at a discount of up to 50bps in comparison to stabilised investment yields. As a result, if the rates above are adjusted for development funding, this would see yields at 5.5%-5.75%, which is reflective of the recent forward funding deal in York at 3 James Street.

xii. PPE has evidently not considered current PBSA investment evidence in York and has failed to reflect that forward funding is the key delivery route for financing PBSA schemes in the current market. Consequently, PPE is incorrectly overstating the GDV of the PBSA typologies.

b. **PBSA Room Sizes:**

i. The PBSA comparables cited in the Appendix A1.4 do not provide room sizes for the purpose of analysis. The comparables are merely categorised as 'standard', 'large', 'studio' etc., which is not transparent and does not assist with comparison between room types.

ii. The CIL Viability Study Addendum adopts a generic room size of 17.25m². However, it is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how this room size has been determined, the room type itself (i..e, studio or cluster/en-suite) and the evidence used to inform the area.

iii. Based on CBRE's knowledge of the York PBSA market, the adopted room size utilised within the CIL Viability Study Addendum is positioned between the expected size range for 'studios' and 'cluster/en-suites'. Studios are typically larger at an absolute minimum of 20-21m², whilst cluster / en-suite rooms are generally much smaller at circa 10-15m² and attract lower weekly rents in comparison to PPE's rental assumption.

iv. CBRE is aware that CYC has recently refused a planning application for a PBSA scheme at 15 Foss Islands Road based on limited room size and lack of communal space[6]. The Foss Islands Road scheme included 137 no. studios ranging in size from 20-42m².

v. The Foss Islands Road scheme has been resubmitted for planning with adjusted room sizes and to resolve the reason for refusal by CYC, the communal areas have been increased which results in a revised net to gross efficiency of 60%. Additionally, the Coney Riverside proposed development scheme (planning ref: 22/02525/FULM) has also been resubmitted for planning and demonstrates a net to gross efficiency of 60%.

vi. This evidenced efficiency is 5% lower than that assumed by PPE in the PBSA viability testing. The consequence of this is that the GIA area utilised in viability testing would be expected

[6] Planning application ref: 22/01795/FULM. Refused 13 July 2023. CYC stated a reason for refusal of the application concerned *"The proposed development fails to promote the health and well-being of future occupants due to the limited room size of the studios and lack of communal spaces throughout all levels of the development"*.

to be 5% larger than currently modelled by PPE. Hence, PPE's estimation of build costs for each of the PBSA viability typologies is 5% lower than it should be, which erroneously overstates the financial viability of the PBSA typologies.

vii. Taking this into consideration, it is therefore highly unlikely that the proposed hypothetical scheme used in the PBSA typologies testing would actually be granted planning consent by CYC as the room sizes would be considered too small for studios or not akin with comparable cluster/en-suite room sizes and the communal areas would be insufficient to meet CYC planning officer's minimum expectations. The room sizes would evidently need to be larger whilst maintaining an appropriate gross to net efficiency. Any reduction in gross to net efficiency would lead to the loss of valuable amenity space which drives the rental value. As a result, this necessitates a proportionate increase in both room sizes and GIA within the PBSA typologies tested.

viii. Adoption of an unjustified and incorrect room size and building GIA by PPE / CYC poses a significant risk to overstating the viable delivery of PBSA developments by understating the total construction costs attributable to the PBSA typologies.

ix. For the reasons set out above, CBRE strongly advocates that the room size adopted for viability testing developer-led (i.e. off campus) PBSA typologies is reflective of the York PBSA market.

x. CBRE has prepared an analysis of the impact upon the NIA and GIA of PBSA typologies' when utilising the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market. This analysis is provided in **Table 1**.

xi. The below table demonstrates that adopting an informed, representative room size has a significant impact (c. 16% increase) on the GIA of the PBSA typologies.

Table 1: PBSA Typologies | NIA & GIA Analysis: 65% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**65.0%**	15,923	600	**20.0**	12,000	**65.0%**	18,462	**16%**
350	**17.25**	6,038	**65.0%**	9,288	350	**20.0**	7,000	**65.0%**	10,769	**16%**
200	**17.25**	3,450	**65.0%**	5,308	200	**20.0**	4,000	**65.0%**	6,154	**16%**
100	**17.25**	1,725	**65.0%**	2,654	100	**20.0**	2,000	**65.0%**	3,077	**16%**

Source: CYC / CBRE Data

xii. This is based on the assumption of 65% net to gross, which through the Foss Islands refusal demonstrates that 65% is insufficient to meet CYC planning policy requirements as a result, CBRE has also tested the impact of correcting the PBSA built GIA within each of the

typologies at a 60%[7] net to gross efficiency, which is expected to be consistent with CYC's requirements for communal and amenity space within PBSA schemes. This analysis is provided in **Table 2**.

Table 2: PBSA Typologies | NIA & GIA Analysis: 60% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**60.0%**	17,250	600	**20.0**	12,000	**60.0%**	20,000	**16%**
350	**17.25**	6,038	**60.0%**	10,063	350	**20.0**	7,000	**60.0%**	11,667	**16%**
200	**17.25**	3,450	**60.0%**	5,750	200	**20.0**	4,000	**60.0%**	6,667	**16%**
100	**17.25**	1,725	**60.0%**	2,875	100	**20.0**	2,000	**60.0%**	3,333	**16%**

Source: CYC / CBRE Data

xiii. The CIL Viability Addendum therefore misrepresents the correct NIA and GIA to be utilised for the PBSA typologies in order to secure planning permission in York, which has severe consequences in understating the total construction costs.

xiv. CBRE strongly advocates that CYC review the NIA and GIA of PBSA typologies to be reflective of the York PBSA market and CYC's precedents for securing planning permission and adjust their inputs accordingly.

c. **Construction costs**:

i. The construction costs adopted are set out in para 42. (CIL Viability Study Addendum, page 12) are cited as being drawn from RICS BCIS. The RICS BCIS median cost is cited as £2,199/m^2 (£204/ft^2) and base-dated at Q2 (i.e. Apr-Jun.) 2023.

ii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the RICS BCIS data as published at 16 January 2024. On an equivalent basis the RICS BCIS median cost now stands at £2,211/m^2 (£205/ft^2), which is an increase of 0.5%. The data is provided within **Enclosure 3**.

iii. CBRE comment that the RICS BCIS costs of £2,211/m^2 (£205/ft^2) are extremely low in the context of off-campus developer / operator led PBSA developments being brought forward for delivery in regional cities in the current market. CBRE also highlight that RICS BCIS is a significantly lagging indicator due to the time taken for tender data be provided and reporting updated. Hence, in an inflationary environment over 2022 and 2023, it has consistently underestimated construction costs being generated in real-time. Moreover, as

[7] The resubmitted planning applications for 15 Foss Islands Road (planning ref: 23/01647/FULM) and Coney Riverside (planning ref: 22/02525/FULM) demonstrate a gross to net efficiency of 60.0%.

mentioned prior, RICS BCIS will not yet account for changes to fire safety guidance (Approved Document Part B), which prudent developers have been told by the Government to design into schemes.

iv. In **Table 3** overleaf, CBRE has set out both a comparison between the RICS BCIS median rate costs as at Q2 2023 and January 2024. CBRE considers these costs to be more likely representative of construction to a low-mid specification product, which would achieve a lower than average rental price point in the York market. As the definition in RICS BCIS states it would therefore be more appropriate to reflect student halls of residences (i.e. university-led on campus development), rather than the higher specification product being delivered off-campus by private developers, and those which can secure rents at an average for York (i.e. the £201/week) or above.

v. CBRE notes that even the RICS BCIS upper quartile rate (£2,437/m^2 | £226/ft^2) generates a construction cost which remains significantly below the level of costs being seen for mid-market specification PBSA schemes in the regions (i.e., circa £100,000 per bed). This is provided for comparison against the RICS BCIS median rate in **Table 3**.

vi. CBRE can provide up to date benchmarking evidence on construction costs for recently tendered PBSA schemes of 400+ beds. The construction costs have been indexed from the contract award date to present day (Q1 2024) in order to reflect inflation during the intervening period.

1. Nottingham scheme of circa 550 beds: £251/ft^2 (July 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £253/ft^2

2. Liverpool scheme of 400-500 beds: £248/ft^2 (June 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £252/ft^2

vii. This benchmarking evidence suggests that even the RICS BCIS upper quartile rate is unrealistically low and developers are facing significantly higher construction costs for PBSA schemes.

viii. For the reasons set out above, CBRE strongly advocates that the RICS BCIS upper quartile rate should represent the **absolute minimum** base construction cost for generic viability testing developer-led (i.e. off campus) PBSA typologies. The median rate simply isn't a realistic cost benchmark to adopt for this purpose in the current market. PPE's use of an unrealistically low construction cost will erroneously state the viability of the PBSA typologies tested.

Table 3: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on PPE's gross to net efficiency of 65.0%

RICS BCIS Median Q2 2023			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	18,462	40,596,923	600	67,662	4,059,692	6,766	44,656,615	**74,428**	**2,419**	**225**
2,199	204	10,769	23,681,538	350	67,662	2,368,154	6,766	26,049,692	**74,428**	**2,419**	**225**
2,199	204	6,154	13,532,308	200	67,662	1,353,231	6,766	14,885,538	**74,428**	**2,419**	**225**
2,199	204	3,077	6,766,154	100	67,662	676,615	6,766	7,442,769	**74,428**	**2,419**	**225**

RICS BCIS Median Q1 2024			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	18,462	40,818,462	600	68,031	4,081,846	6,803	44,900,308	**74,834**	**2,432**	**226**
2,211	205.4	10,769	23,810,769	350	68,031	2,381,077	6,803	26,191,846	**74,834**	**2,432**	**226**
2,211	205.4	6,154	13,606,154	200	68,031	1,360,615	6,803	14,966,769	**74,834**	**2,432**	**226**
2,211	205.4	3,077	6,803,077	100	68,031	680,308	6,803	7,483,385	**74,834**	**2,432**	**226**

RICS BCIS Upper Quartile Q1 2024			Build			External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.4	18,462	44,990,769	600	74,985	4,499,077	7,498	49,489,846	**82,483**	**2,681**	**249**
2,437	226.4	10,769	26,244,615	350	74,985	2,624,462	7,498	28,869,077	**82,483**	**2,681**	**249**
2,437	226.4	6,154	14,996,923	200	74,985	1,499,692	7,498	16,496,615	**82,483**	**2,681**	**249**
2,437	226.4	3,077	7,498,462	100	74,985	749,846	7,498	8,248,308	**82,483**	**2,681**	**249**

Source: RICS BCIS / CBRE Data

Table 4: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on corrected gross to net efficiency of 60.0%

RICS BCIS Median Q2 2023			Build			External Works			Total Costs (Build + Externals)		
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	20,000	43,980,000	600	73,300	4,398,000	7,330	48,378,000	**80,630**	**2,419**	**225**
2,199	204	11,667	25,655,000	350	73,300	2,565,500	7,330	28,220,500	**80,630**	**2,419**	**225**
2,199	204	6,667	14,660,000	200	73,300	1,466,000	7,330	16,126,000	**80,630**	**2,419**	**225**
2,199	204	3,333	7,330,000	100	73,300	733,000	7,330	8,063,000	**80,630**	**2,419**	**225**

RICS BCIS Median Q1 2024			Build			External Works			Total Costs (Build + Externals)		
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	20,000	44,220,000	600	73,700	4,422,000	7,370	48,642,000	**81,070**	**2,432**	**226**
2,211	205.4	11,667	25,795,000	350	73,700	2,579,500	7,370	28,374,500	**81,070**	**2,432**	**226**
2,211	205.4	6,667	14,740,000	200	73,700	1,474,000	7,370	16,214,000	**81,070**	**2,432**	**226**
2,211	205.4	3,333	7,370,000	100	73,700	737,000	7,370	8,107,000	**81,070**	**2,432**	**226**

RICS BCIS Upper Quartile Q1 2024			Build			External Works			Total Costs (Build + Externals)		
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.4	20,000	48,740,000	600	81,233	4,874,000	8,123	53,614,000	**89,357**	**2,681**	**249**
2,437	226.4	11,667	28,431,667	350	81,233	2,843,167	8,123	31,274,833	**89,357**	**2,681**	**249**
2,437	226.4	6,667	16,246,667	200	81,233	1,624,667	8,123	17,871,333	**89,357**	**2,681**	**249**
2,437	226.4	3,333	8,123,333	100	81,233	812,333	8,123	8,935,667	**89,357**	**2,681**	**249**

Source: RICS BCIS / CBRE Data

d. **Contingency**:

i. The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. Whilst PPE acknowledge that contingency is *"understood to be in the region of 3% to 5% of build costs plus externals"*[8]. PPE has apparently taken a 'midpoint' of 4.00% without providing any explanation of the relevance to varying development typologies and, greenfield and brownfield sites.

ii. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conservation area.

iii. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk in a historic city with known contingency issues.

e. **Abnormals:**

i. The CIL Viability Study Addendum applies costs related to 'abnormals' within the brownfield land typology appraisals at £400,000 per net hectare and within the mixed greenfield/brownfield land typology appraisals at £200,000 per net hectare.

ii. The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[9]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

iii. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

iv. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for PBSA. These costs range from £20,000 to £652,000 based on site areas of between 0.05 and 1.63 net hectares.

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[8] CIL Viability Study (December 2022)
[9] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

v. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

vi. CBRE has analysed the abnormals associated with the redevelopment of a number of brownfield sites in York. The abnormals costs cited include items such as demolition of existing buildings, site clearance, flood defence works, archaeology works, public realm, listed building works and conservation area. Other abnormal costs include land remediation.

vii. The abnormal costs cited by developers are significantly higher than the rates adopted within the CIL Viability Study Addendum. CBRE therefore requests that clarification is provided by CYC as to the methodology used for calculating site abnormal costs and whether the costs have been indexed appropriately.

f. **Development Programme**:

i. The CIL Viability Study Addendum does not set out a clear, detailed cashflow outlining development expenditure, finance roll up and revenue over the assumed development programme. The information provided is considered insufficient to undertake a detailed analysis of PPE's cashflow. CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

g. **Site Areas for Typologies**:

i. It is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how the site areas applied for each typology were derived and the evidence used to inform this. Given this is an important basis for setting benchmark land values, CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

h. **Benchmark Land Value**:

i. The CIL Viability Study Addendum includes the adopted BLVs for on campus and off campus PBSA with non-residential uses on p.13, the document contains no supporting evidence or justification to underwrite the proposed BLVs, which CBRE considers a significant omission.

ii. The CIL Viability Study Addendum proposes varying BLVs for on campus and off campus PBSA as follows:

1. A BLV of **£450,000/ha (£182,000/acre)** for on campus PBSA on the basis that on campus PBSA is likely to occur only at Campus East where greenfield sites exist. This is the same rate as for greenfield residential testing.

2. A BLV of **£1.5m/ha (£607,000/acre)** for off campus PBSA based on the assumption of "*city centre residential developments on brownfield sites considered no longer fit for purpose for their existing use*"[10].

iii. In order to find justification for this BLV, CBRE has had regard to the earlier Technical Note titled *CYC Local Plan Viability Technical Note on Changes to Student Accommodation Policy H7 ('Policy H7 Technical Note')*, which was produced by PPE and which is dated August 2022. An explanation is provided in paras 20-23.

iv. This is predicated on a logic whereby it is proposed that abandoned or unviable locations and/or dilapidated industrial units will be the typical brownfield sites that will be brought forward for alternative uses, such as PBSA schemes. The transactions drawn upon in Table 4 of the Policy H7 Technical Note, which are cited as comparables, are not relevant to York and it is not stated whether any of the transacted sites were ultimately brought forward for PBSA development.

v. There is presently a limited supply of sites suitable for redevelopment for PBSA uses across the city, which necessitates PBSA development competing with other forms of prospective development including hotels, traditional residential, elderly persons accommodation or offices.

vi. CBRE therefore remains unclear on the logic behind the BLVs in the CIL Viability Study Addendum, which have been extracted from the appraisals and reiterated in the **Table 5** below. It sets substantially lower BLV for PBSA development in comparison to competing uses such as small local convenience and retail warehouse (both £2m/ha).

Table 5: CIL Viability Study & CIL Viability Study Addendum | Non-Residential BLV

Typology	BLV per gross area (hectares)
Retirement / Extra Care (Urban)	£1,120,000
Retirement / Extra Care (Village/ Rural)	£900,000
Small local convenience	£2,000,000
Retail warehouse	£2,000,000
On Campus PBSA	£450,000
Off Campus PBSA	£1,500,000

[10] CIL Viability Study Addendum (November 2023)

vii. In addition, CBRE also notes that the CIL Viability Study Addendum adopts a BLV for residential typology viability testing of £1.7m/ha for brownfield land in its existing use as 'City centre / extension' land in Appendix A1.5.

viii. The CIL Viability Study does not adequately justify why competing brownfield land uses have been viability tested against a higher BLV and PBSA against a lower BLV. This warrants further explanation by CYC.

ix. The risk is that this overstates the propensity for PBSA developments to acquire land at lower prices than competing uses, and through the proposed CIL rates applied to PBSA, then places them at a disadvantage when seeking to acquire land due to overstating viability and the further additional CIL costs applied.

x. A rational approach would be for BLVs for this use to be considered by way of market transactional analysis of sites brought forward for PBSA use within the city of York in recent years.

xi. CBRE has gathered market transactional evidence for sites brought forward for PBSA use as set out below.

1. 3 James Street, York: In September 2022, the 0.92-acre site was acquired by 77 York Limited for £4,040,200 (£4,391,522/gross acre). 303-bed PBSA scheme (planning ref: 22/00367/FULM).

2. Fawcett Street, York: In June 2022, the 0.40-acre site was acquired by L&S York Ltd for £2,800,000 (£6,975,651/gross acre). 85-bed PBSA scheme (planning ref: 21/01570/FULM).

3. The Coal Yard, Mansfield Street, York: In May 2018, the 0.38-acre site was acquired by Residential Capital (York) Ltd for £814,000 (£2,145,223/gross acre). Over 100-bed PBSA scheme (planning ref: 17/02702/FULM).

xii. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

Results & Re-appraisal

51. The CIL Viability Study Addendum sets out the results of viability modelling within Table A1.11 on p.13. This is replicated below for ease.

Table A1.11 Viability of PBSA developments off campus and on campus in CYC and their psm CIL liable floorspace headroom

Typology	Headroom per CIL liable sqm	After buffer of 50%	33%	25%
On campus PBSAs				
10a: Student accommodation - 25 bed	£141	£71	£94	£106
10b: Student accommodation - 100 bed	£91	£46	£61	£68
10c: Student accommodation - 200 bed	-£36			
10d: Student accommodation - 350 bed	-£72			
10e: Student accommodation - 600 bed	-£139			
Off campus PBSAs				
10a: Student accommodation - 25 bed	£494	£247	£329	£370
10b: Student accommodation - 100 bed	£437	£218	£291	£328
10c: Student accommodation - 200 bed	£325	£162	£217	£244
10d: Student accommodation - 350 bed	£284	£142	£189	£213
10e: Student accommodation - 600 bed	£169	£85	£113	£127

52. Table A1.11 presents PPE's headroom analysis which concludes that all off campus PBSA typologies can viably accommodate both CIL and an affordable housing OSFC contribution of £7,000 per student room as proposed under modifications published under CYC's draft Local Plan Proposed Main Modifications public consultation – specifically via modified Policy H7: Off Campus Purpose Built Student Housing. The headroom analysis concludes that the only on campus PBSA typologies 10a and 10b can viably accommodate CIL (noting the affordable housing OSFC is not applicable to on campus PBSA).

53. This is notwithstanding representations that the conclusions within Table A1.11 and the CIL Viability Study Addendum are not reflective of the full deterioration in market conditions over the past 18 months.

54. With this in mind, Table A1.11 of the CIL Viability Study Addendum shows on campus PBSA typologies 10c – 10e to all fall below the threshold of financial viability. This means they cannot accommodate any CIL, as there is no headroom, but critically these PBSA typologies are also demonstrated as generating negative headroom (shown in red).

55. The CIL Viability Study Addendum states that it is rare for small PBSA schemes to be developed on campus and the majority of new on campus PBSA schemes are generally 200 beds or more. CYC conclude that to *"avoid overcomplicating the charging schedule"*, CYC *"do not consider that on campus PBSA developments merit adding to the CIL charging schedule"* (p14). CBRE endorses this as a logical conclusion.

56. Furthermore, the CIL Viability Study Addendum runs viability testing on PBSA typologies including the cost of meeting the 2.5% affordable housing equivalent OSFC contribution per student room (i.e., a cost of £7,000/bed) to determine the additional CIL headroom to apply to off-campus PBSA.

57. CBRE cannot support the levels of CIL headroom being identified within Table 7.2 above for the PBSA typologies, for the reasons set out earlier within this representation. Neither can CBRE support in CYC seeking for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room.

58. Firstly, there is an inconsistency in the level of buffer back from the calculated maximum headroom being recommended by PPE. For residential typologies (and proposed CIL rates) a buffer of 60%[11] is advocated by PPE, citing market risk and uncertainty.

59. However, for PBSA typologies only 25%-50% buffer is recommended for allowance in proposing the setting of the CIL charging rate at £150/m^2. CBRE considers this to be irrational and advocates for consistency in the applying of any buffer – which should be at the very least 50% across all typologies.

60. On the basis presented in Table A1.11 above, scheme typologies of 350+beds do not demonstrate sufficient headroom (with a 50% buffer) to accommodate the proposed rate of £150/m^2 for off-campus PBSA development within the Revised CIL DCS.

CBRE Updated Appraisal Modelling | Off-Campus PBSA Development (Private sector-led)

61. Given CBRE's analysis set out above firmly highlights both technical issues with the CIL Viability Study Addendum evidence base and methodology of inputs, CBRE has run independent viability modelling on PBSA typologies to determine the implications for CIL headroom in the current market.

    a. **CIL Headroom Analysis | Revised NIA and GIA:**

        i. Firstly, the CIL Viability Study Addendum adopts an unjustified and incorrect room size and gross to net efficiency for the PBSA typologies which poses a significant risk in overstating the viable delivery of a scheme due to understating the total construction costs attributable to the PBSA typologies. In order to determine the implications of this on CIL headroom, CBRE has tested the off campus PBSA typology models with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market and the gross to net efficiency (i.e., 60%) required by CYC. For the purpose of this analysis, all other inputs are consistent with the CIL Viability Study Addendum. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 4**.

Table 6: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom	After Buffer of:		
		£/CIL Liable sqm	50%	33%	25%
10b	100-bed	-173	-87	-115	-130
10c	200-bed	-254	-127	-170	-191
10d	350-bed	-283	-141	-189	-212
10e	600-bed	-365	-183	-244	-274

Source: CBRE

        ii. In summary, the analysis in **Table 6** above demonstrates that when adopting an appropriate NIA and GIA, plus PPE's own inputs, there is no headroom for off-campus developer-led

[11] CIL Viability Study (December 2022)

PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

iii. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 5**.

Table 7: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	27	13	18	20
10c	200-bed	-53	-27	-35	-40
10d	350-bed	-80	-40	-53	-60
10e	600-bed	-163	-82	-109	-122

Source: CBRE

iv. In summary, the analysis in **Table 7** suggests that when adopting an appropriate NIA and GIA, plus PPE's inputs, there is limited headroom for off-campus developer-led PBSA schemes to provide the CIL liability.

v. In summary, when removing the cost of the affordable OSFC sought via Policy H7 (as modified) the only typology to generate a surplus is 10b (100-beds) and this does not achieve the DCCS rate of £150/m². The larger typologies do not have sufficient headroom available for either the affordable OSFC sought via Policy H7 (as modified) or CIL.

vi. However, CBRE highlight that this conclusion is based on PPE's inputs contained within the CIL Viability Study Addendum with which CBRE has highlighted technical issues. This analysis is therefore a starting point and CBRE has addressed these technical issues below.

b. **CIL Headroom Analysis | CBRE Modelling:**

i. In order to take a comprehensive approach, CBRE has utilised present-day input assumptions for off-campus (developer-led) PBSA development scheme typologies.

ii. Firstly, CBRE has tested the off campus PBSA typologies with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market along with an evidenced gross to net efficiency acceptable by CYC.

iii. Secondly, CBRE has set the rental rates to £201/week to represent an average rate across the York market. OPEX is deducted at 30% of the gross annual rent to generate a net rental income. This is consistent with the CIL Viability Study Addendum inputs.

iv. Thirdly, CBRE has capitalised the net rental income at a forward fund investment yield of 5.50%. As set out earlier in this representation, most private-sector driven PBSA development has, and is expected to continue to be, institutionally funded. PBSA development funding yields are presently at circa 5.50% - 5.75% for prime regional locations, such as York. CBRE has taken an optimistic stance of adopting the lower end of this rate at 5.50%, which represents a strong / best case illustrative position.

v. CBRE has also increased the construction costs to reflect the RICS BCIS upper quartile cost as published at January 2024. This is deemed the absolute minimum benchmark rate for

current market construction costs for mid-market specification private-sector led PBSA schemes being brought forward in regional cities.

vi. Finally, CBRE has adjusted the contingency allowance utilised in the CIL Viability Study Addendum modelling to reflect the higher figure referenced in the text of 5.00%.

vii. For all other aspects, CBRE has attempted to mirror the approach in the CIL Viability Study modelling. As previously discussed, this should not be taken as an endorsement, but is deemed reasonable and rational for the purposes of comparison – given it is not the responsibility of Fusion to prepare CYC's evidence.

viii. CBRE has run the appraisals inclusive of the (modified) Policy H7 requirement to provide a 2.5% affordable housing equivalent OSFC contribution per student room. A headroom analysis is provided overleaf. Appraisal summaries are provided within **Enclosure 6**.

Table 8: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-600	-300	-400	-450
10c	200-bed	-675	-337	-450	-506
10d	350-bed	-699	-349	-466	-524
10e	600-bed	-775	-388	-517	-581

Source: CBRE

62. In summary, the analysis in **Table 8** above reiterates that there is no headroom for off-campus developer-led PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

63. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL. A headroom analysis is provided in **Table 9** below. Appraisal summaries are provided within **Enclosure 7**.

Table 9: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-391	-196	-261	-293
10c	200-bed	-467	-233	-311	-350
10d	350-bed	-491	-245	-327	-368
10e	600-bed	-568	-284	-379	-426

Source: CBRE

64. In summary, even when removing the cost of the affordable OSFC sought via Policy H7 (as modified), the developer led PBSA typologies remain unviable with no headroom available for CIL.

65. On the weight of the above (and enclosed) evidence, CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable OSFC sought via Policy H7 (as modified) or CIL.

Residential

66. CBRE notes the following observations on the CIL Viability Study Addendum:

   a. **City Centre Development**: CBRE notes that whilst York City Centre development generates the highest sales values, which is itself a symptom of supply-side constraints, the costs of development in the city centre are substantially higher than across the rest of the city. Specifically, it is a an archaeological area of importance, in the historic core conservation area, and most of the city centre is also designated high flood risk with all development having to provide a 30% betterment in terms of surface water runoff (usually through attenuation). These factors, and associated costs, do not appear to have been accounted for within the CIL Viability Study and CIL Viability Study Addendum.

   b. **Repurposing Existing Floorspace**: CYC has had a longstanding ambition to see the City make better use of the spaces it has, notably conversion of upper floor retail space, which Is generally redundant, into residential. CYC's 'Our City Centre Vision' (previously 'My City Centre Vision') explicitly sets out the objective to *"encourage re-use of the under-used upper floors of buildings through planning support and business rates approach"*. P.23 of the document also states: *"Floors above commercial units are significantly underused, dominated by storage for retail units and empty space. Introducing different and mixed uses to the centre will allow more of this space to be actively used, but conversions of these buildings are complex."*

   c. As the 'My City Centre Vision' document notes, conversion of these buildings are complex for a myriad of reasons. Some of the most notable being: planning challenges around bins/ bikes/ noise, City Centre access restrictions, achieving sound attenuation between commercial and residential uses and working in buildings of which a significant proportion are listed and all within a conservation area. The increased difficulty of conversion of these spaces is not reflected in the CIL Viability Study Addendum.

   d. Upper floors for conversion are potentially an important part of the housing supply for the City going forward, particularly at this time when York, along with many City Centre retail destinations are going through a period of significant change given the ongoing effect that online shopping has had on physical retail offerings and the decline in large format retail generally.

   e. If upper floor residential conversions are to be encouraged to meet the undersupply of residential property in the City, this approach should be explicitly tested within the CIL evidence basis.

   f. **Residential Values**:

      i. **Geographical Pricing**: The CIL Viability Addendum does not address the previous point of concern raised regarding the use of a fixed average sales values across both York city centre and areas outside the city 'core'.

      ii. CBRE has cross-referenced the 'heat mapping' in Figure 3.8 (p.22) of the CIL Viability Study (December 2022) with the commentary in paragraph 3.20 on average sales values. This states that the average sale price for apartments in the City of York (i.e. city-wide) is £5,335/m^2 (£496/ft^2). CBRE notes that the average cited is inconsistent with the heat map, which shows this rate being at the upper end of the price banding (£3,960/m^2 - £5,399/m^2), and focused in a limited geography, with prices recorded in the majority of the city outside the city centre substantially lower (at £3,564/m^2 - £3,960/m^2 or less).

iii. This infers that the pricing adopted is only likely to be appropriate for the city centre itself, and that there is in fact evidence that a lower set of sales values should have been adopted in the CIL Viability Study for apartment development outside the city centre. As it stands, the approach adopted is overstating the development value, and hence viability, of apartment development outside the city centre core.

iv. **Sales Values:** The input assumptions contained in the CIL Viability Study (December 2022) for residential typologies were originally collated from Land Registry between January 2019 and May 2022, then indexed to August 2022 using the House Price Index ('HPI').

v. The CIL Viability Addendum is based on the same data set which has been indexed using HPI up to June 2023 (latest available). It appears that the CIL Viability Addendum therefore does not rely on new transactional evidence post May 2022 and relies entirely on indexed historic transactions only.

vi. The sales values adopted by PPE are summarised in Table A1.1 below.

Table A1.1 Changing psm residential sales values

Residential type	Average £psm		% change
	Q3 2022	Q2 2023	
Flats / apartments	£5,335	£5,390	+1.03%
Houses	£4,200	£4,198	-0.05%

vii. PPE has not sourced and analysed new transactional evidence post May 2022 or considered the availability and asking prices of all housing types for live schemes (exception of flats which have been considered as at September 2023) for the CIL Viability Study Addendum. Placing weight solely on the indexation of somewhat historic transactional evidence does not give a true representation of the current state of the housing market in York and more recent data should be relied upon. However, CBRE note that PPE utilised the latest HPI data available (i.e., from June 2023) at the time of preparing the CIL Viability Study Addendum.

viii. **Inflation**: Prices have been adopted at £4,200/m^2 for houses and £5,390/m^2 for flats, which is base dated to June 2023. CBRE has cross-checked against the latest data available (as at January 2024) from the Land Registry House Price Index ('HPI') for November 2023. This confirms that pricing had remained relatively unchanged, reducing by 0.125% in the period from June 2023. However, this data lags by circa 3 months and residential developers have publicly reported continued slowing of reservation and conversion rates as well as reduced buyer demand and downward pricing pressure (and increased incentivisation) during H2 2023. CBRE expects this pressure to continue over 2024 and manifest in price decreases, lower transaction volumes and slower sales trajectories in new build development.

g. **Residential Build Costs**:

i. **Flatted / Apartment Costs**: The CIL Viability Study Addendum adopts the RICS BCIS (median) midpoint rate between flats 1-2 storey and flats 3-5 storey at a cost of £1,580/m^2 (£147ft^2) as at Q2 2023 for the construction of apartments across York. This reportedly reflects a 5.0% increase on construction costs adopted for the CIL Viability Study at Q3 2022. However, CBRE is of the opinion that this does not go far enough in fully reflecting inflation of construction costs during this period.

ii. Based on recent experience, CBRE confirm that it is not possible to construct residential apartments within the city (and certainly not the city centre) at the cost rate adopted within the viability modelling. It will substantially overstate the financial viability of flatted apartment development typologies.

iii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the latest RICS BCIS data published at 16 January 2024. On an equivalent basis, the cost now stands at £1,638/m2 (£152/ft2) for apartments across York, which is an increase of 3.7%. As a result, construction costs have increased ahead of residential property price inflation, which will have a negative impact on scheme viability.

iv. **Benchmark Build Costs:** Rex Proctor & Partners ('RPP') was appointed by CYC to undertake a review of construction costs (as at April 2023) presented by Oakgate Group Limited in respect of their proposed scheme for 35 apartments at 1 Mill Street, York (planning ref: 21/01045/FULM). RPP considered that the applicant's base build construction costs to be reasonably based on other similar recent submissions and RPP's own internal cost data. RPP noted some potential savings (c. 5%) but concluded on a revised construction cost of £218.28/ft² for base build and externals.

v. For consistency with PPE's approach, CBRE has used BCIS All-in TPI (published January 2024) to take into account construction cost inflation in the intervening period, which results in an uplift from £218.28/ft² as at Q2 2023 to £221.70/ft² at Q1 2024.

h. **Garages**: The CIL Viability Study Addendum includes a single garage cost of £9,000. The latest information provided to CBRE by volume housebuilders places the current cost at in excess of £16,000 per single garage in Q1 2024. As a result, the cost allowance in the CIL Viability Study Addendum is considered unreasonably low.

i. **Other development costs**:

viii. **Contingency:** The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conversation area.

ix. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk.

x. **Demolition and land remediation**: The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[12]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

i. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

ii. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for residential brownfield typologies. These costs range from £45,714 to £1.4m based on site areas of between 0.11 and 3.50 net hectares.

iii. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

iv. **M4(2), M4(3)(A) and M4(3)(B)**: the costs appear to be based on a historic EC Harris report, which dates from 2014. However, rates adopted should be indexed to present day to fully reflect the impact of inflation.

j. **BLV:**

i. **Residential Typologies:** PPE formed opinions of residential land BLVs for the Local Plan viability assessment undertaken in 2018. Subsequently, for the purpose of the CIL Viability Study (December 2022), PPE reportedly used Savills Residential Land Value Index as a proxy to determine the change in current BLVs since the preparation of the Local Plan viability assessment.

ii. It appears that the CIL Viability Study Addendum does not rely on any new land transactional evidence since 2018. PPE has not sought to obtain up to date transactional evidence, which CBRE considers a significant oversight by PPE.

iii. CBRE therefore remains unclear on the logic and relevance behind the BLVs adopted in the CIL Viability Study Addendum. The BLVs have been extracted from the residential appraisals and reiterated in the **Table 10** below.

[12] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

Table 10: CIL Viability Study & CIL Viability Study Addendum | BLV

Typology	BLV per gross area (hectares)
Residential (City Centre)	£1,700,000
Residential (Urban & Suburban)	£1,120,000
Residential (Village/Rural)	£900,000
Residential Agricultural /Greenfield	£450,000

Source: CYC

iv. CBRE has gathered market transactional evidence for sites brought forward for residential use as set out below.

1. Eboracum Way, York: In December 2022, the 0.57-acre site was acquired by Modernistiq (Layerthorpe) Ltd for £2,900,000 (£5,102,669/gross acre). Residential scheme comprising 62 units (planning ref: 19/01467/FULM).

v. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

k. **Summary:** Overall, CBRE would advocate a cautious approach is taken by CYC to setting CIL rates in what represents a slowing and, potentially, reversing housing market into 2024, particularly if CYC is minded to seek to maintain or increase levels of affordable housing provision as part of the overall housing supply.

Failure to Strike an Appropriate Balance

67. In setting CIL rates, CYC must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments. In accordance with CIL Regulation 14(1)[13], CYC must be able to demonstrate and explain how the proposed CIL rate(s) will contribute towards the implementation of the Plan and support development across city.

68. As set out in PPG[14], Charging Schedules should be consistent with, and support the implementation of, up-to-date relevant plans.

[13] CIL Regulations 2010 (as amended)
[14] PPG CIL: Paragraph: 011 Reference ID: 25-011-20190901

69. The charging authority must take development costs into account when setting CIL rates, particularly those likely to be incurred on strategic sites or brownfield land. Importantly, development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan.

70. As also clearly set out in the RICS Guidance[15], the impact on viability of a CIL, whether proposed or existing, should be considered alongside the policy requirements of the Plan. In simple terms, a 'policy-on' approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for, and taking precedence over, the introduction of CIL rate setting.

71. Moreover, CBRE concludes that it is illogical and counter-intuitive for CYC to introduce the proposed CIL rates for off campus PBSA and residential use development for the published CIL Viability Study Addendum document does not constitute up-to-date appropriate available evidence to underpin the proposed rates within the Revised CIL DCS.

72. As a result, if submitted to PINS for examination in its present form and with the current evidence base, Fusion would strongly contend that the Revised CIL DCS is unsound and should not be endorsed by the Examiner for the above fundamental reasons and further technical deficiencies expanded upon below.

73. If non-compliance could not be rectified via modification(s) prior to submission to PINS or by recommendation from the Examiner, the Examiner would be requested to reject the Revised CIL DCS in accordance with Section 212A(2) of the 2008 Act.

Lack of Transparency

74. There is a lack of transparency in the CIL Viability Study that CBRE deems falls short of the requirements and expectations of PPG CIL (Paragraph: 019 Reference ID: 25-019-20190901), PPG Viability (Paragraph: 010 Reference ID: 10-010-20180724), the NPPF (para. 58), the RICS Guidance[16] and RICS Professional Standards[17], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

75. Whilst all appraisals have now been provided, the corresponding cashflows have not. This is inadequate and all cashflows for residential and non-residential typologies (notably PBSA) should be issued.

76. Without this stakeholders cannot see stabilisation and exit periods corresponding to gross development value (GDV), monthly apportionment of construction and other costs and finance roll-up. This means the actual viability testing evidence utilised to set proposed CIL rates is not published in its entirety, available, and cannot be interrogated appropriately.

[15] RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14
[16] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note
[17] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition

Conclusions and Recommendations

77. Fusion cannot endorse or support the Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study Addendum, as presently published.

78. In fact, for the reasons set out in this document and its enclosures, Fusion has fundamental doubts regarding the appropriateness of the timing of this consultation on a new CIL DCS. Fusion also has severe reservations regarding the questionable validity and dependability of the published viability evidence base upon which the proposed new charging rates for PBSA use development within the Revised CIL DCS is reliant, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

79. On this basis, Fusion cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

80. Fusion therefore hopes that this feedback prepared by CBRE, and the accompanying commentary from O'Neill Associates, is useful to CYC in reconsidering whether it is rational, prudent and justified to be proceeding with pursuing adoption of a CIL charging regime under the current circumstances.

81. To rectify the issues identified, Fusion advocate that the CIL rates proposed to apply to off campus PBSA development should be reduced to £0/m^2. CYC should undertake this action via modification to the published Revised CIL DCS.

82. CBRE's evidence demonstrates this modification to the Revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications CYC's to Policy H7 to introduce an 2.5% affordable housing equivalent OSFC contribution per student room on sites brought forward.

83. Nevertheless, should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation, Fusion will be left with no choice but to continue to pursue this matter and will seek that the Examiner rejects the Charging Schedule via the examination process.

84. Should CYC wish to engage directly with Fusion on the matter, CBRE will be able to facilitate such arrangements.

Enclosures

Enclosure 1: Schedule of Proposed & Adopted CIL Rates in Yorkshire & Humber Region

Local Authority	CIL status	Date	Residential Charges	Retail/Commercial Charges	Others
Barnsley	Draft Charging Schedule Published	17/10/2016	Four large residential charging zones with rates of £80, £50, £10, and £0 per square metre. Four small residential charging zones with rates of £80, £50, £30, and £0 per square metre.	Retail developments (A1) will be charged £70 per square metre.	No charge for all other uses.
Bradford	**Adopted**	21/03/2017	Four residential development charging zones with rates of £100, £50, £20 and £0 per square metre. No charge for specialist older persons housing.	Two retail warehouse development charging zones with rates of £85 and £0 per square metre. Large scale supermarket developments will be charged £50 per square metre.	No charge for all other uses.
Calderdale	Charging Schedule Submitted	11/01/2019	Six residential housing charging zones with rates of £85, £40, £25, £10, £5 and £0 per square metre. Two residential institutions and care home development charging zones with rates of £360 and £60 per square metre. Hotel developments will be charged at £60 per square metre.	Large convenience retail developments will be charged £45 per square metre. Retail warehouse developments will be charged at £100 per square metre.	All other chargebale uses will be charged £5 per square metre.
East Riding of Yorkshire	Draft Charging Schedule Published	23/01/2017	Five residential development charging zones with rates of £90, £60, £20, £10 and £0 per square metre.	Retail warehouse developments will be charged £75 per square metre.	No charge for all other uses.
Hambleton	**Adopted**	17/03/2015	Private market housing (excluding apartments) will be charged £55 per square metre.	Retail warehouses are to be charged £40 per square metre. Supermarkets are to be charged £90 per square metre.	No charge for all other uses.
Harrogate	**Adopted**	08/07/2020	Small scale residential developments will be charged £50 per square metre. Two charging zones for all other residential developments with rates of £50 and £0 per square metre. Two sheltered housing development charging zones with rates of £60 and £40 per square metre.	Three retail development charging zones for shops with rates of £120, £40 and £0 per square metre. Large supermarket and retail warehouse developments will be charged £120 per square metre. Small supermarkets will be charged £40 per square metre. Distribution developments will be charged £20 per square metre.	No charge for all other uses.
Hull	**Adopted**	23/01/2018	Two residential housing development charging zones with rates of £60 and £0 per square metre. Residential apartment developments will be charged £0 per square metre.	Large scale supermarket developments will be charged £50 per square metre. Small scale supermarket developments will be charged £5 per square metre. Retail warehouse developments will be charged £25 per square metre.	No charge for all other uses.
Kirklees	Examination Report Published	10/01/2020	Four residential charging zones with rates of £80,£20, £5 and £0 per square metre.	No charge for all commercial or industrial uses.	No charge for all other uses.
Leeds	**Adopted**	12/11/2014	Four residential charging zones with rates of £5, £23, £45 and £90 per square metre.	Two charging zones for supermarket developments with rates of £110 and £175 per square metre. Two charging zones for large comparison retail with rates of £35 and £55 per square metre. City centre offices will be charged £35 per square metre.	Publicly funded or not for profit developments will not be charged CIL. All other uses will be charged £5 per square metre.
Richmondshire	Preliminary Draft Charging Schedule Published	24/10/2016	Three residential development charging zones with rates of £120, £50 and £0 per square metre.	Supermarket developments will be charged £120 per square metre. Retail warehouse developments will be charged £60 per square metre. Neighbourhood convenience retail developments will be charged £60 per square metre.	No charge for all other uses.
Rotherham	**Adopted**	07/12/2016	Three residential charging zones with rates of £55, £30 and £15 per square metre. Retirement living developments will be charged £20 per square metre.	Large scale supermarket developments will be charged £60 per square metre. Large scale retail warehouse and retail park developments will be charged £30 per square metre.	No charge for all other uses.
Ryedale	**Adopted**	14/01/2016	Two residential charging zones with rates of £85 and £45 per square metre. No charge for apartment developments.	Supermarkets will be charged £120 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Selby	**Adopted**	03/12/2015	Three residential charging zones with rates of £50, £35 and £10 per square metre.	Supermarkets will be charged £110 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Sheffield	**Adopted**	03/06/2015	Four residential (C3 and C4) charging zones with rates of £80, £50, £30 and £0 per square metre. Hotel developments will be charged £40 per square metre. Student accommodation developments will be charged £30 per square metre.	Large retail developments are to be charged £60 per square metre. Three retail development (A1) charging zones with rates of £60, £30 and £0 per square metre.	No charge for all other uses.
Wakefield	**Adopted**	20/01/2016	Three residential charging zones with rates of £55, £20 and £0 per square metre.	Large supermarkets will be charged £103 per square metre. Retail warehouse developments will be charged £89 per square metre.	No charge for all other uses.

Enclosure 2: Investment Yield Guides – Q1 2024

CBRE

After a difficult 2023, Q1 looks likely to follow the same pattern.

Retail
Low volumes continue with few prime opportunities available.

Out of Town Retail
A few assets sold prior to year end, with several more under offer.

Industrial
Limited prime opportunities and worries over weaker rental growth prospects.

Offices
A few transactions completed at the end of the year in a weak market .

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
OFFICES						
West End (Mayfair/St James's)	3.75	3.75	4.00	4.00	4.00	Weaker
West End Non Core	4.00	4.25	4.50	4.75	4.75	Weaker
City of London	4.50	5.00	5.50	5.75	5.75	Weaker
M25/South East	6.25	6.50	6.85	7.00	7.00	Weaker
Regional Cities	6.00	5.75	6.00	6.25	6.25	Weaker
Good Secondary	9.25	9.50	9.75	10.00	10.00	Weaker
Secondary	13.00	13.50	13.75	14.00	14.00	Weaker
INDUSTRIAL						
Prime Distribution	5.25	5.25	5.25	5.25	5.25	Weaker
Prime Estate (Greater London)	4.75	4.75	4.75	4.75	4.75	Weaker
Prime Estate (Ex Greater London)	5.25	5.25	5.25	5.25	5.25	Weaker
Good Secondary	6.25	6.25	6.25	6.50	6.50	Weaker
Secondary Estate	7.25	7.25	7.25	7.50	7.50	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
HIGH STREET SHOPS						
Prime	6.75	6.75	6.75	7.00	7.00	Stable
Good Secondary	9.00	9.00	9.00	9.00	9.00	Stable
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	5.25	5.25	5.25	5.25	5.25	Weaker
SHOPPING CENTRES						
Prime	8.25	8.25	8.25	8.25	8.25	Stable
Best Secondary	12.00	12.00	12.00	12.00	12.00	Stable
Secondary	16.00	16.00	16.00	16.00	16.00	Stable
RETAIL WAREHOUSES						
Park – Prime – Open User	5.75	5.50	6.00	6.25	6.25	Weaker
Park – Prime – Bulky User	5.75	5.50	6.00	6.25	6.25	Weaker
Solus – Prime – Bulky User	5.75	5.50	5.75	6.25	6.25	Weaker
Park - Secondary	7.75	7.50	7.75	8.00	8.00	Weaker

CBRE

All sectors remain trending weaker as financial indicators improve.

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
LEISURE						
Prime Leisure Park	7.50	7.50	7.75	8.00	8.00	Weaker
Good Secondary Leisure Park	10.00	10.25	10.75	11.50	11.50	Weaker
Cinema Prime	7.50	7.50	8.00	8.50	8.50	Weaker
Health & Fitness Prime	5.75	5.50	5.50	6.00	6.00	Weaker
HOTELS						
Prime London Vacant Possession	4.75	4.75	4.75	5.00	5.00	Weaker
Prime London Management Contract	5.75	5.75	5.75	6.00	6.00	Weaker
Prime London Lease	4.50	4.50	4.75	4.75	4.75	Weaker
Prime Regional Vacant Possession	7.25	7.25	7.25	7.50	7.50	Weaker
Prime Regional Management Contract	8.50	8.50	8.50	8.50	8.50	Weaker
Prime Regional Lease	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
PUBS						
Prime London Corporate Pub	4.00	4.00	4.25	4.50	4.50	Weaker
Prime Regional Corporate Pub	6.75	6.75	7.50	8.00	8.00	Weaker
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI Lease	5.75	5.75	6.00	6.00	6.00	Weaker
Petrol Filling Station Prime RPI Lease	5.25	5.25	5.50	5.50	5.50	Weaker
Car Park Prime RPI Lease	5.50	5.50	5.75	6.50	6.50	Weaker
FINANCIAL INDICATORS						
Base Rate	4.00	4.50	5.25	5.25	5.25	◀▶
5 Year Swaps	4.02	4.48	4.92	4.09	3.62	▼
10 Year Gilts	3.82	4.18	4.61	4.16	3.82	▼
RPI	13.40	11.40	9.00	6.10	5.30	▼
CPI	10.10	8.70	6.80	4.60	3.90	▼

CBRE

Yields and sentiment unchanged

Residential

Yields and sentiment unchanged. Investors buoyed by tentative signs of positivity in economy.

Changes in red/Last month in brackets

Student

Sentiment remains positive for best in class "clean and green" properties with strong rental growth prospects, however, non-prime assets are seeing less demand from investors.

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.60	3.60	3.85	4.15	4.15	Weaker
London Zone 2 Good Secondary	4.00	4.00	4.25	4.50	4.50	Weaker
London Zone 3 to 6 Prime	3.75	3.75	4.00	4.25	4.25	Weaker
London Zone 3 to 6 Good Secondary	4.00	4.00	4.15	4.50	4.50	Weaker
South East Prime	4.00	4.00	4.15	4.25	4.25	Weaker
South East Good Secondary	4.50	4.50	4.50	4.50	4.50	Weaker
Regional Cities Prime	4.15	4.15	4.25	4.35	4.35	Weaker
Regional Cities Secondary	4.75	4.75	4.75	4.75	4.75	Weaker
Other Regional Centres Prime	4.50	4.50	4.50	4.50	4.50	Weaker
Other Regional Centres Secondary	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.80	3.80	4.00	4.15	4.15	Weaker
North West Prime	4.15	4.15	4.25	4.35	4.35	Weaker
HEALTHCARE						
Care Homes Prime (Not for Profit)	4.15	4.25	4.50	4.50	4.50	Weaker
Care Homes Prime (SPV)	5.50	5.50	5.50	5.50	5.50	Weaker
Care Homes Secondary	7.50	7.50	7.50	7.75	7.75	Weaker
STUDENT ACCOMMODATION						
Central London Direct Let	3.75	3.75	4.00	4.25	4.25	Stable
Prime Regional Direct Let	5.00	5.00	5.00	5.00	5.00	Stable
Secondary Regional Direct Let	8.50	8.50	8.50	8.50	8.50	Stable
Central London RPI Lease	4.00	4.00	4.00	4.25	4.25	Stable
Prime Regional RPI Lease	4.00	4.00	4.00	4..25	4..25	Stable
Secondary Regional RPI Lease	5.25	5.25	5.25	5.50	5.50	Stable

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Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Knight Frank

Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.

SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Prime London - 25 yr lease, Annual RPI	4.00% - 4.25%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	4.25% +		NEGATIVE
	Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.50% +		NEGATIVE
Co-Living	Prime London	4.00%	4.00% +	4.00% +	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	5.00%		STABLE
Build to Rent	Zone 1 London Prime	3.25% +	3.60%	3.75%	3.75% +	3.90%	3.90%	3.90%		STABLE
	Zone 2 London Prime	3.25% - 3.50%	3.80%	3.90%	4.00%	4.00% +	4.00% +	4.00% +		STABLE
	Zones 3-4 London Prime	3.5% +	3.90%	4.00%	4.00% +	4.15% +	4.15% +	4.15% +		STABLE
	Greater London Prime	3.75% +	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	South East Prime	3.75% - 4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	Tier 1 Regional Cities	4.00%	4.20%	4.25%	4.35%	4.50% -	4.50%	4.50%		STABLE
	Tier 2 Regional Cities	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	4.75% +		STABLE
	South East – Single Family Housing	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Regional – Single Family Housing	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	4.50% +		STABLE
Seniors Housing	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE

Your partners in property.

Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

KEY RESEARCH

CLICK TO DOWNLOAD PBSA

CLICK TO DOWNLOAD BTR

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q3 2023

Knight Frank V&A

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Enclosure 3: RICS BCIS – Rebased to York (January 2024)

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 13-Jan-2024 07:26

Rebased to 1Q 2024 (389; forecast) and York (98; sample 19)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
816. Flats (apartments)								
Generally (15)	1,748	865	1,451	1,645	1,976	5,925	828	
1-2 storey (15)	1,649	1,007	1,386	1,561	1,842	3,419	173	
3-5 storey (15)	1,725	865	1,443	1,638	1,943	3,616	554	
6 storey or above (15)	2,057	1,255	1,667	1,935	2,232	5,925	98	
856.2 Students' residences, halls of residence, etc (15)	2,190	1,260	1,963	2,211	2,437	3,582	52	

Enclosure 4: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
100 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Includes Policy H7 2.5% OSFC/room
100 beds

Appraisal Summary for Phase 5 100 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION				**12,804,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(321,685)	
				(321,685)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	**7,329,925**
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				1,123,509
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	645,033	
				645,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	256,080	
				256,080
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(51,402)	
Construction			760,990	
Total Finance Cost				709,587
TOTAL COSTS				**10,670,000**
PROFIT				
				2,134,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	31.70%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
200 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Includes Policy H7 2.5% OSFC/room
200 beds

Appraisal Summary for Phase 6 200 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION	**25,608,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(1,005,781)	
		(1,005,781)

CONSTRUCTION COSTS

Construction

	ft²	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	**14,659,850**
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				2,295,018
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900

PROFESSIONAL FEES

Professional Fees	8.00%	1,290,067	
			1,290,067

DISPOSAL FEES

Sales Agent Fee	2.00%	512,160	
			512,160

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)

Land	(198,017)	
Construction	1,929,803	
Total Finance Cost		1,731,786

TOTAL COSTS	**21,340,000**
PROFIT	
	4,268,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	27.57%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
350 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
350 beds

Appraisal Summary for Phase 7 350 (V2)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION				**44,813,792**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(2,159,876)	
				(2,159,876)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	**25,654,398**
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				3,998,233
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,257,587	
				2,257,587
DISPOSAL FEES				
Sales Agent Fee		2.00%	896,276	
				896,276
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(490,017)	
Construction			3,939,325	
Total Finance Cost				3,449,308
TOTAL COSTS				**37,344,826**
PROFIT				
				7,468,966

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	25.28%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
600 beds

Appraisal Summary for Phase 8 600 (V2)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION				**76,824,178**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(4,860,938)	
				(4,860,938)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,870,171	
				3,870,171
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,536,484	
				1,536,484
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,318,728)	
Construction			8,254,486	
Total Finance Cost				6,935,758
TOTAL COSTS				**64,020,142**
PROFIT				
				12,804,037

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.94%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 5: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
100 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
100 Beds

Appraisal Summary for Phase 1 100 (V1)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology

Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION	**12,804,000**

OUTLAY

ACQUISITION COSTS

Residualised Price		343,343	
			343,343
Stamp Duty		6,667	
Effective Stamp Duty Rate	1.94%		
Agent Fee	1.00%	3,433	
Legal Fee	0.80%	2,747	
			12,847

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				8,453,434
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550

PROFESSIONAL FEES

Professional Fees	8.00%	645,033	
			645,033

DISPOSAL FEES

Sales Agent Fee	2.00%	256,080	
			256,080

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)

Land	62,329	
Construction	669,382	
Total Finance Cost		731,712

TOTAL COSTS	**10,670,000**
PROFIT	
	2,134,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	30.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
200 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
200 Beds

Appraisal Summary for Phase 2 200 (V1)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION				**25,608,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			336,588	
				336,588
Stamp Duty			6,329	
Effective Stamp Duty Rate		1.88%		
Agent Fee		1.00%	3,366	
Legal Fee		0.80%	2,693	
				12,388
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				16,954,869
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,290,067	
				1,290,067
DISPOSAL FEES				
Sales Agent Fee		2.00%	512,160	
				512,160
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			75,713	
Construction			1,701,316	
Total Finance Cost				1,777,028
TOTAL COSTS				**21,340,000**
PROFIT				
				4,268,000

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	26.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
350 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
350 Beds

Appraisal Summary for Phase 3 350 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION	**44,813,792**

OUTLAY

ACQUISITION COSTS			
Residualised Price		204,653	
			204,653
Agent Fee	1.00%	2,047	
Legal Fee	0.80%	1,637	
			3,684

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				29,652,631
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900

PROFESSIONAL FEES			
Professional Fees	8.00%	2,257,587	
			2,257,587
DISPOSAL FEES			
Sales Agent Fee	2.00%	896,276	
			896,276
FINANCE			
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)			
Land		52,396	
Construction		3,478,702	
Total Finance Cost			3,531,098

TOTAL COSTS	**37,344,828**
PROFIT	
	7,468,964

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	24.38%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
600 Beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
600 Beds

Appraisal Summary for Phase 4 600 (V1)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION				**76,824,178**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (Negative land)			(818,452)		
				(818,452)	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**	
Externals		10.00%	4,397,921		
Site Abnormals	2 ac	400,000 /ac	652,000		
Contingency		4.00%	1,935,085		
				6,985,006	
Other Construction					
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000		
Policy G12 BNG	2 ac	15,000 /ac	24,450		
				1,374,450	
PROFESSIONAL FEES					
Professional Fees		8.00%	3,870,171		
				3,870,171	
DISPOSAL FEES					
Sales Agent Fee		2.00%	1,536,484		
				1,536,484	
FINANCE					
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)					
Land			(228,187)		
Construction			7,321,459		
Total Finance Cost				7,093,272	
TOTAL COSTS				**64,020,141**	
PROFIT					
				12,804,037	

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	22.03%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 6: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 13 100 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000
NET REALISATION				**12,222,000**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,744,175)	
				(1,744,175)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	714,844	
				714,844
DISPOSAL FEES				
Sales Agent Fee		2.00%	244,440	
				244,440
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(242,974)	
Construction			834,982	
Total Finance Cost				592,007
TOTAL COSTS				**10,184,999**
PROFIT				
				2,037,001

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	40.21%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 14 200 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION	**24,444,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(3,809,821)	
		(3,809,821)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900

PROFESSIONAL FEES

Professional Fees	8.00%	1,429,689	
			1,429,689

DISPOSAL FEES

Sales Agent Fee	2.00%	488,880	
			488,880

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(661,256)	
Construction	2,116,943	
Total Finance Cost		1,455,687

TOTAL COSTS	**20,370,001**

PROFIT

4,073,999

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	34.83%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 15 350 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801
NET REALISATION				**42,776,801**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(7,012,275)	
				(7,012,275)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,410,817)	
Construction			4,322,340	
Total Finance Cost				2,911,522
TOTAL COSTS				**35,647,336**
PROFIT				
				7,129,466

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	31.95%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 16 600 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION				**73,332,170**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(13,056,267)	
				(13,056,267)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	4,289,033	
				4,289,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,466,643	
				1,466,643
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(3,166,713)	
Construction			9,057,416	
Total Finance Cost				5,890,704
TOTAL COSTS				**61,110,125**
PROFIT				
				12,222,045

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.31%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 7: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY	**LICENSED COPY**

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 9 100 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000

NET REALISATION	**12,222,000**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,049,259)	
				(1,049,259)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	714,844	
				714,844
DISPOSAL FEES				
Sales Agent Fee		2.00%	244,440	
				244,440
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(146,285)	
Construction			743,374	
Total Finance Cost				597,089
TOTAL COSTS				**10,184,997**
PROFIT				
				2,037,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	37.54%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 10 200 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION				**24,444,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(2,420,391)	
				(2,420,391)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(422,202)	
Construction			1,888,456	
Total Finance Cost				1,466,253
TOTAL COSTS				**20,369,997**
PROFIT				
				4,074,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	32.48%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 11 350 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801

NET REALISATION	**42,776,801**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			(4,584,492)	
				(4,584,492)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900

PROFESSIONAL FEES

Professional Fees	8.00%	2,501,922	
			2,501,922

DISPOSAL FEES

Sales Agent Fee	2.00%	855,536	
			855,536

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)

Land	(927,979)	
Construction	3,861,716	
Total Finance Cost		2,933,737

TOTAL COSTS	**35,647,333**
PROFIT	
	7,129,468

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.71%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

Development Appraisal
Licensed Copy
25 January 2024

APPRAISAL SUMMARY **LICENSED COPY**

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 12 600 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 600 bed typology	600	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION	**73,332,170**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(8,908,941)	
				(8,908,941)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450
PROFESSIONAL FEES				
Professional Fees		8.00%	4,289,033	
				4,289,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,466,643	
				1,466,643
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(2,180,996)	
Construction			8,124,389	
Total Finance Cost				5,943,393
TOTAL COSTS				**61,110,141**
PROFIT				
				12,222,029

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	26.97%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

[redacted]

From: [redacted]
Sent: 31 January 2024 17:59
To: localplan@york.gov.uk
Subject: CIL Charging Schedule and Sensitivity Test: Representations by Gregory Property Group
Attachments: CYC Revised CIL DCS Consultation 2024 - Gregory Property Group (CBRE 31.01.24).pdf; Yfir2401.cli.gh.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Local Plans,

On behalf of the Gregory property Group, I am attaching a copy of our representations on the CIL Charging Schedule and Sensitivity Test which is currently out to consultation.

The representations comprise:

- Covering letter from O'Neill Associates
- Technical Report from CBRE

We look forward to hearing from you regarding the next stage of the consultation process

Regards

[redacted]
O'Neill Associates
Lancaster House | James Nicolson Link | Clifton | York YO30 4GR | 01904 692313
www.oneill-associates.co.uk

Strategic Planning Policy Team
City of York Council
West Offices
Station Rise
York
YO1 6GA

Our ref: Yfir2401.cli.gh
Date: 31 January 2024
Email: [redacted]

Dear Sir / Madam

CONSULTATION ON THE REVISED COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE FOR THE CITY OF YORK: RESPONSE ON BEHALF OF THE GREGORY PROPERTY GROUP

Introduction

These representations are submitted on behalf of the Gregory Property Group. They relate to City of York Council's consultation on the revised Community Infrastructure Levy Draft Charging Schedule (as amended on the 21 December 2023), the CIL Sensitivity Test Viability Report (November 2023) and the Errata Addendum (21 December 2023).

A copy of this letter along with the enclosed Technical Representation prepared by CBRE (January 2024) has been sent via email to localplan@york.gov.uk. Our contact details are provided within the footer and we hereby accept the privacy policy as set out in the Council's Consultation Privacy Notice. At the outset, we would like to set out our request to be notified about:

1. The submission of the CIL Draft Charging Schedule to the Examiner in accordance with Section 212 of the Planning Act 2008;
2. the publication of the recommendations of the Examiner and the reasons for those recommendations; and
3. the adoption of the charging schedule by the charging authority.

In accordance with Regulation 21 of the CIL Regulations 2010 we also wish to exercise our right to be heard by the examiner either as a consortium or as an independent stakeholder organisation.

Representations

The Gregory Property Group is a well-established developer in North Yorkshire, working across a range of property sectors including commercial and industrial developments, residential use and PBSA, retail and leisure. They are currently promoting the redevelopment of land at 15 Foss Islands Road (ref: 23/01647/FULM) for student housing, comprising 133 no. bedspaces with access, car parking and landscaping.

The application is a resubmission of previous application 22/01795/FULM, which proposed a similar level of development but was refused for 2 reasons, the second of which related to the limited room sizes within the development (min 20 sqm), a lack of communal space on all levels, under-provision of lifts (1) and the number of accessible car parking spaces. The revised proposals have sought to address the development management issues but as a knock on effect, the efficiency of the building (net to gross useable area) has been reduced. In addition, a contribution towards affordable housing of circa £800,000 has been requested by the Council in accordance with the formula set out in Draft Local Plan Policy H7. This was not included within the Heads of Terms for the refused application and a combination of these two factors would make the scheme unviable.

Our client's experience at 15 Foss Islands Road offers a real time example of the impact of policy H7 on the viability of off-campus PBSA. The introduction of a mandatory CIL charging regime for this form of development would only further threaten the viability of the scheme. In our view, the impact of the proposed charge being rolled out across the local authority area would be to either:

1. inhibit the development of PBSA for which there is a recognised and long-established need in the City; or
2. compromise the contributions to affordable housing sought through Draft Policy H7 as the only negotiable element of the financial obligations to be imposed on PBSA development.

In setting CIL rates, a charging authority must aim to strike an appropriate balance between the level of funding required to support the development of its area and the potential effects of the imposition of CIL on the economic viability of development. To achieve this for purpose built student accommodation (off-campus), it is considered that the CIL rates should be reduced to £0/m². This is based on Gregory's own experience along with the modelling undertaken by CBRE in their enclosed technical representation. The report concludes that:

"if correcting the errors identified in PPE's evidence…….there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable housing OSFC sought via Policy H7 (as modified) or CIL"

Upon this basis, the Gregory Property Group objects to the proposed changes in the Community Infrastructure Levy Draft Charging Schedule (as amended on the 21 December 2023) for off-campus Purpose Built Student Accommodation. They also challenge the evidence provided in the CIL Sensitivity Test Viability Report (November 2023) and its associated Errata Addendum (December 2023).

We would be grateful if you could consider these representations as part of the current consultation process and look forward to hearing from you regarding the next steps.

Yours sincerely

[redacted]

CBRE

City of York Revised CIL Draft Charging Schedule Consultation

Technical representation prepared by CBRE UK Ltd on behalf of:

Gregory Property Group Limited

January 2024

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by Gregory Property Group Limited ('Gregory Property'), who has land and property interests in York, to prepare a formal representation document setting out a technical response to the City of York Council ('CYC') Community Infrastructure Levy ('CIL') Draft Charging Schedule ('DCS') Proposed Modifications consultation ('the consultation').

2. CBRE's technical representations focus upon the evidence base underpinning the CYC CIL DCS Proposed Modifications – specifically the City of York CIL Viability Study Addendum ('CIL Viability Addendum') produced by Porter Planning Economics ('PPE') and dated November 2023.

3. An overarching representation has been prepared by York-based town planning consultancy O'Neill Associates.

The Consultation

4. CYC published the following documents:

   - CIL Statement of Representations Procedure ('SORP') (published 13 February 2023)
   - CIL Consultation Information Booklet (published 13 February 2023)
   - CIL Draft Charging Schedule ('CIL DCS') (published 13 February 2023)
   - CIL Viability Study (published 13 February 2023)
   - CIL Infrastructure Funding Gap (published 13 February 2023)
   - CIL Associated Mapping (for information only) (published 13 February 2023)
   - CIL Draft Charging Schedule ('Revised CIL DCS') Proposed Modifications (as amended on 21 December 2023)
   - CIL Viability Study Addendum (dated November 2023)
   - CIL Viability Study Addendum Erratum (published 21 December 2023)

5. The consultation ran to 31 January 2024.

6. The SORP confirms CYC's intention to submit the CIL DCS for independent examination following the close of the CIL DCS consultation.

Gregory Property's Background

7. Gregory Property is a long-standing developer in North Yorkshire, working across a variety of property sectors including commercial, industrial, Purpose Built Student Accommodation ('PBSA'), residential and retail/leisure. Gregory Property intends to bring forward a redevelopment scheme in York city centre and has re-submitted a planning application (ref: 23/01647/FULM) for the redevelopment of land and premises at 15 Foss Islands Road, York.

8. This proposed development scheme comprises the provision of high-quality PBSA containing 133 no. studios with generous communal space including social areas, private dining facilities, gym, study space and 135 no. resident cycle spaces.

Gregory Property's Stance

9. Gregory Property has fundamental concerns regarding CYC's proposal to introduce CIL charging on 'off-campus' purpose built student accommodation ('PBSA') development within the Revised CIL DCS.

10. It is Gregory Property's firm view that the introduction of the proposed CIL rates will undermine the viability of new development in an environment where recent long-term construction cost inflation, softened funding investment yields, and increased debt servicing costs have placed increasing pressures on development significantly since mid-2022. This is exacerbated by the limited availability of suitable sites in what represents a highly constrained urban context.

11. In light of above Gregory Property does not accept the validity and reliability of the published viability evidence base upon which the proposed off-campus PBSA charging rate within the Revised CIL DCS relies, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

12. On this basis, Gregory Property cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the Revised CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

13. Should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation and O'Neill Associates overarching representation, Gregory Property will be left with no choice but to seek that the Examiner rejects the Charging Schedule via the examination process.

Request to be Heard and Notification Requests

14. It is stated on the consultation page of CYC's website that representations must clearly state a request to be heard at the examination of the Revised CIL DCS. It also states that representations must clearly state a request for notification of the submission of the Revised CIL DCS for examination, receipt of the Examiner's Report, and CYC's approval of the Charging Schedule.

15. This constitutes Gregory Property's formal request to be heard at the examination of the Revised CIL DCS, as an independent stakeholder organisation, and to be notified by CYC of the events listed in paragraph 12 above. This notification should be provided to both O'Neill Associates and CBRE, as instructed joint agents.

Matters of Representation

Purpose

16. This section of the document sets out the matters of representation that Gregory Property determine must be raised with CYC and ultimately, if left unresolved by CYC following the consultation, are for the consideration of the appointed Examiner.

Significance of Proposed Revised CIL DCS Rates

17. The CIL rates proposed are amongst the highest, if not the highest, across the entirety of Yorkshire and the Humber, even when allowing for indexation since adoption in other Charging Authorities. CBRE has provided a full schedule of proposed and adopted rates across the region as a comparison within **Enclosure 1**.[1]

18. Due to the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England since Harrogate adopted their CIL Charging Schedule in July 2020.

19. CBRE is aware that other Local Authorities such as Birmingham City Council have halted proposals to revise their CIL Charging Schedules over past 18 months on basis of challenging economic and property market context. CYC's proposition to introduce high charging rates for the first time is contradictory to decisions being made by other major regional cities and district authorities across the north.

20. As a result, such proposals by CYC must necessitate comprehensive, robust, and up-to-date available evidence of financial viability in order to provide appropriate justification that they will strike an appropriate balance in accordance with Regulation 14(1) of the CIL Regulations (as amended).

Illogical Timing

21. The UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022, continuing throughout 2023 and are expected to prevail into early 2024.

22. CBRE questions the logic and rationale, and efficiency in use of public funds, for introducing a CIL regime at this juncture, given the wider challenges facing development and uncertainty in both the macro-economy and property market.

[1] Note: this information was obtained from Planning Resource and is understood to have been correct as at January 2024. The rates presented are not indexed, but represent those rates either proposed (latest) or at the date of adoption of relevant Charging Schedules.

23. CYC's proposals to increase the cost burden on development at this point will exacerbate uncertainty and slow or stall development and regeneration plans on major sites across the city for PBSA development.

Outdated Evidence

24. The published available evidence to inform the Revised CIL DCS is the CIL Viability Addendum produced by PPE and dated November 2023.

25. CBRE has reviewed the CIL Viability Addendum in detail. It is apparent that the input assumptions for PBSA scheme typologies, which are subsequently utilised by PPE in undertaking the viability modelling, analysis, conclusions and recommendations rely substantially upon evidence from the 2023/24 academic year. However, the date this evidence was gathered is unclear.

26. It is well-known that student accommodation operators incorporate dynamic pricing models for advertised rents whereby towards the second half of the academic year, the marketed rental rates are generally at their highest given take-up is reaching or at capacity. Clarity should therefore been provided by PPE as to the date of the PBSA evidence as if PPE gathered their data in the second half of the academic year this could potentially be overstating the average rent for the whole academic year.

27. Moreover, the CIL Viability Addendum documents that the CIL Viability Study overstated the investment yield achievable for Prime Regional PBSA and accordingly adjusted outward the yield from 5.00% to 5.25%. However, CBRE is of the opinion that this does not go far enough in reflecting the softening in yields over the past 18 months. The CIL Viability Addendum does not cite any investment yield evidence to substantiate their conclusion.

28. The input assumptions contained in the CIL Viability Study (December 2022) for residential typologies were originally collated from Land Registry between January 2019 and May 2022, then indexed to August 2022 using the House Price Index ('HPI'). The CIL Viability Addendum is based on the same data set which has been indexed using HPI up to June 2023. It appears that the CIL Viability Addendum therefore does not rely on new transactional evidence post May 2022 and relies entirely on indexed historic transactions only. CBRE request that CYC clarify whether any new transactional evidence has been analysed for the purpose of the CIL Viability Addendum.

29. As set out above, and well-documented, there have been significant macro-economic headwinds and property market adjustment issues over the period since, as well as substantive ongoing construction cost inflation, which are material considerations that any robust viability evidence base must account for.

30. In addition, the Government is conducting a staged implementation of the Building Safety Act 2022, and has stated that it expects student accommodation to be subject to the regulatory regime under Part Three, which will have implications for the design and construction of new developments.

31. New Fire Safety (England) Regulations 2022, came into force on 23 January 2023 and under the new Regulations, a responsible person (usually a managing agent or similar) is required to provide information and carry out checks on fire safety for all buildings over 11m (or 5 storey) which contain at least two domestic premises.

32. In accordance with Approved Document B, there is also a requirement for firefighting lifts in buildings to offer additional protection and controls that enable it to be used by the fire and rescue service when fighting a fire. This is a requirement when the lift needs to travel more than 18m above or 10m below the fire service vehicle access level. The firefighting lift must have a secondary back-up power supply to ensure it continues to operate in the event of power failure in the building, a lift control system and a lift communication system.

33. The Government has also recently consulted upon amendments to Approved Document B, which proposes that all new buildings of 30m (circa 10 storeys) or above will require a second separated staircase[2]. The Greater London Authority ('GLA') has pre-empted the Government's conclusions by mandating this requirement for new development in Greater London with immediate effect.

34. The Government is currently considering responses following closure of the consultation on 17 March 2023, but it is widely anticipated that student accommodation will be required to conform to the amendments, which is prompting developers and investors to factor second staircases into plans for new development going forward in order that they can meet regulations, and be insurable, investable and deliverable. Specifically, Government states:

"58. Recognising that many schemes are in development, and this change would represent a significant change, we are proposing a very short transition period before implementing the changes.

59. The transition period will allow time for schemes to be completed but should not allow the opportunity for developments to get off the ground ahead of the new requirements coming into effect.

60. We would encourage all developments to prepare for this change now."

35. CBRE can provide examples of recently submitted PBSA schemes in York, which already take into account the Government's proposal for a second staircase in order to future proof the developments. These example schemes include:

   a. 15 Foss Islands Road, York (planning ref: 23/01647/FULM): The proposed accommodation is arranged over ground floor + 4 storeys and incorporates 3 staircases and a dual lift core.

   b. Coney Riverside, Coney Street, York (planning ref: 22/02525/FULM): The proposed accommodation is arranged over basement, ground + 5 storeys and incorporates 3 staircases with dual and singular lift cores in Zone 3 and 1 staircase with a dual lift core in Zone 4.

36. Based on the impact assessment conducted, the Government has publicly acknowledged that the implications of additional construction costs, and loss of build efficiency, will impact negatively on the financial viability of development and, as a result, is likely to reduce the propensity of higher density schemes to deliver affordable housing as a consequence:

"65. The costs of a second staircase will also impact the viability of high rise buildings, this is likely to reduce the amount of affordable housing that can be provided by developers."

37. The impact will be that gross to net build efficiency is reduced, meaning lower net lettable floorspace against a higher or equivalent gross internal area (GIA).

38. It does not appear that the CIL Viability Addendum has accounted for the this or addressed the implications.

[2] https://www.gov.uk/government/consultations/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings

39. Finally, the Government launched the Building Safety Levy: Technical Consultation on 23rd January 2024[3]. This confirms that an additional charge on new development – including both residential and PBSA uses – is proposed to be charged on a broadly consistent basis to CIL. Whilst a 50% discount will be applied to development on brownfield land, it will nevertheless reflect an additional and non-negotiable capital cost to new development schemes, and will impact negatively on development viability.

40. The additional cost of the Building Safety Levy has yet to be quantified, meaning it is difficult to accurately account for this additional cost within the CIL setting process. However, the most prudent approach would be to ensure that a substantial buffer is introduced prior to the setting of CIL rates – of at least 50% of the available 'surplus' for CIL as tested via the viability modelling process.

41. CBRE has provided further details upon this relating to PBSA use within the 'Technical Deficiencies' sub-section of this representation.

Technical Deficiencies

Purpose Built Student Housing

42. There are a range of detailed technical issues identified, which render the CIL Viability Addendum as an unsound basis for setting the proposed CIL rates for purpose built student housing, and which Gregory Property advocate will require rectification prior to CYC proceeding with the Revised CIL DCS as presently published:

    a. **Rents, Yields and Capital Values for Off-Campus PBSA Typologies:**

        i. The CIL Viability Addendum tests 5no. off-campus PBSA typologies ranging from 25 beds to 600 beds. An average gross rental income is applied of £201/week over 47.6 weeks (annual) based on the 2023-24 academic year. This is drawn from a cross-section of PBSA schemes across the city, which is provided in Appendix A1.4 of the document.

        ii. CBRE notes that the adoption of an 'average' gross rental rate of £201/week represents a cross-section of both private sector operator PBSA schemes and HEI operated off-campus student accommodation.

        iii. CBRE does not disagree with the CIL Viability Addendum's usage of the average gross rental income of £201/week to be applied to private sector (off-campus) development typologies.

        iv. OPEX is deducted at 30% of gross annual rent to generate a net rental income, which is capitalised at an investment yield of 5.25%. This is stated as generating a capital value of £128,035 per room.

[3] https://www.gov.uk/government/consultations/building-safety-levy-technical-consultation?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=a5093222-a03d-44be-baf1-04a3e1bbf108&utm_content=daily

v. Analysing York specifically, there are relatively few recent transactions for which information is available. These are as follows and demonstrate a tone of circa 5.5%-6.5% NIY and capital value of circa £90,000-£100,000 per bed:

   1. 3 James Street: comprising 303 beds transacted in June 2023 on a forward fund to S Harrison at a yield of 5.50% to 5.75%.

   2. 62 Layerthorpe: comprising 98 beds transacted in 2019 on a forward fund / commit to iQ Student Accommodation for a total capital value of £92,000 per bed.

   3. Haxby Road City Residential: comprising 124 beds transacted in 2018 on a stabilized investment basis at a NIY of 6.5%, reflecting £60,000 per bed.

   4. Foss Studios: comprising 220 beds transacted in 2017 on a stabilized investment basis at a NIY of 5.7%, reflecting £106,000 per bed.

vi. The above evidence suggests that the adopted sum of £128,035 per room and a yield of 5.25% utilised within the CIL Viability Study Addendum actually exceed transactional evidence available for York in recent years.

vii. CBRE's research places York as 21st in the league of the UK's cities with the highest full-time student populations in 2021/22, with circa 27,000 full-time students. This is relatively low compared to the top five regional cities (Birmingham, Glasgow, Manchester, Nottingham, Leeds), which collectively accounted for 374,000 full time students.

viii. On the basis of the above, CBRE ranks York as a Prime Regional location for PBSA and understand that other agents such as Knight Frank regard the city on an equivalent basis.

ix. PBSA prime regional (direct let) stabilised investment yields softened from Q3 2022 due to wider macro-economic conditions, then remained at 5.0%-5.25% throughout 2023. The latest available investment yield sheets now record Prime Regional PBSA yields for stabilised asset as follows:

   1. Knight Frank Prime Yield Guide – January 2024: PBSA Prime Regional at 5.0% - 5.25% (softening from 4.75%-5% in Q3 2022)[4].

   2. CBRE UK Living Sectors Investment Yields – January 2024: PBSA Prime Regional at 5.0% (softening from 4.75% in Q3 2022)[5].

x. In summary, respected agents all report PBSA Prime Regional stabilised yields softening to 5.0% - 5.25% at present day. Importantly, these are not development funding yields, but are stabilised investment yields, which do not account for development and stabilisation (letting) risk (i.e., transaction by a fund of a high specification stabilised standing PBSA asset).

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[4] Note: this is provided within **Enclosure 2**.
[5] Note: this is provided within **Enclosure 2**.

xi. Institutional forward funding has been one of the main delivery routes for financing the development of PBSA schemes in York and elsewhere across the regions, where brought forward by the private sector (i.e. non-University). CBRE's market intelligence is that funding yields are transacting at a discount of up to 50bps in comparison to stabilised investment yields. As a result, if the rates above are adjusted for development funding, this would see yields at 5.5%-5.75%, which is reflective of the recent forward funding deal in York at 3 James Street.

xii. PPE has evidently not considered current PBSA investment evidence in York and has failed to reflect that forward funding is the key delivery route for financing PBSA schemes in the current market. Consequently, PPE is incorrectly overstating the GDV of the PBSA typologies.

b. **PBSA Room Sizes:**

i. The PBSA comparables cited in the Appendix A1.4 do not provide room sizes for the purpose of analysis. The comparables are merely categorised as 'standard', 'large', 'studio' etc., which is not transparent and does not assist with comparison between room types.

ii. The CIL Viability Study Addendum adopts a generic room size of 17.25m². However, it is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how this room size has been determined, the room type itself (i..e, studio or cluster/en-suite) and the evidence used to inform the area.

iii. Based on CBRE's knowledge of the York PBSA market, the adopted room size utilised within the CIL Viability Study Addendum is positioned between the expected size range for 'studios' and 'cluster/en-suites'. Studios are typically larger at an absolute minimum of 20-21m², whilst cluster / en-suite rooms are generally much smaller at circa 10-15m² and attract lower weekly rents in comparison to PPE's rental assumption.

iv. CBRE is aware that CYC has recently refused a planning application for a PBSA scheme at 15 Foss Islands Road based on limited room size and lack of communal space[6]. The Foss Islands Road scheme included 137 no. studios ranging in size from 20-42m².

v. The Foss Islands Road scheme has been resubmitted for planning with adjusted room sizes and to resolve the reason for refusal by CYC, the communal areas have been increased which results in a revised net to gross efficiency of 60%. Additionally, the Coney Riverside proposed development scheme (planning ref: 22/02525/FULM) has also been resubmitted for planning and demonstrates a net to gross efficiency of 60%.

vi. This evidenced efficiency is 5% lower than that assumed by PPE in the PBSA viability testing. The consequence of this is that the GIA area utilised in viability testing would be expected

[6] *Planning application ref: 22/01795/FULM. Refused 13 July 2023. CYC stated a reason for refusal of the application concerned "The proposed development fails to promote the health and well-being of future occupants due to the limited room size of the studios and lack of communal spaces throughout all levels of the development".*

to be 5% larger than currently modelled by PPE. Hence, PPE's estimation of build costs for each of the PBSA viability typologies is 5% lower than it should be, which erroneously overstates the financial viability of the PBSA typologies.

vii. Taking this into consideration, it is therefore highly unlikely that the proposed scheme used in the PBSA typologies testing would actually be granted planning consent by CYC as the room sizes would be considered too small for studios or not akin with comparable cluster/en-suite room sizes and the communal areas would be insufficient to meet CYC planning officer's minimum expectations. The room sizes would evidently need to be larger whilst maintaining an appropriate gross to net efficiency. Any reduction in gross to net efficiency would lead to the loss of valuable amenity space which drives the rental value. As a result, this necessitates a proportionate increase in both room sizes and GIA within the PBSA typologies tested.

viii. Adoption of an unjustified and incorrect room size and building GIA by PPE / CYC poses a significant risk to overstating the viable delivery of PBSA developments by understating the total construction costs attributable to the PBSA typologies.

ix. For the reasons set out above, CBRE strongly advocates that the room size adopted for viability testing developer-led (i.e. off campus) PBSA typologies is reflective of the York PBSA market.

x. CBRE has prepared an analysis of the impact upon the NIA and GIA of PBSA typologies' when utilising the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market. This analysis is provided in **Table 1**.

xi. The below table demonstrates that adopting an informed, representative room size has a significant impact (c. 16% increase) on the GIA of the PBSA typologies.

Table 1: PBSA Typologies | NIA & GIA Analysis: 65% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**65.0%**	15,923	600	**20.0**	12,000	**65.0%**	18,462	**16%**
350	**17.25**	6,038	**65.0%**	9,288	350	**20.0**	7,000	**65.0%**	10,769	**16%**
200	**17.25**	3,450	**65.0%**	5,308	200	**20.0**	4,000	**65.0%**	6,154	**16%**
100	**17.25**	1,725	**65.0%**	2,654	100	**20.0**	2,000	**65.0%**	3,077	**16%**

Source: CYC / CBRE Data

xii. This is based on the assumption of 65% net to gross, which through the Foss Islands refusal demonstrates that 65% is insufficient to meet CYC planning policy requirements as a result, CBRE has also tested the impact of correcting the PBSA built GIA within each of the

typologies at a 60%[7] net to gross efficiency, which is expected to be consistent with CYC's requirements for communal and amenity space within PBSA schemes. This analysis is provided in **Table 2**.

Table 2: PBSA Typologies | NIA & GIA Analysis: 60% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**60.0%**	17,250	600	**20.0**	12,000	**60.0%**	20,000	**16%**
350	**17.25**	6,038	**60.0%**	10,063	350	**20.0**	7,000	**60.0%**	11,667	**16%**
200	**17.25**	3,450	**60.0%**	5,750	200	**20.0**	4,000	**60.0%**	6,667	**16%**
100	**17.25**	1,725	**60.0%**	2,875	100	**20.0**	2,000	**60.0%**	3,333	**16%**

Source: CYC / CBRE Data

xiii. The CIL Viability Addendum therefore misrepresents the correct NIA and GIA to be utilised for the PBSA typologies, which has severe consequences in understating the total construction costs.

xiv. CBRE strongly advocates that CYC review the NIA and GIA of PBSA typologies to be reflective of the York PBSA market and adjust their inputs accordingly.

c. **Construction costs**:

i. The construction costs adopted are set out in para 42. (CIL Viability Study Addendum, page 12) are cited as being drawn from RICS BCIS. The RICS BCIS median cost is cited as £2,199/m^2 (£204/ft^2) and base-dated at Q2 (i.e. Apr-Jun.) 2023.

ii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the RICS BCIS data as published at 16 January 2024. On an equivalent basis the RICS BCIS median cost now stands at £2,211/m^2 (£205/ft^2), which is an increase of 0.5%. The data is provided within **Enclosure 3**.

iii. CBRE comment that the RICS BCIS costs of £2,211/m^2 (£205/ft^2) are extremely low in the context of off-campus developer / operator led PBSA developments being brought forward for delivery in regional cities in the current market. CBRE also highlight that RICS BCIS is a significantly lagging indicator due to the time taken for tender data be provided and reporting updated. Hence, in an inflationary environment over 2022 and 2023, it has consistently underestimated construction costs being generated in real-time. Moreover, as mentioned prior, RICS BCIS will not yet account for changes to fire safety guidance

[7] The resubmitted planning applications for 15 Foss Islands Road (planning ref: 23/01647/FULM) and Coney Riverside (planning ref: 22/02525/FULM) demonstrate a gross to net efficiency of 60.0%.

(Approved Document Part B), which prudent developers have been told by the Government to design into schemes.

iv. In **Table 3** overleaf, CBRE has set out both a comparison between the RICS BCIS median rate costs as at Q2 2023 and January 2024. CBRE considers these costs to be more likely representative of construction to a low-mid specification product, which would achieve a lower than average rental price point in the York market. As the definition in RICS BCIS states it would therefore be more appropriate to reflect student halls of residences (i.e. university-led on campus development), rather than the higher specification product being delivered off-campus by private developers, and those which can secure rents at an average for York (i.e. the £201/week) or above.

v. CBRE notes that even the RICS BCIS upper quartile rate (£2,437/m^2 | £226/ft^2) generates a construction cost which remains significantly below the level of costs being seen for mid-market specification PBSA schemes in the regions (i.e., circa £100,000 per bed). This is provided for comparison against the RICS BCIS median rate in **Table 3**.

vi. CBRE can provide up to date benchmarking evidence on construction costs for recently tendered PBSA schemes of 400+ beds. The construction costs have been indexed from the contract award date to present day (Q1 2024) in order to reflect inflation during the intervening period.

1. Nottingham scheme of circa 550 beds: £251/ft^2 (July 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £253/ft^2

2. Liverpool scheme of 400-500 beds: £248/ft^2 (June 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £252/ft^2

vii. This benchmarking evidence suggests that even the RICS BCIS upper quartile rate is unrealistically low and developers are facing significantly higher construction costs for PBSA schemes.

viii. For the reasons set out above, CBRE strongly advocates that the RICS BCIS upper quartile rate should represent the absolute minimum base construction cost for viability testing developer-led (i.e. off campus) PBSA typologies. The median rate simply isn't a realistic cost benchmark to adopt for this purpose in the current market. PPE's use of an unrealistically low construction cost will erroneously state the viability of the PBSA typologies tested.

Table 3: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on PPE's gross to net efficiency of 65.0%

RICS BCIS Median Q2 2023			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	18,462	40,596,923	600	67,662	4,059,692	6,766	44,656,615	**74,428**	**2,419**	**225**
2,199	204	10,769	23,681,538	350	67,662	2,368,154	6,766	26,049,692	**74,428**	**2,419**	**225**
2,199	204	6,154	13,532,308	200	67,662	1,353,231	6,766	14,885,538	**74,428**	**2,419**	**225**
2,199	204	3,077	6,766,154	100	67,662	676,615	6,766	7,442,769	**74,428**	**2,419**	**225**

RICS BCIS Median Q1 2024			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	18,462	40,818,462	600	68,031	4,081,846	6,803	44,900,308	**74,834**	**2,432**	**226**
2,211	205.4	10,769	23,810,769	350	68,031	2,381,077	6,803	26,191,846	**74,834**	**2,432**	**226**
2,211	205.4	6,154	13,606,154	200	68,031	1,360,615	6,803	14,966,769	**74,834**	**2,432**	**226**
2,211	205.4	3,077	6,803,077	100	68,031	680,308	6,803	7,483,385	**74,834**	**2,432**	**226**

RICS BCIS Upper Quartile Q1 2024			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.40	18,462	44,990,769	600	74,985	4,499,077	7,498	49,489,846	**82,483**	**2,681**	**249**
2,437	226.40	10,769	26,244,615	350	74,985	2,624,462	7,498	28,869,077	**82,483**	**2,681**	**249**
2,437	226.40	6,154	14,996,923	200	74,985	1,499,692	7,498	16,496,615	**82,483**	**2,681**	**249**
2,437	226.40	3,077	7,498,462	100	74,985	749,846	7,498	8,248,308	**82,483**	**2,681**	**249**

Source: RICS BCIS / CBRE Data

Table 4: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on corrected gross to net efficiency of 60.0%

RICS BCIS Median Q2 2023			Build			External Works @	10%		Total Costs (Build + Externals)		
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	20,000	43,980,000	600	73,300	4,398,000	7,330	48,378,000	**80,630**	**2,419**	**225**
2,199	204	11,667	25,655,000	350	73,300	2,565,500	7,330	28,220,500	**80,630**	**2,419**	**225**
2,199	204	6,667	14,660,000	200	73,300	1,466,000	7,330	16,126,000	**80,630**	**2,419**	**225**
2,199	204	3,333	7,330,000	100	73,300	733,000	7,330	8,063,000	**80,630**	**2,419**	**225**

RICS BCIS Median Q1 2024			Build			External Works @	10%		Total Costs (Build + Externals)		
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	20,000	44,220,000	600	73,700	4,422,000	7,370	48,642,000	**81,070**	**2,432**	**226**
2,211	205.4	11,667	25,795,000	350	73,700	2,579,500	7,370	28,374,500	**81,070**	**2,432**	**226**
2,211	205.4	6,667	14,740,000	200	73,700	1,474,000	7,370	16,214,000	**81,070**	**2,432**	**226**
2,211	205.4	3,333	7,370,000	100	73,700	737,000	7,370	8,107,000	**81,070**	**2,432**	**226**

RICS BCIS Upper Quartile Q1 2024			Build			External Works @	10%		Total Costs (Build + Externals)		
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.40	20,000	48,740,000	600	81,233	4,874,000	8,123	53,614,000	**89,357**	**2,681**	**249**
2,437	226.40	11,667	28,431,667	350	81,233	2,843,167	8,123	31,274,833	**89,357**	**2,681**	**249**
2,437	226.40	6,667	16,246,667	200	81,233	1,624,667	8,123	17,871,333	**89,357**	**2,681**	**249**
2,437	226.40	3,333	8,123,333	100	81,233	812,333	8,123	8,935,667	**89,357**	**2,681**	**249**

Source: RICS BCIS / CBRE Data

d. **Contingency**:

i. The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. Whilst PPE acknowledge that contingency is *"understood to be in the region of 3% to 5% of build costs plus externals"*[8]. PPE has apparently taken a 'midpoint' of 4.00% without providing any explanation of the relevance to varying development typologies and, greenfield and brownfield sites.

ii. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conservation area.

iii. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk in a historic city with known contingency issues.

e. **Abnormals:**

i. The CIL Viability Study Addendum applies costs related to 'abnormals' within the brownfield land typology appraisals at £400,000 per net hectare and within the mixed greenfield/brownfield land typology appraisals at £200,000 per net hectare.

ii. The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[9]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

iii. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

iv. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for PBSA. These costs range from £20,000 to £652,000 based on site areas of between 0.05 and 1.63 net hectares.

[8] CIL Viability Study (December 2022)
[9] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

v. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

vi. CBRE has analysed the abnormals associated with the redevelopment of a number of brownfield sites in York. The abnormals costs cited include items such as demolition of existing buildings, site clearance, flood defence works, archaeology works, public realm, listed building works and conservation area. Other abnormal costs include land remediation.

vii. The abnormal costs cited by developers are significantly higher than the rates adopted within the CIL Viability Study Addendum. CBRE therefore requests that clarification is provided by CYC as to the methodology used for calculating site abnormal costs and whether the costs have been indexed appropriately.

f. **Development Programme**:

i. The CIL Viability Study Addendum does not set out a clear, detailed cashflow outlining development expenditure, finance roll up and revenue over the assumed development programme. The information provided is considered insufficient to undertake a detailed analysis of PPE's cashflow. CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

g. **Site Areas for Typologies**:

i. It is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how the site areas applied for each typology were derived and the evidence used to inform this. Given this is an important basis for setting benchmark land values, CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

h. **Benchmark Land Value**:

i. The CIL Viability Study Addendum includes the adopted BLVs for on campus and off campus PBSA with non-residential uses on p.13, the document contains no supporting evidence or justification to underwrite the proposed BLVs, which CBRE considers a significant omission.

ii. The CIL Viability Study Addendum proposes varying BLVs for on campus and off campus PBSA as follows:

1. A BLV of **£450,000/ha (£182,000/acre)** for on campus PBSA on the basis that on campus PBSA is likely to occur only at Campus East where greenfield sites exist. This is the same rate as for greenfield residential testing.

2. A BLV of **£1.5m/ha (£607,000/acre)** for off campus PBSA based on the assumption of "*city centre residential developments on brownfield sites considered no longer fit for purpose for their existing use*"[10].

iii. In order to find justification for this BLV, CBRE has had regard to the earlier Technical Note titled *CYC Local Plan Viability Technical Note on Changes to Student Accommodation Policy H7 ('Policy H7 Technical Note')*, which was produced by PPE and which is dated August 2022. An explanation is provided in paras 20-23.

iv. This is predicated on a logic whereby it is proposed that abandoned or unviable locations and/or dilapidated industrial units will be the typical brownfield sites that will be brought forward for alternative uses, such as PBSA schemes. The transactions drawn upon in Table 4 of the Policy H7 Technical Note, which are cited as comparables, are not relevant to York and it is not stated whether any of the transacted sites were ultimately brought forward for PBSA development.

v. There is presently a limited supply of sites suitable for redevelopment for PBSA uses across the city, which necessitates PBSA development competing with other forms of prospective development including hotels, traditional residential, elderly persons accommodation or offices.

vi. CBRE therefore remains unclear on the logic behind the BLVs in the CIL Viability Study Addendum, which have been extracted from the appraisals and reiterated in the **Table 5** below. It sets substantially lower BLV for PBSA development in comparison to competing uses such as small local convenience and retail warehouse (both £2m/ha).

Table 5: CIL Viability Study & CIL Viability Study Addendum | Non-Residential BLV

Typology	BLV per gross area (hectares)
Retirement / Extra Care (Urban)	£1,120,000
Retirement / Extra Care (Village/ Rural)	£900,000
Small local convenience	£2,000,000
Retail warehouse	£2,000,000
On Campus PBSA	£450,000
Off Campus PBSA	£1,500,000

[10] CIL Viability Study Addendum (November 2023)

vii. In addition, CBRE also notes that the CIL Viability Study Addendum adopts a BLV for residential typology viability testing of £1.7m/ha for brownfield land in its existing use as 'City centre / extension' land in Appendix A1.5.

viii. The CIL Viability Study does not adequately justify why competing brownfield land uses have been viability tested against a higher BLV and PBSA against a lower BLV. This warrants further explanation by CYC.

ix. The risk is that this overstates the propensity for PBSA developments to acquire land at lower prices than competing uses, and through the proposed CIL rates applied to PBSA, then places them at a disadvantage when seeking to acquire land due to overstating viability and the further additional CIL costs applied.

x. A rational approach would be for BLVs for this use to be considered by way of market transactional analysis of sites brought forward for PBSA use within the city of York in recent years.

xi. CBRE has gathered market transactional evidence for sites brought forward for PBSA use as set out below.

1. 3 James Street, York: In September 2022, the 0.92-acre site was acquired by 77 York Limited for £4,040,200 (£4,391,522/gross acre). 303-bed PBSA scheme (planning ref: 22/00367/FULM).
2. Fawcett Street, York: In June 2022, the 0.40-acre site was acquired by L&S York Ltd for £2,800,000 (£6,975,651/gross acre). 85-bed PBSA scheme (planning ref: 21/01570/FULM).
3. The Coal Yard, Mansfield Street, York: In May 2018, the 0.38-acre site was acquired by Residential Capital (York) Ltd for £814,000 (£2,145,223/gross acre). Over 100-bed PBSA scheme (planning ref: 17/02702/FULM).

xii. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

Results

43. The CIL Viability Study Addendum sets out the results of viability modelling within Table A1.11 on p.13.
44. CBRE cannot support the levels of CIL headroom identified within Table 7.2 for the PBSA typologies, for the reasons set out earlier within this representation. Neither can CBRE support in CYC seeking for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room.
45. Firstly, there is an inconsistency in the level of buffer back from the calculated maximum headroom being recommended by PPE. For residential typologies (and proposed CIL rates) a buffer of 60%[11] is advocated by

[11] CIL Viability Study (December 2022)

PPE, citing market risk and uncertainty. However, for PBSA typologies only 25%-50% buffer is recommended for allowance in proposing the setting of the CIL charging rate at £150/m^2. CBRE considers this to be irrational and advocates for consistency in the applying of any buffer – which should be at the very least 50% across all typologies.

46. On the basis presented in Table A1.11 above, scheme typologies of 350+beds do not demonstrate sufficient headroom (with a 50% buffer) to accommodate the proposed rate of £150/m^2 for off-campus PBSA development within the Revised CIL DCS.

CBRE Updated Appraisal Modelling | Off-Campus PBSA Development (Private sector-led)

47. Given CBRE's analysis set out above firmly highlights technical issues with the CIL Viability Study Addendum evidence base, methodology, and inputs, CBRE has run independent viability modelling on PBSA typologies to determine the implications for CIL headroom in the current market.

48. If correcting the errors identified in PPE's evidence, CBRE's modelling concludes that there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable OSFC sought via Policy H7 (as modified) or CIL.

49. CBRE's appraisals can be provided upon request.

Lack of Transparency

50. There is a lack of transparency in the CIL Viability Study that CBRE deems falls short of the requirements and expectations of PPG CIL (Paragraph: 019 Reference ID: 25-019-20190901), PPG Viability (Paragraph: 010 Reference ID: 10-010-20180724), the NPPF (para. 58), the RICS Guidance[12] and RICS Professional Standards[13], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

51. Whilst all appraisals have now been provided, the corresponding cashflows have not. This is inadequate and all cashflows for residential and non-residential typologies (notably PBSA) should be issued.

52. Without this stakeholders cannot see stabilisation and exit periods corresponding to gross development value (GDV), monthly apportionment of construction and other costs and finance roll-up. This means the actual viability testing evidence utilised to set proposed CIL rates is not published in its entirety, available, and cannot be interrogated appropriately.

Failure to Strike an Appropriate Balance

53. In setting CIL rates, CYC must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments. In accordance with CIL Regulation 14(1)[14], CYC must be able to demonstrate and explain how the proposed CIL rate(s) will contribute towards the implementation of the Plan and support development across city.

[12] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note
[13] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition
[14] CIL Regulations 2010 (as amended)

54. As set out in PPG[15], Charging Schedules should be consistent with, and support the implementation of, up-to-date relevant plans.

55. The charging authority must take development costs into account when setting CIL rates, particularly those likely to be incurred on strategic sites or brownfield land. Importantly, development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan.

56. As also clearly set out in the RICS Guidance[16], the impact on viability of a CIL, whether proposed or existing, should be considered alongside the policy requirements of the Plan. In simple terms, a ‘policy-on’ approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for, and taking precedence over, the introduction of CIL rate setting.

57. Moreover, CBRE concludes that it is illogical and counter-intuitive for CYC to introduce the proposed CIL rates for off campus PBSA and residential use development for the published CIL Viability Study Addendum document does not constitute up-to-date appropriate available evidence to underpin the proposed rates within the Revised CIL DCS.

58. As a result, if submitted to PINS for examination in its present form and with the current evidence base, Gregory Property would strongly contend that the Revised CIL DCS is unsound and should not be endorsed by the Examiner for the above fundamental reasons and further technical deficiencies expanded upon below.

59. If non-compliance could not be rectified via modification(s) prior to submission to PINS or by recommendation from the Examiner, the Examiner would be requested to reject the Revised CIL DCS in accordance with Section 212A(2) of the 2008 Act.

[15] PPG CIL: Paragraph: 011 Reference ID: 25-011-20190901
[16] RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14

Conclusions and Recommendations

61. Gregory Property Group cannot endorse or support the Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study Addendum, as presently published.

62. In fact, for the reasons set out in this document and its enclosures, Gregory Property Group has fundamental doubts regarding the appropriateness of the timing of this consultation on a new Revised CIL DCS.

63. Gregory Property Groupalso has severe reservations regarding the questionable validity and dependability of the published viability evidence base upon which the proposed new charging rates for PBSA use development within the Revised CIL DCS is reliant, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

64. On this basis, Gregory Property Group cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

65. Gregory Property Group therefore hopes that this feedback prepared by CBRE, and the accompanying commentary from O'Neill Associates, is useful to CYC in reconsidering whether it is rational, prudent and justified to be proceeding with pursuing adoption of a CIL charging regime under the current circumstances.

66. To rectify the issues identified, Gregory Property Group advocate that the CIL rates proposed to apply to off campus PBSA development should be reduced to £0/m^2. CYC should undertake this action via modification to the published Revised CIL DCS.

67. CBRE's evidence demonstrates this modification to the Revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications CYC's to Policy H7 to introduce an 2.5% affordable housing equivalent OSFC contribution per student room on sites brought forward.

68. Nevertheless, should CYC determine to submit the Revised CIL DCS for examination, in its current form and without rectifying the issues identified in this representation, Gregory Property will be left with no choice but to continue to pursue this matter and will seek that the Examiner rejects the Charging Schedule via the examination process.

69. Should CYC wish to engage directly with Gregory Property on the matter, CBRE will be able to facilitate such arrangements.

Enclosures

Enclosure 1: Schedule of Proposed & Adopted CIL Rates in Yorkshire & Humber Region

Local Authority	CIL status	Date	Residential Charges	Retail/Commercial Charges	Others
Barnsley	Draft Charging Schedule Published	17/10/2016	Four large residential charging zones with rates of £80, £50, £10, and £0 per square metre. Four small residential charging zones with rates of £80, £50, £30, and £0 per square metre.	Retail developments (A1) will be charged £70 per square metre.	No charge for all other uses.
Bradford	**Adopted**	21/03/2017	Four residential development charging zones with rates of £100, £50, £20 and £0 per square metre. No charge for specialist older persons housing.	Two retail warehouse development charging zones with rates of £85 and £0 per square metre. Large scale supermarket developments will be charged £50 per square metre.	No charge for all other uses.
Calderdale	Charging Schedule Submitted	11/01/2019	Six residential housing charging zones with rates of £85, £40, £25, £10, £5 and £0 per square metre. Two residential institutions and care home development charging zones with rates of £360 and £60 per square metre. Hotel developments will be charged at £60 per square metre.	Large convenience retail developments will be charged £45 per square metre. Retail warehouse developments will be charged at £100 per square metre.	All other chargebale uses will be charged £5 per square metre.
East Riding of Yorkshire	Draft Charging Schedule Published	23/01/2017	Five residential development charging zones with rates of £90, £60, £20, £10 and £0 per square metre.	Retail warehouse developments will be charged £75 per square metre.	No charge for all other uses.
Hambleton	**Adopted**	17/03/2015	Private market housing (excluding apartments) will be charged £55 per square metre.	Retail warehouses are to be charged £40 per square metre. Supermarkets are to be charged £90 per square metre.	No charge for all other uses.
Harrogate	**Adopted**	08/07/2020	Small scale residential developments will be charged £50 per square metre. Two charging zones for all other residential developments with rates of £50 and £0 per square metre. Two sheltered housing development charging zones with rates of £60 and £40 per square metre.	Three retail development charging zones for shops with rates of £120, £40 and £0 per square metre. Large supermarket and retail warehouse developments will be charged £120 per square metre. Small supermarkets will be charged £40 per square metre. Distribution developments will be charged £20 per square metre.	No charge for all other uses.
Hull	**Adopted**	23/01/2018	Two residential housing development charging zones with rates of £60 and £0 per square metre. Residential apartment developments will be charged £0 per square metre.	Large scale supermarket developments will be charged £50 per square metre. Small scale supermarket developments will be charged £5 per square metre. Retail warehouse developments will be charged £25 per square metre.	No charge for all other uses.
Kirklees	Examination Report Published	10/01/2020	Four residential charging zones with rates of £80,£20, £5 and £0 per square metre.	No charge for all commercial or industrial uses.	No charge for all other uses.
Leeds	**Adopted**	12/11/2014	Four residential charging zones with rates of £5, £23, £45 and £90 per square metre.	Two charging zones for supermarket developments with rates of £110 and £175 per square metre. Two charging zones for large comparison retail with rates of £35 and £55 per square metre. City centre offices will be charged £35 per square metre.	Publicly funded or not for profit developments will not be charged CIL. All other uses will be charged £5 per square metre.
Richmondshire	Preliminary Draft Charging Schedule Published	24/10/2016	Three residential development charging zones with rates of £120, £50 and £0 per square metre.	Supermarket developments will be charged £120 per square metre. Retail warehouse developments will be charged £60 per square metre. Neighbourhood convenience retail developments will be charged £60 per square metre.	No charge for all other uses.
Rotherham	**Adopted**	07/12/2016	Three residential charging zones with rates of £55, £30 and £15 per square metre. Retirement living developments will be charged £20 per square metre.	Large scale supermarket developments will be charged £60 per square metre. Large scale retail warehouse and retail park developments will be charged £30 per square metre.	No charge for all other uses.
Ryedale	**Adopted**	14/01/2016	Two residential charging zones with rates of £85 and £45 per square metre. No charge for apartment developments.	Supermarkets will be charged £120 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Selby	**Adopted**	03/12/2015	Three residential charging zones with rates of £50, £35 and £10 per square metre.	Supermarkets will be charged £110 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Sheffield	**Adopted**	03/06/2015	Four residential (C3 and C4) charging zones with rates of £80, £50, £30 and £0 per square metre. Hotel developments will be charged £40 per square metre. Student accommodation developments will be charged £30 per square metre.	Large retail developments are to be charged £60 per square metre. Three retail development (A1) charging zones with rates of £60, £30 and £0 per square metre.	No charge for all other uses.
Wakefield	**Adopted**	20/01/2016	Three residential charging zones with rates of £55, £20 and £0 per square metre.	Large supermarkets will be charged £103 per square metre. Retail warehouse developments will be charged £89 per square metre.	No charge for all other uses.

Enclosure 2: Investment Yield Guides – Q1 2024

CBRE

After a difficult 2023, Q1 looks likely to follow the same pattern.

Retail
Low volumes continue with few prime opportunities available.

Out of Town Retail
A few assets sold prior to year end, with several more under offer.

Industrial
Limited prime opportunities and worries over weaker rental growth prospects.

Offices
A few transactions completed at the end of the year in a weak market .

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
OFFICES						
West End (Mayfair/St James's)	3.75	3.75	4.00	4.00	4.00	Weaker
West End Non Core	4.00	4.25	4.50	4.75	4.75	Weaker
City of London	4.50	5.00	5.50	5.75	5.75	Weaker
M25/South East	6.25	6.50	6.85	7.00	7.00	Weaker
Regional Cities	6.00	5.75	6.00	6.25	6.25	Weaker
Good Secondary	9.25	9.50	9.75	10.00	10.00	Weaker
Secondary	13.00	13.50	13.75	14.00	14.00	Weaker
INDUSTRIAL						
Prime Distribution	5.25	5.25	5.25	5.25	5.25	Weaker
Prime Estate (Greater London)	4.75	4.75	4.75	4.75	4.75	Weaker
Prime Estate (Ex Greater London)	5.25	5.25	5.25	5.25	5.25	Weaker
Good Secondary	6.25	6.25	6.25	6.50	6.50	Weaker
Secondary Estate	7.25	7.25	7.25	7.50	7.50	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
HIGH STREET SHOPS						
Prime	6.75	6.75	6.75	7.00	7.00	Stable
Good Secondary	9.00	9.00	9.00	9.00	9.00	Stable
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	5.25	5.25	5.25	5.25	5.25	Weaker
SHOPPING CENTRES						
Prime	8.25	8.25	8.25	8.25	8.25	Stable
Best Secondary	12.00	12.00	12.00	12.00	12.00	Stable
Secondary	16.00	16.00	16.00	16.00	16.00	Stable
RETAIL WAREHOUSES						
Park – Prime – Open User	5.75	5.50	6.00	6.25	6.25	Weaker
Park – Prime – Bulky User	5.75	5.50	6.00	6.25	6.25	Weaker
Solus – Prime – Bulky User	5.75	5.50	5.75	6.25	6.25	Weaker
Park - Secondary	7.75	7.50	7.75	8.00	8.00	Weaker

All sectors remain trending weaker as financial indicators improve.

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
LEISURE						
Prime Leisure Park	7.50	7.50	7.75	8.00	8.00	Weaker
Good Secondary Leisure Park	10.00	10.25	10.75	11.50	11.50	Weaker
Cinema Prime	7.50	7.50	8.00	8.50	8.50	Weaker
Health & Fitness Prime	5.75	5.50	5.50	6.00	6.00	Weaker
HOTELS						
Prime London Vacant Possession	4.75	4.75	4.75	5.00	5.00	Weaker
Prime London Management Contract	5.75	5.75	5.75	6.00	6.00	Weaker
Prime London Lease	4.50	4.50	4.75	4.75	4.75	Weaker
Prime Regional Vacant Possession	7.25	7.25	7.25	7.50	7.50	Weaker
Prime Regional Management Contract	8.50	8.50	8.50	8.50	8.50	Weaker
Prime Regional Lease	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
PUBS						
Prime London Corporate Pub	4.00	4.00	4.25	4.50	4.50	Weaker
Prime Regional Corporate Pub	6.75	6.75	7.50	8.00	8.00	Weaker
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI Lease	5.75	5.75	6.00	6.00	6.00	Weaker
Petrol Filling Station Prime RPI Lease	5.25	5.25	5.50	5.50	5.50	Weaker
Car Park Prime RPI Lease	5.50	5.50	5.75	6.50	6.50	Weaker
FINANCIAL INDICATORS						
Base Rate	4.00	4.50	5.25	5.25	5.25	◀ ▶
5 Year Swaps	4.02	4.48	4.92	4.09	3.62	▼
10 Year Gilts	3.82	4.18	4.61	4.16	3.82	▼
RPI	13.40	11.40	9.00	6.10	5.30	▼
CPI	10.10	8.70	6.80	4.60	3.90	▼

CBRE

Yields and sentiment unchanged

Residential

Yields and sentiment unchanged. Investors buoyed by tentative signs of positivity in economy.

Changes in red/Last month in brackets

Student

Sentiment remains positive for best in class “clean and green” properties with strong rental growth prospects, however, non-prime assets are seeing less demand from investors.

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.60	3.60	3.85	4.15	4.15	Weaker
London Zone 2 Good Secondary	4.00	4.00	4.25	4.50	4.50	Weaker
London Zone 3 to 6 Prime	3.75	3.75	4.00	4.25	4.25	Weaker
London Zone 3 to 6 Good Secondary	4.00	4.00	4.15	4.50	4.50	Weaker
South East Prime	4.00	4.00	4.15	4.25	4.25	Weaker
South East Good Secondary	4.50	4.50	4.50	4.50	4.50	Weaker
Regional Cities Prime	4.15	4.15	4.25	4.35	4.35	Weaker
Regional Cities Secondary	4.75	4.75	4.75	4.75	4.75	Weaker
Other Regional Centres Prime	4.50	4.50	4.50	4.50	4.50	Weaker
Other Regional Centres Secondary	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.80	3.80	4.00	4.15	4.15	Weaker
North West Prime	4.15	4.15	4.25	4.35	4.35	Weaker
HEALTHCARE						
Care Homes Prime (Not for Profit)	4.15	4.25	4.50	4.50	4.50	Weaker
Care Homes Prime (SPV)	5.50	5.50	5.50	5.50	5.50	Weaker
Care Homes Secondary	7.50	7.50	7.50	7.75	7.75	Weaker
STUDENT ACCOMMODATION						
Central London Direct Let	3.75	3.75	4.00	4.25	4.25	Stable
Prime Regional Direct Let	5.00	5.00	5.00	5.00	5.00	Stable
Secondary Regional Direct Let	8.50	8.50	8.50	8.50	8.50	Stable
Central London RPI Lease	4.00	4.00	4.00	4.25	4.25	Stable
Prime Regional RPI Lease	4.00	4.00	4.00	4..25	4..25	Stable
Secondary Regional RPI Lease	5.25	5.25	5.25	5.50	5.50	Stable

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Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.

SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Prime London - 25 yr lease, Annual RPI	4.00% - 4.25%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	4.25% +		NEGATIVE
	Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.50% +		NEGATIVE
Co-Living	Prime London	4.00%	4.00% +	4.00% +	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	5.00%		STABLE
Build to Rent	Zone 1 London Prime	3.25% +	3.60%	3.75%	3.75% +	3.90%	3.90%	3.90%		STABLE
	Zone 2 London Prime	3.25% - 3.50%	3.80%	3.90%	4.00%	4.00% +	4.00% +	4.00% +		STABLE
	Zones 3-4 London Prime	3.5% +	3.90%	4.00%	4.00% +	4.15% +	4.15% +	4.15% +		STABLE
	Greater London Prime	3.75% +	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	South East Prime	3.75% - 4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	Tier 1 Regional Cities	4.00%	4.20%	4.25%	4.35%	4.50% -	4.50%	4.50%		STABLE
	Tier 2 Regional Cities	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	4.75% +		STABLE
	South East – Single Family Housing	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Regional – Single Family Housing	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	4.50% +		STABLE
Seniors Housing	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE

Your partners in property.

Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Knight Frank

KEY RESEARCH


UK Student Market Update


UK BTR market update

CLICK TO DOWNLOAD PBSA

CLICK TO DOWNLOAD BTR

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q3 2023

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We like questions. If you would like some property advice , or want more information about our research, we would love to hear from you.

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Knight Frank V&A

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- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
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- IPOs

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Enclosure 3: RICS BCIS – Rebased to York (January 2024)

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 13-Jan-2024 07:26

Rebased to 1Q 2024 (389; forecast) and York (98; sample 19)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
816. Flats (apartments)								
Generally (15)	1,748	865	1,451	1,645	1,976	5,925	828	
1-2 storey (15)	1,649	1,007	1,386	1,561	1,842	3,419	173	
3-5 storey (15)	1,725	865	1,443	1,638	1,943	3,616	554	
6 storey or above (15)	2,057	1,255	1,667	1,935	2,232	5,925	98	
856.2 Students' residences, halls of residence, etc (15)	2,190	1,260	1,963	2,211	2,437	3,582	52	

[redacted]

From:	[redacted]
Sent:	30 January 2024 17:02
To:	localplan@york.gov.uk
Cc:	[redacted]
Subject:	York City Council's Revised CIL Draft Charging Schedule – Representations by the Watkin Jones Group
Attachments:	York City Council's Revised CIL Draft Charging Schedule – Representations by the Watkin Jones Group.pdf

Dear Sir or Madam

Please find attached the comments of the Watkin Jones Group in relation to York City Council's Revised CIL Draft Charging Schedule.

Please do not hesitate to contact me should you have any queries or wish to discuss any aspect of our representations.

Kind regards

[redacted]

Kingsfield Court, Chester Business Park, Chester, CH4 9RE

Creating the Future of Living www.watkinjones.com

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TELEPHONE: 0203 617 4453

30 January 2024

By Email – localplan@york.gov.uk

Dear Sirs,

Consultation on York City Council's Revised CIL Draft Charging Schedule – Representations by the Watkin Jones Group

Please find below the comments of the Watkin Jones Group PLC (WJG) in relation to York City Council's Revised CIL Draft Charging Schedule.

About Watkin Jones Group

With a focus on delivering for our customers since 1791, WJG is the UK's leading developer and manager of residential for rent homes. By spearheading this emerging sector, WJG is creating the future of living for a diverse and growing group of people who want flexibility, convenience, and a strong sense of community alongside the best location and value. Its purpose-built build to rent (BTR, multifamily), co-living and student homes (PBSA) are designed and built sustainably, and welcome people from all backgrounds to enjoy a great way of life, generating a positive impact for wider communities. Beyond residential for rent, its successful and well-established house building division has an increasing focus on the delivery of affordable and BTR single family homes.

With increasing pressure on many areas to speedily deliver new housing, WJG has an excellent track record of creating homes fast without compromising on quality. Over 95% of its projects are on site within six months of the grant of planning permission and its in-house construction capacity means that it can rapidly boost housing supply. Over the last 25 years WJG has delivered approximately 60,000 homes, including over 52,000 student homes, and approaching 5,000 BTR homes, and has a significant pipeline. In York, WJG delivered 368 student homes at Frederick House on Fulford Road in 2022.

Today, WJG successfully works across every part of the UK focussing on centrally located, previously developed sites. WJG's end-to-end delivery model means that it acquires, designs, and builds places, and typically remain within communities as on-site building managers. Fresh is its multi award-winning operator-arm, who are currently managing approximately 17,000 rental homes across the UK and Ireland. Fresh achieves 95% customer satisfaction, and cares for our residents with a range of wellbeing and community building activities.

Purpose of Representations

WJG has reviewed the revised CIL Draft Charging Schedule and the documents which support the proposed rates. This includes the City of York Viability Addendum (November 2023) prepared by Porter Planning Economics. WJG's representations focusses upon, and objects to, the proposed rates for off-campus PBSA (£150 per sq. m) and residential dwellings within the City of York (£200 per sq. m).

WJG considers that some of the assumptions made within the Viability Addendum (VA) do not accurately portray the true financial characteristics of developing and operating PBSA and residential homes within York. WJG also highlights that the Council has not appraised the financial dynamics of BTR homes and whether they can viably support the proposed residential rate for the city centre. If the proposed rates are adopted without providing correct financial information to underpin the proposed CIL rates, the result will be that these forms of much needed, rented homes will not be viable and thus will not be delivered.

Using its extensive and current knowledge of the funding, delivery, and operation of residential for rent homes, WJG provides evidence to demonstrate that some of the assumptions detailed within the VA are incorrect. WJG currently objects to the proposed CIL rates for PBSA and city centre residential schemes because the evidence which has been used to assess whether these rates are viable is incorrect. To satisfy the CIL regulations, WJG encourages the Council to revisit its viability evidence supporting the proposed CIL rates, correct this information where highlighted and, if required, revise its CIL rates for these forms of homes.

Proposed PBSA Rate (£150 per sq. m)

WJG has reviewed the assumptions detailed within the VA, specifically the '350 bed, off-campus PBSA' appraisal in Appendix A1.8 (page 81). We set out below those which are considered to be inaccurate:

Input	Approach within VA	Recommended Change	Commentary
Funding Yield	5.25%	6.00%	Investment market downturn since Q4 2022. The following deals were concluded in 2023: • Former Alton Cars, James Street – JV between S Harrison Developments and QIP comprising 319 beds. 5.60% yield. Q2 2023. • Rialto House – JV between Olympian and Cain International comprising 275 beds. 5.70% yield. Q3 2023. WJG have seen further deterioration in the market since the above two transactions were agreed. Our current view of a realistic funding yield is 6.00%
Build Rate	£58,355 per bed	£90,000 per bed	WJG is an integrated constructor/ developer with a strong team of estimators and excellent supply chain relationships. We are constantly pricing PBSA schemes UK wide and are on site delivering several schemes for forthcoming academic years. We have recently completed a PBSA development in York. We believe a 350 bed PBSA scheme in York would carry a base build cost of of £90,000 per bed, given heritage constraints impacting on development (e.g. reduced massing, less efficient development, increased material costs). The VA does not account for build cost inflation which could range from 5% to 10% applied to base costs.
GIA/ Efficiency	26.5 sq. m per bed	32.5 sq. m per bed	The GIA per bed within the VA is wholly unrealistic. Given low land availability in York and a particular scarcity of large square sites to optimise efficiency, WJG consider 32.5 sq. m per bed to be a realistic target. The inaccuracies in the build rate and the GIA assumption it is applied to (GIA/ efficiency) significantly understate development costs in the appraisal. Using £90,000 per bed and a GIA reflecting 32.5 sq. m per bed provides for a base build cost of £31,500,000/ £2,769 per sq. m. This is more robust and appropriate evidence than £20,424,312/ £2,199 per sq. m assumed in the VA.
Land Cost	£10,783 per bed	£30,000 - £55,000 per bed	The latest land evidence WJG is aware of is Rialto House detailed above. Terms of the land element of the deal are confidential but we understand pricing reflected circa £30,000 per bed. WJG is aware of other recent land transaction discussions in York at values equating to £55,000 per bed.

We object to the proposed CIL rate for PBSA as the inputs of the viability evidence upon which the rate is based are incorrect. To satisfy CIL regulations, the VA needs to be updated to reflect the correct assumptions to be included as detailed above. The proposed CIL rate may need to be revisited as a result. A CIL rate based on correct viability assumptions will ensure that much needed student homes are delivered within York.

Proposed Residential Rate – City Dwellings (£200 per sq. m)

WJG similarly object to the proposed rate for city centre dwellings, as the VA does not consider the financial dynamics of built to rent (BTR) developments and whether the proposed residential rate within the city (i.e. £200 per sq. m) would be viable for BTR. WJG also notes that some of the inputs within the viability evidence are incorrect. To satisfy CIL regulations and ensure that the proposed CIL rates are based on sound viability evidence, WJG encourages the Council to assess BTR and resolve the incorrect assumptions.

BTR will provide an increasingly important form of homes within York, responding to a change in trends with people increasingly renting. This can be seen with Moda's development at Heworth Green which is under construction. It is therefore essential that the proposed CIL rate for city dwellings, which does not differentiate between rental and for sale dwellings, is based on sound evidence which covers all forms of dwellings for which there is a need within York.

The financial dynamics of BTR developments are different, for example:

- BTR values are calculated similarly to PBSA values as they are an income generating asset. Rents, operational costs, and yields need to be applied to demonstrate an investment value, as opposed to a sales value.

- Historically BTR investment values have shown approximately a 10% discount to private sales. This can vary between locations, depending on site availability and supply/ demand dynamics.

By looking solely at open market sales values as a metric for private housing delivery and viability, the Council is at risk of increasing the barriers to delivery for rental homes.

WJG has similarly reviewed the assumptions detailed within the VA for residential dwellings within the city and similarly considers some of these to be incorrect. These are detailed alongside recommended changes within the table below.

Input	Approach within VA	Recommended Change	Commentary
Build Rate	£147 per sq. ft (flatted development costs)	£260 to £320 per sq. ft.	As with PBSA, WJG is constantly pricing BTR schemes across the UK and are actively delivering several thousand BTR homes in London, Cardiff, Birmingham, and Belfast. WJG is underwriting regional BTR schemes is in the range £260 to £320 per sq. ft. Again, we would expect York to be towards the higher end of this range, for the reasons detailed for PBSA. The VA does not also account for build cost inflation which could range from 5% to 10% applied to base costs. Multifamily BTR schemes are flatted, typically delivered in urban centres, and are typically delivered at scale. While there are few buildings of height within York, the approach adopted by the VA in basing the build cost for flatted development on a median value between one-to-two storey and three-to-five storey build costs. This does not reflect the actual costs that would be incurred for a typical BTR scheme.
GIA/ Efficiency	55.0 sq. m per unit NIA 64.4 sq. m per unit GIA Gross-to-net efficiency 85%	Gross-to-net efficiency 72%	While the GIA per bed within the VA is focused on private sale scheme, that notional scheme would have very few (if any) communal areas. This does not reflect the physical characteristics of a BTR scheme. WJG recommends a target efficiency ratio of 73 to 75%, which includes such amenity space. As mentioned above, typical BTR schemes are above the expected new threshold for maximum building heights for single stair cores and will require secondary means of escape under building regulations. This has reduced the typical efficiency of the building to allow for the provision of extra cores. Taller projects that are required to include secondary means of escape are expected to achieve efficiencies of circa 72%. As with the PBSA assumptions, the inaccuracies in the build rate and the GIA assumption it is applied to (GIA/ efficiency) significantly understate realistic development costs in the appraisal.

To ensure that much needed city centre rental homes are delivered within York, WJG encourages the Council to update the VA to reassess the viability of BTR developments and whether the proposed city centre residential rate (£200/ sq. m) is viable.

Final Comment

We trust that our above objections and recommended amendments to these aspects of the revised CIL Draft Charging Schedule are of assistance to the Council.

We consider that the proposed CIL rates for PBSA are based on inaccurate viability information and do not accurately portray the correct financial characteristics of this type of development. We believe that the Council has not assessed the financial characteristics of BTR developments and whether the proposed CIL rate for city centre residential developments is viable and delivers profit for developers. As a company who has developed, delivered and operated a significant quantum of PBSA and BTR developments across the UK including within York, we have highlighted the inaccuracies and have provided accurate information to correct these.

If the proposed CIL rates for PBSA and city centre residential dwellings are adopted, this will result in PBSA and BTR developments being unviable and will stop much needed forms of homes within the city from being delivered as envisaged by emerging Local Plan. With changing trends towards people renting their homes and these developments being institutionally funded, the supply of homes within York will be significantly decreased as a result, which will lead to significant economic impacts for the city.

Please do not hesitate to contact [redacted] or [redacted] should you have any queries.

Yours faithfully

[redacted]

[redacted]

From: [redacted]
Sent: 31 January 2024 16:49
To: localplan@york.gov.uk
Subject: Objection to the CIL Draft Charging Schedule proposed modifications December 2023

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Sir / Madam

We are emailing to object to the above for the following reasons;

- We have been building houses in York for over 40 years and only came across this by chance, we have spoken to other housebuilders in the area who were also unaware of it. There has obviously been a lack of consultation.
- The CIL rate of £200 per sqm is very excessive compares to the other council areas we have been working in, i.e. Ryedale (£45) & Hambleton (£78) (Now North Yorkshire).
- The building industry has already been hit hard with massive material and labour cost, due to Brexit, the war in Ukraine and now the war in the middle east. This has left us with a shortage in labour and as all the materials are made or rely on power (oil) in one way or another which ends up with massive rises in material cost.
- The new Building Regulations came in to force in June 2022, this has also vastly increased the cost of construction.
- All this does is make sites in the city which were viable, now not viable. As builders all we do is alter our feasibilities to include the extra cost and if it does not stack up financially, we do not do it. As the council is struggling to meet its housing targets, this is a short-sighted view.
- It always seems to be we need more money; we will just charge developers. The problem is now, If a CIL at this sort of rate comes in developers will simply stop developing as much in York and move to other areas where they can make the figure stack up.

At the very least, this should be delayed, and consultation should take place with the local house builders, after all these are the people, you will be relying on to help you achieve your housing targets.

We accept your privacy policy.

Yours faithfully

[redacted]
Moorside Developments
Moorside Farm
Lords Moor Lane
Strensall
York
YO32 5XF

[redacted]

From: [redacted]
Sent: 31 January 2024 14:51
To: localplan@york.gov.uk
Subject: Consultation on the revised CIL Draft Charging Schedule
Attachments: CIL Reps - January 2024.pdf

To whom it may concern,

Please find attached representation in relation to the Consultation on the revised CIL Draft Charging Schedule. To confirm, with these representations we wish to object to the proposed CIL rates for residential dwellings within the City of York.

Separate representations by Hemsley Group will be submitted with objections on other elements of the prepared CIL schedule, via our agents.

We can confirm acceptance of the privacy policy as set out in the Community Infrastructure Levy Consultation Privacy Notice.

We wish to reserve the right to make further representations at public examination.

If there is any further information required, please contact [redacted], contact details below.

Kind regards

HELMSLEY GROUP

40+ YEARS IN BUSINESS

[redacted]

helmsley.co.uk

31st January 2024

CIL Consultation
City of York Council
West Offices
Station Rise
York
YO1 6GA

For the attention of Strategy Planning Policy Team

By Email to localplan@york.gov.uk

CITY OF YORK COUNCIL CIL - PROPOSED MODIFICATIONS REPRESENTATIONS (December 2023)

These representations are made on behalf of the Helmsley Group in response to the City of York Community Infrastructure Levy (CIL) Consultation.

Helmsley Group are a long-standing investor and developer in York, working across a variety of property sectors.

Helmsley's Group have specific concerns relating to the proposed CIL rates which are challenged in a separate consultation response via CBRE. These concerns are centred around the potential implications of CIL on the delivery of new development in the City.

We have a specific comment centred around conversion of redundant upper floors in the City Centre. It has been a longstanding ambition of York to see the City make better use of the spaces it has, notably conversion of upper floor retail space, which is generally redundant, into residential.

This ambition is explicitly set out in 'My City Centre Vision' which sets out an express aim to: ***'Encourage re-use of the underused upper floors of buildings through planning support and business rates approach'.***

The document also states:

'Floors above commercial units are significantly underused, dominated by storage for retail units and empty space. Introducing different and mixed uses to the centre will allow more of this space to be actively used, but conversions of these buildings are complex.'

The Helmsley Group are advocates of promoting residential development above retail with numerous projects delivered in the city, running through planning or in the pipeline. As the 'My City Centre Vision' document notes, conversion of these buildings in central York are [redacted] a myriad of reasons.

HELMSLEY GROUP

Some of the most notable being: planning challenges around bins/ bikes/ noise, City Centre access restrictions, flooding restraints, achieving sound attenuation and fire separation requirements between commercial and residential uses. These issues, which all impact on deliverability are further exacerbated when a significant proportion of buildings in York centre are listed and all within a conservation area.

Specific consideration should be given to the fact York has such a high percentage of listed properties, alongside the aforementioned considerations which all greatly challenge viability. The increased difficulty of conversion of these spaces is not adequately reflected in the appraisal work completed.

The Hemsley Group see upper floors for conversion as an important part of the housing supply for the City going forward, particularly at this time when York, along with many City Centre retail destinations are going through a period of significant change given the ongoing effect that online shopping has had on physical retail offerings and the decline in large format retail generally.

If upper floor residential conversions are to be encouraged to meet some of the undersupply of residential property in the City, we feel there should be an exclusion, or significant reduction in the CIL rates for conversion of buildings, as opposed to new build. We wish to reserve the right to present evidence at public examination to demonstrate the additional cost and difficulties of conversion of buildings in York.

The effect of introducing CIL, particularly at such high rates, will significantly impact these buildings being brought forward for conversion which would be a massive lost opportunity not only for the city centre in general, but specifically on heritage for the City when you have unused/ derelict spaces which are falling further and further into disrepair due to underuse.
Specifically, when it comes to conversion of upper floor retail to residential, there needs to be encouragement to release upper floors from the commercial rentable investment value. It is easier for a landlord to simply demise a tenant a building in its entirety which generally leads to retail upper floors being left vacant and mothballed, falling into disrepair. An active exclusion of CIL for building conversions would promote re-use of buildings and unused spaces.

We believe there is a general consensus that bringing the upper floors within our City back into use is a positive thing that will promote and encourage the viability of the City centre. We feel placing a significant barrier in the way of Landlords and developers in the form of a CIL payment is a detrimental step backwards.

Thank you for taking the time to consider the contents of this representation.

Yours sincerely

[redacted]
Director

[redacted]

From: [redacted]
Sent: 31 January 2024 18:38
To: localplan@york.gov.uk
Cc: [redacted]
Subject: CoYC CIL Draft Charging Schedule Consultation - Representation on behalf of Hungate (York) Regeneration Limited [LICH-DMS.FID580037]
Attachments: 50370-13_CIL Hungate Reps_22-01-2024(29191209.3).pdf

Importance: High

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good Afternoon,

On behalf of our client, Hungate (York) Regeneration Limited, Lichfields is pleased to submit a formal representation to the City of York (CoY) Community Infrastructure Levy (CIL) Draft Charging Schedule. This representation responds to the identification of Hungate as being liable to a CIL rate of £200 per sqm as part of the December 2023 update.

The representation comprises the attached report (prepared by Lichfields and dated January 2024).

I would be grateful if you could confirm receipt of this email and attached report.

If you have any questions or would like to discuss this representation in further detail, please do get in touch.

Many thanks,
[redacted]

[redacted]

Hungate

Representations to the revised Community Infrastructure Levy Draft Charging Schedule

Hungate (York) Regeneration Ltd

31 January 2024

LICHFIELDS

LICHFIELDS

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50370/13/SC/KJ
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Contents

1.0 Introduction

Purpose

1.1 Lichfields has been instructed by Hungate (York) Regeneration Limited to review the revised City of York Community Infrastructure Levy (CIL) Draft Charging Schedule and provide this Representation.

1.2 Contact details for Lichfields are provided below:

Lichfields
3rd Floor
15 St Paul's Street
Leeds
LS1 2JG
0113 397 1397
suzanne.yates@lichfields.uk

1.3 In the December 2022 version of the draft charging schedule, the Hungate strategic site (ST32) fell within the 'Residential dwellings within the City of York Local Plan Strategic Sites' category which incurred a charge of £100 per sqm. However, in the latest (December 2023) version of the schedule the proposed wording has been altered so this category only includes sites ST16 and ST36. Subsequently, Hungate would now fall within the 'Residential dwellings within the City of York' category and incur a CIL charge of £200 per sqm.

1.4 In this representation, we consider the evidence that underpins this CIL requirement, the justification for the change in the CIL requirement for Hungate (and numerous other strategic sites) and the viability implications arising from the increased CIL requirement for the Hungate strategic site.

1.5 No part of this report constitutes a valuation and this report should not be relied upon as such. The conclusions and recommendations of this report are based upon a range of information, estimates and figures drawn from a number of sources and based on reasonable assumptions, as set out. Uncertainty and risks mean outcomes may differ and Nathaniel Lichfield & Partners Ltd does not guarantee or warrant any estimates or projections contained in this report.

The Proposed Development

1.6 Hungate (York) Regeneration Limited is a development consortium focused on the delivery of Hungate (ST32). Hungate is recognised as a Strategic Site and is a key brownfield development scheme within York City Centre which has long been identified as an important regeneration opportunity. The site, which covers an area of 4.6ha, lies on the edge of the business and retail core of the city centre.

1.7 The site has planning permission for a mix of residential dwellings, shops, offices, leisure uses and community facilities which was granted in 2006 (application ref: 02/03741/OUT) and renewed in 2012 (application ref: 12/02282/OUTM).

1.8 Phase 1 (Blocks A, B and C) was developed under the original planning permission following the grating of Reserved Matters in February 2007 (application ref: 06/02384/REMM) (alongside various additional applications seeking amendments to the original scheme). This phase of the development is now complete and occupied.

1.9 Phase 2 (Block E) was developed under a separate, detailed planning application granted in 2014 (application ref: 13/03015/FULM) (and various non-material amendments). This block is also now complete and occupied.

1.10 Following this, a new hybrid planning permission was granted for the remaining phases of development (including Blocks D, F, G and H) in 2017 (application ref: 15/01709/OUTM). Block F was developed under this permission following the approval of a Section 73 application to approve reconfiguration of the multi-story car park and other minor changes (application ref: 17/01847/OUTM) and is now complete and occupied.

1.11 Blocks D and G have been implemented but are not complete or occupied. Block H has not been implemented and a new planning permission was submitted for Block H in February 2021 and is awaiting determination following the conclusion of viability discussions (ref: 21/00280/FULM). Depending on the timings of the grant of planning permission and introduction of CIL, any forthcoming permission to enable the delivery of Phase H could therefore be liable to CIL. Subsequently, this Representation seeks to test the application of CIL to Block H if it operated as Build to Rent (BTR) accommodation. Consideration is also given to future use of the site for Purpose Built Student Accommodation (PBSA).

1.12 When fully complete the Hungate development will provide approximately 1,050 new city centre apartments together with commercial and community space, as well as high quality public spaces and landscaping.

1.13 Whilst the focus of our viability assessment – as detailed in Section 4 – is Block H alone, this should be taken to represent a typology that can be extended to the wider Hungate site. Accordingly, the viability challenges that are identified in this report in respect of Block H are applicable to the wider and as yet undeveloped strategic site. As such, our conclusions regarding the inability of the Hungate strategic site to sustain a CIL charge should not be viewed as relating to Block H in isolation but should extend to ST32 in its entirety.

Scope

1.14 The revised Community Infrastructure Levy Draft Charging Schedule identifies the following CIL charges:

1. £0 per sqm for strategic sites including ST4, ST7, ST8, ST9, ST14, ST15, ST31 and ST33 to reflect revised viability.
2. £100 per sqm for residential dwellings within the City of York Local Plan strategic sites ST16 and ST36.
3. All other residential dwellings within the City of York (including other strategic sites not detailed above) are proposed to have a £200 CIL rate per sqm.
4. Purpose Built Student Accommodation is proposed to have a CIL charge of £150 per sqm for off-campus accommodation and £0 per sqm for on-campus accommodation.

1.15 For the reasons outlined in this report, it is considered that Hungate is unable to support a CIL charge of £200 per sqm. It also cannot support the charge of £100 per sqm that was proposed by the 2022 Draft Charging Schedule.

1.16 The purpose of this representation is therefore to object to the application of CIL to Hungate.

1.17 The key issues and concerns are:

1. The lack of evidence to support the proposed CIL charge for Hungate and inconsistency between the Council's studies in 2017, 2018, 2022 and 2023; and,
2. The viability of Hungate and its inability to support a CIL charge of £100 per sqm, and is therefore much less able to support a CIL charge of £200 per sqm.

1.18 The representatives are structured as follows:

- **Section 2:** outlines the policy position and required procedure for the establishment of CIL;
- **Section 3:** sets out our review of the Council's evidence base;
- **Section 4:** provides a viability analysis of Block H and its inability to support CIL; and,
- **Section 5:** sets out our conclusions in terms of the ability of Hungate to provide for the proposed level of CIL.

2.0 Policy Position

2.1 Viability is critical to the delivery of housing sites and the successful implementation of local plan strategies. Having a scheme that functions from a financial perspective provides a sound basis for much-needed development to come forward. To ensure deliverability, it is essential that local plans and CIL charging schedules are drawn up with a comprehensive understanding of viability.

2.2 This section provides an overview of policy concerning viability and the process which charging authorities considering implementing CIL must follow.

NPPF (December 2023)

2.3 Paragraph 34 of the NPPF provides guidance on development contributions. It states that plans should set out the contributions expected from development, including setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.

Planning Practice Guidance

2.4 Section 25 of the Planning Practice Guidance (PPG) explains what the Community Infrastructure Levy (CIL) is and how it operates. Reference ID 25-001-20190509 describes CIL as:

"A charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area."

2.5 The PPG provides guidance on the approach that local planning authorities should take in the establishment of CIL, stating that:

"The levy only applies in areas where a local authority has consulted on, and approved, a charging schedule which sets out its levy rates and has published the schedule on its website." (Reference ID 25-001-20190509)

2.6 When setting CIL rates, policy makers are not required to ensure that the CIL rate that is to be applied will maintain the viability of *all* future developments. It might be that some schemes are rendered unviable as a result of the implementation of CIL. However, the key consideration is to ensure that the selected CIL rates do not undermine the deliverability of the plan strategy. The PPG therefore recognises the need for charging authorities to strike an appropriate balance between additional investment to support development and the potential effect on development viability. This balance is recognised as the centre of the charge-setting process. Charging authorities should be able to show and explain how their proposed levy rates will contribute towards the implementation of their relevant plan and support development across their area (see regulation 14(1), as amended by the 2014 Regulations).

Assessing the type and cost of infrastructure to be funded by CIL

2.7 In seeking to identify the appropriate CIL rate, charging authorities should have regard to:

1 The actual and expected cost of infrastructure;

2 The viability of development;

3 Other actual or expected sources of funding for infrastructure; and,

4 The actual and expected administrative expenses in connection with the levy (Paragraph: 016 Reference ID: 25-016-20190901).

2.8 Charging authorities are required to identify the total cost of infrastructure they wish to fund wholly or partly through the levy. In so doing, they must consider what additional infrastructure is needed in their area and what other sources of funding are available (Reference ID: 25-017-20190901).

2.9 The PPG notes that from December 2020, Infrastructure Funding Statements should identify infrastructure needs, the total cost of this infrastructure, anticipated funding from developer contributions, and the choices the authority has made about how these contributions will be used. This process will help charging authorities to identify the infrastructure funding gap and a levy funding target (Reference ID: 25-017-20190901).

2.10 Reference ID 25-176-20190901 confirms that Infrastructure Funding Statements should set out:

1 A report relating to the previous financial year on the Community Infrastructure Levy;

2 A report relating to the previous financial year on section 106 planning obligations; and,

3 A report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy (excluding the neighbourhood portion).

2.11 The Infrastructure Funding Statements should set out the amount of levy or planning obligation expenditure where funds have been allocated. It is recommended that authorities report on estimated future income from developer contributions, where they are able to do so (Reference ID: 25-176-20190901).

2.12 The Infrastructure Funding Statement should also set out future spending priorities on infrastructure projects or types of infrastructure that the authority intends to fund, either wholly or partly, by the levy or planning obligations. This will not dictate how funds must be spent but will set out the local authority's intentions (Reference ID: 25-177-20190901).

Viability testing

2.13 In addition to providing evidence relating to the type and cost of infrastructure to be funded by CIL, charging authorities are required to provide evidence to demonstrate the extent to which the proposed CIL charges can be supported by development without undermining viability. The PPG states at Reference ID 25-019-20190901 that:

"Charging authorities will need to summarise their viability assessment. Viability assessments should be proportionate, simple, transparent and publicly available in accordance with the viability guidance. Viability assessments can be prepared jointly for the purposes of both plan making and preparing charging schedules."

2.14 It is not expected that all individual sites will be subject to viability testing. The PPG states:

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

2.15 In order to achieve and maintain a proportionate approach to viability testing, charging authorities are encouraged to apply a typology approach. This is described as:

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

2.16 It is clearly not possible to set out a 'one size fits all' primer for implementing a typology approach since the nature of applicable typologies will vary from one authority area to another. The PPG summarises this at Reference ID 10-004-20190509:

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

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

2.18 Paragraph 026 (Reference ID: 25-026-20190901) refers to the treatment of strategic sites. The guidance states that charging authorities may wish to consider how zonal rates can ensure that the levy compliments plan policies for strategic sites. This may include setting specific rates for strategic sites that reflect the land value uplift created by development. Low or zero rates may be appropriate where plan policies require significant contributions towards housing or infrastructure through planning obligations and this is evidenced by an assessment of viability.

2.19 A hybrid approach of testing notional sites via a typology approach alongside a more bespoke assessment for strategic sites is therefore advocated by planning policy.

2.20 Hungate is both a strategic site and brownfield land which, once completed, will deliver 1,050 new city centre apartments. It is Lichfields' opinion that strategic sites (such as this) that are individually fundamental to the delivery of the plan strategy, must be assessed for viability on a site-by-site basis – not least that there may not be any other sites that would fit into the same broad typology. This position is reflected in the PPG.

2.21 The PPG notes that development costs should be taken into account when setting CIL rates, particularly those likely to be incurred on strategic sites or brownfield land. A realistic understanding of costs is essential to the proper assessment of viability in an area (Reference ID: 25-021-20190901).

2.22 Paragraph 58 of the NPPF notes 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. This approach was endorsed by the High Court in the case of *Holborn Studios Ltd, R (on the application of) v London Borough of Hackney & Anor (2020)*[1]. Dove J noted that *"in following the approach recommended in the Framework and the PPG, standardised inputs should be used"* (Paragraph 63). He went on to state in the same paragraph that the PPG *"makes clear [that] the preparation of a viability assessment 'is not usually specific to that developer and thereby need not contain commercially sensitive data'."* Despite the weight that is given the use of standardised inputs, neither the NPPF nor the PPG provides much by way of guidance on inputs that should be applied.

Application of differentiated rates

2.23 Drawing on from this analysis, the regulations allow charging authorities to apply differential rates in a flexible way, to help ensure the viability of development is not put at risk. Differential rates may be appropriate in relation to:

1 Geographical zones within the charging authority's boundary;

2 Types of development;

3 Site characteristics; and/or,

4 Scales of development (Reference ID: 25-022-20230104).

2.24 This will flow from the typology approach. If properly evidenced, such an approach is perfectly proper and can ensure a higher level of CIL receipt to fund important infrastructure without jeopardising the viability of particular development types.

[1] EWHC 1509

3.0 Review of the Evidence

3.1 This section reviews the evidence base underpinning the draft CIL Charging Schedule for the City of York. It considers the nature of the evidence in terms of its robustness, how it has changed over time, and the implications of this for the CIL rate applied for Strategic Site ST32 (Hungate). In doing so, it specifically focuses on:

1 The Infrastructure Funding Statement and Infrastructure Funding Gap Assessment that identify the infrastructure projects and types that CIL revenue would be spent on;

2 The chronology of the viability assessments;

3 The assumptions informing the viability assessments;

4 How reference to the Hungate strategic site has changed over time; and,

5 The implications of the viability analysis for strategic sites in York, and particularly for the Hungate site.

Infrastructure Funding

Infrastructure Funding Statement

3.2 The City of York Infrastructure Funding Statement (IFS) 2022-23 was prepared in accordance with the Community Infrastructure Levy (Amendment) (England) (No.2) that requires an IFS to comprise of:

1 A statement of the infrastructure projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL.

2 A report about CIL, in relation to the previous financial year.

3 A report about planning obligations in relation to the report year.

3.3 City of York Council did not require CIL contributions from developers in the year preceding 2023. As such, the IFS only relates to matter c) concerning planning obligations.

3.4 The reporting period for the IFS is the preceding financial year, i.e., April 2022 to March 2023. The IFS details the Section 106 contributions gathered and spent through the year and how these relate to different infrastructure types (sport, recreation and open space; transport, highways and sustainable travel; housing; and education). Table 3.1 summarises the total amount of Section 106 contributions reported through the year. It shows that c.£500,000 of contributions was spent during the reported year, and that the Council held c.£10 million at the end of the year.

Table 3.1 Summary of S106 contributions from 2021-22 to 2022-23

	Amount
Contributions held at the start of the reporting year	£9,353,705.53
Contributions secured during the reported year	£1,251,345
Contributions received during the report year	£372,743.99
Contributions spent during the reported year	£500,015.95
Contributions held at the end of the reported year	£10,345,590.85

Source: City of York Council Community Infrastructure Funding Statement 2022-23

3.5 The remainder of the IFS details monetary and non-monetary contributions obtained from planning permissions granted through the reported year and the infrastructure project/type that is projected to benefit from the contribution.

Infrastructure Funding Gap Assessment

3.6 The PPG requires local authorities to "*report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy*" (Reference ID: 25-176-20190901) within the IFS. City of York Council has prepared this piece of work separately to the IFS and it is contained within the CIL Infrastructure Funding Gap Assessment (IFGA) (December 2022). Whilst this approach is contrary to the PPG, it complies with the Community Infrastructure Levy (Amendment) (England) (No.2) and still contains the information required by the PPG. Lichfields considers that this approach is acceptable.

3.7 The IFGA was prepared to enable the City of York to demonstrate the need to introduce the CIL by identifying a "*shortfall in funding between the expected total cost of infrastructure needed to support development in the authority over the plan period and the level of funding likely to be forthcoming from other sources of funding for infrastructure*" (Page 7). It draws on the infrastructure assessment that was undertaken to inform the Local Plan and notes that this will be updated ahead of the CIL examination. The assessment only includes infrastructure projects that are eligible for CIL funding and that do not have sufficient funding identified.

3.8 The IFGA identifies the total cost of the planned infrastructure projects as £270.7 million. There is £21.7 million confirmed funding for these projects which leaves a funding gap of £249.0 million. The Assessment notes that other funding streams may also contribute to this.

3.9 Using the draft Charging Schedule rates and housing trajectory figures from EX/CYC/107/1[2], the IFGA estimates that c.£73 million of CIL could be generated over the Plan period, as shown below.

Table 3.2 Projected CIL income over the Plan Period

	No. units (dwellings)	Average unit size (sqm)	CIL rate psm	Total CIL	AH rate	Other reliefs	Total CIL after CIL reliefs
Strategic sites	1,155	91.8	£100	£10,598,561	28.2%	5.0%	£7,227,466
Housing allocation sites with 15 or more dwellings	1,601	88.4	£200	£28,311,600	25.0%	5.0%	£20,172,015
Windfall sites	2,591	88.4	£200	£45,818,461	0.0%	0.0%	£45,818,461
Total	**5,347**			**£84,728,623**			**£73,327,942**

Source: City of York Community Infrastructure Gap Assessment December 2022

3.10 The table indicates that CIL will be obtained from 1,155 dwellings delivered at strategic sites over the Plan Period – this equates to just 9.6% of the total number of dwellings proposed

[2] City of York Housing Trajectory Note – August 2022: https://www.york.gov.uk/downloads/file/8415/ex-cyc-107-1-housing-trajectory-note-august-2022

to be delivered at strategic sites over this period (total: 12,001 dwellings). Even after the strategic sites that are not liable for CIL (ST7, ST8, ST9, ST14 and ST15) are removed from this total, it is not clear which of the strategic sites are included in the 1,155 dwellings for which an allowance has been made. In a similar vein, the IFGA indicates that CIL will be applied to 4,192 dwellings on non-strategic allocations and windfall sites. The number of dwellings to be identified in the IFGA (5,347) equates to just 41.1% of the total number of dwellings required to be delivered over the Local Plan period.

3.11 The IFGA identifies a residual shortfall in funding of c.£176 million after accounting for the CIL revenue of c.£73 million.

3.12 The 2023 Sensitivity Test states that the proposed CIL rates were reviewed in response to concerns raised during the Spring 2023 CIL Draft Charging Schedule Consultation that the evidence base was out of date. A revised IFGA has not been prepared in the light of the updated charging schedule.

Viability Assessments

3.13 Table 3.3 lists the viability assessments, charging schedules and related documents that have been prepared to date to inform the Local Plan and CIL charging schedule.

Table 3.3 Chronology of Viability Assessments, charging schedules and related documents

Publication date	Report name	Author
Sep-17	City of York Local Plan & CIL Viability Final Report	Peter Brett Associates LLP
Apr-18	City of York Local Plan Viability Final Report	Porter Planning Economics
May-22	Phase 2 Infrastructure Note	City of York Council
Jul-22	Viability Assessment of ST7	Porter Planning Economics
Jul-22	Viability Assessment of ST14	Porter Planning Economics
Jul-22	Viability Assessment of ST15	Porter Planning Economics
Aug-22	Infrastructure Gantt Chart Revised August	City of York Council
Dec-22	CIL Viability Study	Porter Planning Economics
Dec-22	CIL Funding Gap Assessment	City of York Council
Dec-22	CIL Draft Charging Schedule	City of York Council
Dec-22	CIL Draft Charging Schedule - Additional Mapping	City of York Council
Feb-23	CIL Draft Charging Schedule - Consultation Information Booklet	City of York Council
Nov-23	CIL Viability Study Addendum (Sensitivity Test)	Porter Planning Economics
Dec-23	CIL Viability Study Addendum Erratum	Porter Planning Economics
Dec-23	CIL Draft Charging Schedule - Proposed Modifications	City of York Council

3.14 The CIL rates proposed to be applied to all types of development vary significantly between the various viability assessments and draft charging schedules. The updated CIL rates have been informed by:

1 Changes in market conditions;

2 Changes in the buffer applied to viability margins; and,

3 The application of varied CIL rates to different types of development, including strategic sites.

3.15 The different CIL rates are shown in Table 3.4 and commentary is provided through this section to explain the changes. The categories within which the Hungate strategic site sits is shown in bold text in the table below. This indicates that the Hungate site was proposed to be liable for paying £100 per sqm in the 2022 Draft Charging Schedule, but that this has increased to £200 per sqm in the 2023 Draft Charging Schedule.

Table 3.4 CIL rates proposed for types of residential development in different assessments / draft charging schedules

Report / Charging schedule	Development type	CIL rate per sqm
2017 Viability Assessment	Residential	**£150**
2018 Viability Assessment	Residential	**£130**
2022 Draft Charging Schedule	Residential dwellings within City of York	£200
	Residential dwellings within the City of York Local Plan strategic sites ST7, ST8, ST9, ST14, ST15	£0
	Residential dwellings within the remaining City of York Local Plan strategic sites	**£100**
2023 Draft Charging Schedule	Residential dwellings within City of York	**£200**
	Residential dwellings within the City of York Local Plan strategic sites ST4, ST7, ST8, ST9, ST14, ST15, ST31 and ST33	£0
	Residential dwellings within the remaining City of York Local Plan strategic sites ST16 and ST36 (only)	£100

Source: City of York 2017, 2018 & 2022 Viability Assessments and 2022 & 2023 Draft Charging Schedules

Assumptions informing the Viability Assessments

3.16 The viability assessments and accompanying appraisals were prepared in line with the Harman Report[3] and the Royal institute of Chartered Surveyors (RICS) valuation guidance. These documents advise on the assumptions that should be made to inform assessments, the typologies that can be used to inform high level assessments, and land value considerations.

3.17 Table 3.5 compares the assumptions/inputs applied in the four Viability Assessments, and compares these to the standardised inputs identified by the Lichfields *Fine Margins* research[4] in respect of the viability assumptions that have been made to inform the preparation of Local Plans and Local Development Plans in England and Wales.

3.18 The most significant changes over time relate to sales values and build costs as guided by market conditions; however, the methodology used to calculate these has stayed consistent. Between the publication of the 2022 Assessment and the 2023 Sensitivity Test, sales values increased by c.1% and build costs increased by c.5%. The rate of increase to build costs is therefore fivefold the rate of increase in sales values. The significance of this relative rate of increase also means that other assumptions that are a function of build costs (such as contingencies, externals costs and professional fees) would have increased at a higher rate than sales values. Notwithstanding the outcome of the analysis and the resultant Charging Schedule, this would have resulted in a worsening viability position between the two studies.

[3] Viability Testing Local Plans: Advice for planning practitioners (June 2012, prepared by LHD, chaired by Sir John Harman)
[4] https://lichfields.uk/content/insights/fine-margins

3.19 It is also noteworthy that a standard sales value is applied for residential development, regardless of the location of development in the local authority area. This is despite the fact that the three viability assessments[5] contain maps showing the extent to which sales values vary across the local authority area – from £1,447/sqm for flats at the lowest end of the spectrum, to £5,399/sqm at the highest end (in the 2022 Assessment).

3.20 Relating to the build costs of flats, we note that the 2022 and 2023 Assessments are based on BCIS costs for low and medium rise flats (i.e. up to five storeys). Block H of Hungate is proposed to be seven storeys high. The BCIS data shows that the development cost associated with taller apartment buildings is substantially higher and so the approach that has been taken in the assessment fails to capture the construction costs associated with this site. This will have implications on the scheme's viability that have not been considered in the most recent assessments.

3.21 In reviewing the figures in Table 3.5, we would also highlight the fact that the figure for opening up/abnormals is disproportionately low for brownfield sites and that the 2022 and 2023 assessments apply an uplift to existing use value for greenfield – but not brownfield – sites, which in any event underestimate significantly the true cost of land in the city centre. We consider these matters in more detail below.

3.22 The viability of typologies and strategic sites were also assessed against policy requirements included in the draft Local Plan relating to sustainability requirements, electric vehicle charging points, the costs associated with achieving biodiversity net gain, and contributions to affordable housing delivery.

3.23 Critically, it is noted that the viability assessments only considered residential properties that were proposed for sale and did not seek to test the viability of Build to Rent, even though this is an increasingly common form of development in British cities. This undermines its applicability to all development sites in York, not least Hungate.

[5] 2017, 2018 and 2022 assessments

Table 3.5 Comparison of assumptions included in Viability Assessments across time and with those identified in Lichfileds Fine Margins Research

Key findings from Lichfields Fine Margins Insight		2017 Viability Assessment	2018 Viability Assessment	2022 Viability Assessment	2023 Sensitivity Test Addendum
Build costs	BCIS widely used	Methodology: BCIS			
		Flat: £1,124/sqm House (small housebuilder 3 and under): £1,214 House (medium housebuilder 4-14): £1,086 House (large housebuilder 15+): £958 Retirement home: £1,226 Extra care/assisted living: £1,271		Flat: £1,505/sqm House (small housebuilder 3 and under): £1,804/sqm House (medium housebuilder 4-49): £1,340/sqm House (large housebuilder 50+): £1,187/sqm Retirement accommodation: £1,600/sqm Extra-care: £1,620/sqm	Flat: £1,580/sqm House (small housebuilder 3 and under): £1,881/sqm House (medium housebuilder 4-49): £1,402/sqm House (large housebuilder 50+): £1,242/sqm
Sales values	HM Land Registry price data cross-checked against EPC Register	Methodology: Land Registry data cross-checked against EPC data			
		House: £2,650/sqm Flat: £3,300/sqm		House: £4,200/sqm Flat: £5,335/sqm	House: £4,200/sqm Flat: £5,390/sqm
Developer profit	20% GDV (market housing) 6% GDV (affordable housing)	20% GDV (market housing) 6% GDV (affordable housing)			
Externals	10 - 20% of build costs	10%		Houses: 10% Flats: 5%	
Contingency	2.5 - 5% of built costs	4%			
Professional fees	8 - 10% of build costs	8%			
Development finance	6 - 7% debt interest rate	6.5%		7.75%	
Sales and marketing	2.5 - 3.5% GDV Legal fees in addition (c.£750 / unit)	3% GDV			

Key findings from Lichfields Fine Margins Insight		2017 Viability Assessment	2018 Viability Assessment	2022 Viability Assessment	2023 Sensitivity Test Addendum
Land acquisition fees	1.5 - 2.25% of land purchase price (with SDLT on top of this)	Surveyor's fees: 1.00% / land value Legal fees: 0.75% / land value Stamp Duty Land Tax: HMRC rate / land value			
Abnormals	Common not to apply an allowance Brownfield only approach common	Greenfield 50-199: £5,000/unit Greenfield 200=499: £10,000/unit Greenfield 500+: £17,000/unit Mixed: £150,000 / net ha Brownfield: £300,000 / net ha		Greenfield less than 50 units: £0/unit Greenfield 50-199 units: £6,500/unit Greenfield 200-499: £13,500/unit Greenfield 500+: £22,500/unit ST14: £16,875/unit ST15: £11,250/unit Mixed: £200,000 / net ha Brownfield: £400,000 / net ha	
Opening up costs	Common not to apply an allowance				
Viability buffer	Not commonly applied More common for CIL than for development plans	25%	35%	Tested 25%, 33%, 50% (excl. strategic sites) Concludes that a 60% buffer is used	
Approach to benchmark land value	EUV plus a premium ('EUV+') to reflect a 'sufficient' landowner incentive	No premium to EUV		EUV+ (but not for city centre sites)	
Premium to existing	Typical indicative ranges include: Brownfield: EUV+ 20% Greenfield: 15 = 20 times EUV	n/a		City centre/extension: 0% Urban & suburban: 24% Village / rural: 24% Agricultural / greenfield: 2150%	
S106 contributions		£3,300/unit		£4,200/unit	

Source: Lichfields Fine Margins Insight August 2021 & City of York Viability Assessments 2017, 2018, 2022 and 2023 (Addendum/Sensitivity Test)

Typologies

3.24 The 2022 Viability Assessment and 2023 Sensitivity Test identify 25 site typologies to test the viability of residential development. The typologies are based on:

1 Location: Centre/ City Centre, Urban, Suburban, or Rural;

2 Land type: Greenfield / Brownfield;

3 Site size: Small, Medium, or Large.

3.25 The 2022 study also tested ten strategic sites whilst the 2023 study tested five strategic sites. However, neither included a site-specific assessment of the Hungate strategic site. In the light of this omission, the typology that is the closest to Hungate is the Centre/ City Centre Extension – Large – Brownfield typology, albeit this assumes that just 95 dwellings are delivered on the site and therefore differs very significant in scale. This does not reflect the development at Hungate which does not fit into any of the residential typologies. The fact that the 2022 and 2023 Assessments both used build costs assumptions based on low-medium rise flats (i.e., up to five storeys) further separates Hungate (that is proposed to comprise seven storeys) from any of the tested typologies. This substantiates the point that the viability of Hungate should be assessed separately, as should that of all strategic sites.

Reference to Hungate

3.26 Reference to the Hungate strategic site varies through the viability assessments and related documents, both in terms of the nature of the site (i.e., its size and capacity), and in terms of its recognition as a strategic site. The viability of Hungate is assessed as a strategic site in its own right in the first two viability assessments but is not referenced in the post-2022 viability assessments or draft charging schedules.

Approach to Hungate in the 2017 and 2018 Viability Assessments

3.27 Hungate is dealt with differently in the 2017 and 2018 Assessments. These changes relate to:

1 Recognition of the site's location – the 2017 Assessment does not consider the location of strategic sites in estimating the viability of sites whereas the 2018 Assessment recognises that the site is in the city centre.

2 Change in the site area, as shown in Table 3.6.

Table 3.6 Comparison of Hungate site characteristics between 2017 and 2018 Assessments

Report	Location	Land type	Site (ha)		No units	Density	Build (yrs)
			Gross	Net			
2017	Not referenced	Brownfield	4.87	3.05	328	108	
2018	City centre	Brownfield	2.2	2.2	328	149	3

Source: 2017 and 2018 City of Yock CIL Viability Assessment

3.28 Recognising the location of sites is important in order to ensure that benchmark land values are appropriately accounted for. The benchmark land value of sites in the city centre will be considerably higher than for brownfield sites in suburban areas. There may also be additional abnormal costs for brownfield city centre sites. This is particularly the case in the City of York where a large area of the city centre has high heritage and archaeological status. Whilst Lichfields therefore considers that it is appropriate that the location of Hungate was recognised in the 2018 Assessment, we note that this did not result in city centre sites being liable for paying lower CIL rates.

3.29 The gross site area considered for Hungate decreased from 4.87ha in the 2017 study to 2.2ha in the 2018 Assessment. No explanation has been provided for this significant reduction (which may relate to the development of parts of the site) but this reduction coincided with the retention of the same number of residential units to be provided on site. Furthermore, there was no difference in the gross and net site area in the 2018 Assessment. Paragraph 4.12 states that this is because:

"the strategic site assessments have been informed by each site's areas, yields (number of units) and expected delivery rates provided by the Council. Where the net areas have not been provided, the site densities for the different locations in Table 5.1 has been applied."

3.30 A review of the Centre/City Centre Brownfield site typologies (as shown in Table 3.7) indicates that the gross: net ratio applied to Hungate is the same as that applied to the small and medium city centre typologies (i.e. 100%). We consider that this is an unreasonable approach to take given that the Assessment noted that Hungate was anticipated to deliver c.328 dwellings, more than three times the number of dwellings included in the largest city centre typology and 6.5 times the number of dwellings included in the medium typology, and that the site is proposed to have extensive areas of open space, including St John's Square.

3.31 The density per hectare for Hungate identified in the 2018 study (see Table 3.6 above) is significantly higher (149dph) than each of these typologies (100dph) and the 2017 study (108dph). The consequence of this is that the 2018 Assessment identifies a significantly higher headroom for Hungate (£437/sqm under policy layer 5) than the 2017 Assessment (£372/sqm under policy layer 5). The significance of this is demonstrated by the fact that Hungate changed from being the strategic site with the fourth highest headroom in the 2017 Assessment, to having the joint highest headroom in the 2018 Assessment. We are concerned that this difference in the perceived viability of the site (and its ability to sustain CIL) is a result of erroneous inputs and assumptions.

Table 3.7 Residential typology to be tested

Typology	Land type	Gross area ha)	Gross: net ratio	Net area (ha)	No units	Density (dph)
Centre / City Centre Extension – Large	Brownfield	1.0	95%	0.95	95	100
Centre / City Centre Extension – Medium	Brownfield	0.5	100%	0.5	50	100
Centre / City Centre	Brownfield	0.2	100%	0.2	20	100

Typology	Land type	Gross area ha)	Gross: net ratio	Net area (ha)	No units	Density (dph)
Extension – Small						

Source: 2018 City of Yock CIL Viability Assessment, Table 5.1

Lack of consideration of Hungate in 2022 and 2023 Viability Assessments

3.32 Strategic site ST32 is not referenced in the 2022 or 2023 assessments. To provide some explanation for its exclusion of Hungate from the 2022 Viability Assessment, paragraph 4.5 states that:

"A separate CIL rate for strategic sites may likely be considered owing to the scale of the build, which incurs additional site and infrastructure opening costs. Therefore, strategic sites are tested, which ***remain the same as those tested in the Local Plan (and previous CIL) viability work except for where they have an agreed planning application*** *and ST35 Queen Elizabeth Barracks is removed since it is no longer is an identified strategic site."*

3.33 It is reasonable to exclude strategic sites that have an agreed planning permission from CIL Viability Assessments given that sites with planning permission would not be required to pay CIL. However, the exclusion of Hungate is based on the inaccurate assumption that the entire site had an extant planning permission. As detailed in Section 1, Block H was granted planning permission for residential development under hybrid planning permission (application reference: 15/01709/OUTM), as updated by the various section 73 applications. The opportunity to submit reserved matters in respect of this outline expired on 25 April 2021.

3.34 A new standalone detailed planning application was submitted to the City of York Council in February 2021 for the development of a residential apartment building (five to seven storeys), comprising 221 residential units (application reference 21/00280/FULM). As of 31 January 2024, the application is awaiting determination following the conclusion of viability discussions in respect of the provision of affordable housing and other contributions.

3.35 The 2022 and 2023 Viability Assessments were therefore both prepared and published following the submission of planning application 21/00280/FULM. City of York Council would have been aware of this application and the headroom for strategic site ST32 to make CIL payments should have been assessed in these assessments, alongside the other strategic sites. This is important because, as highlighted in paragraphs 2.17-2.19 of the 2022 Viability Assessment, local authorities must strike a balance between maximising the delivery of development and supporting infrastructure in the area. It is particularly important that the viability and deliverability of strategic sites are not put at risk and that the scale of development identified in the Local Plan is not threatened.

Consideration of infrastructure commitments for strategic sites

3.36 Table 4.13 in the 2022 Viability Assessment details the Section 106, supplementary education and other key infrastructure contribution cost per unit for dwellings to be delivered at strategic sites. These were informed by the Key Infrastructure Requirement Updated Gantt and high-level estimates by the CYC Highways Team – the Assessment notes that these costs are likely to reflect the worst-case scenario but that they provide a guide for potential development costs. It shows that the infrastructure cost per unit varies significantly – from £4,200/unit for site ST16 to £42,295/unit for site ST15, with a median figure of £17,515/unit. Only one strategic site (ST16) has a figure that is lower than that of £8,274/unit which was applied to non-strategic sites. By implication, application of the non-strategic site figure to Hungate might serve to underestimate the figure that has been applied. Furthermore, it is important to note that these costs per unit vary within the greenfield / brownfield land types, indicating that general assumptions for strategic sites on different land types cannot be made. For example, sites ST16 and ST36 are both brownfield sites, and yet the anticipated infrastructure cost per unit is £4,200/unit and £16,025/unit respectively.

3.37 In considering the application of Section 106 costs to the CIL viability assessment, it is important to ensure that there is no double charging for any items of infrastructure that would otherwise be funded by CIL. It is noted that paragraph 4.58 of the 2022 report notes that the figures cited *"are likely to reflect the worst case/most costly scenarios"* but greater clarity is required in this respect so that the development industry can have confidence that the City of York Council will not seem to apply Section 106 costs that fail to accord with the requirements of the CIL regulations.

Overview of outcome of each Viability Assessment / Draft Charging Schedules

3.38 This section provides a brief overview of the outcomes of each viability assessment and related workstreams feeding into the draft CIL rate schedules.

2017 Viability Assessment

3.39 City of York Council first proposed the introduction of CIL charging in the City of York Local Plan and CIL Viability Assessment that was published in September 2017. It concluded that there was substantial financial headroom for most residential developments (that were assessed under different typologies or as strategic sites) and that this was significant enough to justify introducing CIL charges.

3.40 The 2017 Viability Assessment identified that residential sites comprising ten or fewer units "*in locations outside of the urban area are found to be either unviable or marginally viable"* (paragraph 7.2.10), and that these sites should be zero rated. Besides this typology, the Assessment concluded that "*although there are variations in the typology results, all sites achieve a headroom above £100 at full policy level, and in the majority of cases the headroom is above £200*" (paragraph 7.2.11) and that they should be able to support a CIL rate of £150/sqm. Although not specifically stated, this indicates that a viability buffer of c.25% was applied to the viability rates across <u>all</u> residential development besides the smaller typologies. This assessment did not propose to apply varied rates for strategic sites.

2018 Viability Assessment

3.41 The 2018 Viability Assessment found almost all typologies to be viable, with the exception of the smaller site typologies (7-10 units) outside of the City Centre. However, the approach to these sites differs as paragraph 6.7 states that their viability "*is marginal and therefore unlikely to put serious risk to the bulk of smaller sites coming forward since a minor* *change in market conditions, for example, the tested average S106 requirements, will bring these sites forward with a positive headroom.*" We note that, conversely, minor changes in market conditions could also negatively affect the viability of smaller sites, further declining their headroom. The Assessment concludes that, as in the 2017 Assessment, that these sites should be zero rated.

3.42 A more flexible approach towards the viability buffer is applied in the 2018 assessment, as paragraph 6.12 concludes that "*most of the tested sites can support a CIL rate up to a maximum of almost £200. For this reason, we would recommend that a CIL rate of £130 per sqm, which is at most two-thirds of the average headroom, would be achievable without putting the bulk of sites within the City of York at risk of delivery.*" Lichfields agrees with the approach of applying a higher buffer to allow for varying circumstances such as increased costs, reduced values or site-specific costs.

3.43 The 2018 assessment did not propose to apply varied rates for strategic sites.

2022 Viability Assessment & Draft Charging Schedule

3.44 Differing to the earlier Assessments, the 2022 Assessment indicated that all typologies and strategic sites were viable and that "*the bulk of sites provide suitable headrooms for supporting CIL charging*" (paragraph 6.5). A different approach of showing the headroom of different typologies and strategic sites was undertaken in this Assessment. Whereas the earlier assessments had shown the headroom at different stages of policy layers applied (e.g., no policy requirements, requirement to contribute to affordable housing delivery), the 2022 Assessment shows just one headroom result for each typology/site. Paragraph 6.5 stated that "*all the tested sites are found likely to come forward within the Plan period to meet the full policy requirements with headroom for supporting a CIL charge*"; this indicates that the contents of Table 6.1 are therefore the equivalent of 'policy layer 5 headroom' in the 2017 and 2018 assessments.

3.45 Relating specifically to strategic sites, paragraph 6.8 stated that "*most… show healthy headrooms, although some include a relatively high infrastructure cost and s106 assumption that may be met or partially met by potential future CIL receipts. But sites ST7, ST14 and ST15 all have headrooms below £50psm, which provides little room for any headroom buffers that should be allowed for in setting CIL charges.*" This was the first Assessment that proposes applying varied charge rates for different scales of residential development, as shown in Table 3.4. It cited paragraph 022 of the CIL PPG that allows charging authorities to introduce charge variations where there are differences in viability arising from the following factors:

1 Geographical zones within the charging authority's boundary;

2 Types of development; and/or,

3 Scales of development.

3.46 This was also the first Assessment to consider the effect of existing land use value for different land types. It acknowledged in paragraphs 2.29 and 2.30 that existing uses of land will inform its value. This will shape development viability and, as a result, charging authorities may seek to apply different charging rates for brownfield and greenfield sites.

We agree with this approach but note the approach in applying this in York is not consistent across development types, as explained later in this section.

3.47 In considering the potential residential CIL headrooms, the 2022 Assessment tested the maximum CIL rate with 25%, 33% and 50% headroom buffers for different land types and dwelling types. The results are shown in table 3.8:

Table 3.8 Residential CIL rates at different financial buffers in York (excl. strategic sites)

Site	Buffer	£psm CIL liable
All sites (excl. strategic sites)	-	**£481**
	50%	£241
	33%	£322
	25%	£361
All brownfield sites	-	**£477**
	50%	£239
	33%	£320
	25%	£358
All greenfield sites	-	**£485**
	50%	£243
	33%	£325
	25%	£363
Houses	-	**£480**
	50%	£240
	33%	£321
	25%	£360
Flats	-	**£546**
	50%	£273
	33%	£366
	25%	£409
Mixed sites (houses and flats)	-	**£323**
	50%	£162
	33%	£217
	25%	£242
Strategic sites	-	**£157**
	50%	£79
	33%	£105
	25%	£118

Source: City of York 2022 Viability Assessment

3.48 This shows that the CIL rate for all residential development across the City could be comfortably set at around £320/sqm after a 33% buffer is applied. The Assessment also indicated that there is scope for setting a residential charge on strategic sites and that "*after allowing a healthy financial buffer in the headroom, CIL could be comfortably set at around £100 psm*" (paragraph 6.22). This difference accounts for the additional costs associated with delivering strategic sites and the fact that strategic sites are vitally important to the success of the City of York Local Plan. However, the Assessment proposed that strategic sites ST7, ST8, ST9, ST14 and ST15 should not be liable for paying CIL as viability work indicated that this CIL rate could place these sites at risk of non-delivery, thereby risking that the Local Plan might be undermined.

3.49 The 2022 Draft Charging Schedule was prepared following the 2022 Viability Assessment. It proposed that the CIL rates listed below are established for residential development:

1. All residential development (excl. strategic sites): £200
2. Strategic sites that are not considered to have a high enough headroom for CIL to be a viable option (ST7, ST8, ST9, ST14 and ST15): £0
3. All other strategic sites within the City of York Local Plan (i.e. including Hungate): £100.

3.50 The schedule did not propose to:

1. Apply varied CIL rates for residential development on different land types (i.e., brownfield/greenfield sites);
2. Apply varied CIL rates based on location; or,
3. Apply varied CIL rates for different types of tenures. None of the Viability Assessments acknowledge the varied viability of schemes comprising different tenures, such as build to sell vs build to rent. As the assessments do not specifically refer to rental tenures, we presume that they were undertaken on the assumption that units would be sold. However, Block H of Hungate is anticipated to comprise build to rent units. The viability of this site therefore has not been appropriately tested.

3.51 Whilst the 2022 Assessment noted that different CIL rates can be applied to different land types, i.e., greenfield and brownfield, these varied rates are only applied to certainly types of development (e.g., care facilities), and not for residential development on different types of sites, in different parts of the authority area, or for different tenures. It is not clear why all types of residential development that are not strategic sites have been grouped into one category. This is significant in the context of the varying assumptions for these land types:

Table 3.9 Difference in assumptions for greenfield and brownfield sites

Assumption type	Assumption for Greenfield	Assumption for Brownfield (City Centre/Extension)
Opening up costs/Abnormals	<50 units: £0/unit 50-199 units: £6,500/unit 200-499 units: £13,500/unit 500+ units: £22,500/unit	£400,000 per ha
Existing land value	£20,000/ha	£1,700,000/ha
Land value premium	2,125%	0%
Benchmark land value	£445,000	£1,700,000

Source: 2022 City of York Viability Assessment

3.52 Based on an assumed density of 100dpa, as detailed in Table 3.9 above, the assumed cost of abnormals and opening up equates to £4,000/unit for brownfield sites. This is very considerably lower than greenfield sites with a capacity of more than 50 units. Although it is accepted that many brownfield sites may already have access arrangements, the need for demolition, site clearance and remediation could result in significant additional costs that might not apply to greenfield sites. Indeed, paragraphs 4.44 and 4.45 of the 2022

Assessment acknowledge that abnormals in particular can vary significantly for brownfield sites dependant on site specific characteristics and that "*at this stage of viability testing sites, it will not be possible to know what costs may be for individual brownfield sites.*"

3.53 Furthermore, there is a very significant difference in the benchmark land values for brownfield and greenfield sites – although we note that the brownfield figures are low in the context of the likely figures for brownfield sites in York city centre. In spite of this significant difference in land value for brownfield sites, and the fact that the modelling is likely to have underestimated the true cost of abnormals and opening up for brownfield sites, we note that the strategic sites that are zero CIL rated are entirely greenfield sites (in the 2022 Draft Charging Schedule only). This approach does not reflect the differential cost profile of the different types of site and is also contrary to the national and local policy approach that favours the delivery of brownfield sites for sustainability reasons.

3.54 We also note that the CIL rate for all residential development in the draft charging schedule is significantly lower than the £320 proposed in the Viability Assessment. No commentary is provided explaining this changed position.

2023 Viability Assessment and Draft Charging Schedule

3.55 The 2023 Viability Assessment comprised a sensitivity test to ensure that the proposed CIL rates were tested against the most recent market conditions and evidence of costs. It found that sales values for flats had increased by 1.03% since the 2022 Assessment was prepared (to £5,390/sqm) and that they had declined by 0.05% for houses (to £4,198/sqm). By contrast, it found that build costs had increased by the following rates over the same period:

1 Flats: +5.0% to £1,580/sqm;

2 Houses (small housebuilder, 3 units and under): +4.3% to £1,881/sqm;

3 Houses (medium housebuilders, 4 to 49 units): +4.6% to £1,402/sqm; and,

4 Houses (large housebuilders, 50+ units): +4.6% to £1,242/sqm.

3.56 This shows that the rate at which build costs increased was five times higher than the rate at which sales values for flats increased. As stated in paragraph 3.18 of this report, the significance of this relative rate of increase also means that other assumptions that are a function of build costs, such as contingencies, professional fees and externals, would have increased at a higher rate than sales values. In spite of this, the CIL rate for residential development did not change between the 2022 and 2023 Draft CIL rate schedules. We also reiterate the point that build costs for flats are based on low-medium rise flats and therefore do not reflect Block H of Hungate that is anticipated to contain seven storeys.

3.57 The changes relating to residential development were:

1 Strategic sites ST4, ST31 and ST33 are no longer liable for CIL;

2 The draft charging schedule now lists the strategic sites that will incur a fee of £100/sqm in CIL (ST16 & ST36); and,

3 All other strategic sites (i.e. those not specifically listed above) are treated as *"residential dwellings within the City of York"* and therefore liable for £200/sqm CIL.

Nature of lower CIL rate sites

2022 Draft Charging Schedule

3.58 The 2022 Draft Charging Schedule proposes to set zero CIL rates for are sites ST7, ST8, ST9, ST14 and ST15. The characteristics of these sites are set out in Table 3.10 below. This shows that all are rural greenfield sites that are anticipated to deliver a total of 7,235 dwellings.

Table 3.10 Nature of sites with zero CIL rate

Strategic site	Location	Land type	Site area (ha)		No of units	Density (dph)	Build (yrs)
			Gross	Net			
ST7 / SS9	Rural	Greenfield	34.5	24.1	845	35	14
ST8 / SS10	Rural	Greenfield	39.5	27.7	968	35	112
ST9 / SS11	Rural	Greenfield	35.0	21.0	735	35	12
ST14 / SS12	Rural	Greenfield	35.0	38.5	1,348	35	14
ST15 / SS13	Rural	Greenfield	159.0	95.4	3,339	35	17

Source: 2022 Viability Assessment

3.59 Paragraph 6.22 of the 2022 Viability Assessment states that:

"After allowing a healthy financial buffer in the headroom, CIL could be comfortably set at around £100psqm on a number of strategic sites, without threatening delivery of these tested sites. However, there should be ***exceptions for several major sites, i.e., ST7, ST8, ST9, ST14 and ST15, since this CIL rate could potentially place these large strategic sites*** *at risk of non delivery, and potentially undermine the emerging local Plan." Further, "these sites are* ***already expected to support infrastructure investments*** *that benefit the City through the site specific S106 contributions, and potentially any additional headroom may be sought through site specific S106 negotiations to avoid any risk on their delivery."*

3.60 There are various factors that may have contributed to varied rates being applied. For example, some assumptions result in significantly higher development costs for brownfield sites than greenfield, namely that benchmark land values are much higher for brownfield sites in urban locations than for greenfield sites in rural areas. Also of relevance is the fact that the Council's assessments did not apply a build costs rate for taller flats. This difference in the nature of Hungate relative to the other city centre typology is further evidence of the need for a specific viability assessment for Hungate.

2023 Draft Charging Schedule

3.61 As stated in paragraph 3.59, the 2023 Draft Charging Schedule proposes that more strategic sites should either incur a lower CIL charge or not incur a CIL charge than in the 2022 schedule. The exception to this is Hungate, for which the position has changed from incurring a fee of £100/sqm in the 2022 draft charging schedule to £200/sqm in the 2023 draft charging schedule. Paragraph 14 of the 2023 Sensitivity Test states:

"For the strategic sites identified as being liable for CIL, we note some minor changes mainly due to the change in build costs, with a £100 psm CIL rate less able to be supported on sites ST4, ST31 and ST33. These sites could afford a CIL rate of £50 psm, albeit for ST31 this would be at the margin of the scheme's overall viability."

3.62 As shown below, the characteristics of the sites proposed to be exempt from incurring CIL charges are more varied than those in the 2022 Draft Charging Schedule. It includes a smaller sites than in the 2022 Draft Charging Schedule. However, the sites are almost entirely greenfield sites in rural locations.

3.63 We note that strategic site ST31 was not referenced in the 2022 Viability Assessment but that it is exempt from CIL in the 2023 Draft Charging Schedule to reflect revised viability.

Table 3.11 Nature of sites with zero CIL rate

Strategic site	Location	Land type	Site area (ha)		No of units	Density (dph)	Build (yrs)
			Gross	Net			
ST4 / SS8	Suburban	Greenfield	7.5	6.6	263	40	6
ST7 / SS9	Rural	Greenfield	34.5	24.1	845	35	14
ST8 / SS10	Rural	Greenfield	39.5	27.7	968	35	112
ST9 / SS11	Rural	Greenfield	35.0	21.0	735	35	12
ST14 / SS12	Rural	Greenfield	35.0	38.5	1,348	35	14
ST15 / SS13	Rural	Greenfield	159.0	95.4	3,339	35	17
ST31 / SS18 (2018)	Rural	Greenfield	8.1	4.5	158	35	5
ST33 / SS18	Rural	Mixed	6.0	4.3	150	35	5

Source: 2022 + 2018 Viability Assessments / 2023 Draft Charging Schedule

3.64 The extent to which the viability of the sites for which the 2022 and 2023 assessments proposed different rates changed as a result of market conditions shows the importance of individually assessing the viability of each strategic site. It appears that where the CIL rate applied to strategic sites changed between the 2022 and 2023 Draft Charging Schedules, this occurred as a result of revised viability assessments being undertaken in the 2023 assessment. The absence of reference to strategic sites that have not had the CIL rate updated to standard residential rates indicates that this is just a result of their exclusion from the 2023 review. As we have explained, the failure to test Hungate was a major omission.

Implications of evidence review

3.65 The key implications of this review of the Viability Assessment and CIL charging schedules are listed below.

1. It is our understanding that strategic site ST32 was excluded from the 2022 Assessment and the draft charging schedules on the basis that the site has planning permission. This is not true as the timescales for a Reserved Matters application for Block H has passed and a new planning application has been submitted but is undetermined. In addition, subsequent applications could come forward on those parts of the site which remain undeveloped. Therefore, we consider that the viability of

strategic site ST32 should be assessed to ensure that the site's viability and deliverability is not threatened and the City of York Local Plan is not undermined.

2 None of the typologies tested in any of the Assessments relate closely enough to Hungate for the viability of Hungate to have been assessed against them. The differences between Hungate and the most applicable typology, brownfield sites in a city centre, relate to different build costs for different flat heights, different sizes of schemes in terms of the number of dwellings, and site-specific abnormals that may affect build costs.

3 The viability of different tenures was not assessed, e.g., built to sell vs build to rent. This is significant in the context of different sales values for different types of dwellings.

4 The viability of blocks of flats of varying heights was not tested. The assessments are based on BCIS build costs for low-to medium rise flats (i.e., five storeys), whereas Block H of Hungate is anticipated to contain seven storeys. This again fails to account for the varying nature of development in the city centre and its implications on the viability of such schemes.

5 A standard CIL rate for all residential development (besides strategic sites that have been identified) has been applied across brownfield and greenfield sites. This fails to account for the varying opening up costs and benchmark land values for the different land types and risks overstating the viability of brownfield sites in particular.

6 No allowance has been made for differences in the sales areas across the City of York Council area, such that there is no geographic variation in the CIL that has been tested We do not consider that this is appropriate and further results in the viability of city centre developments being overstated.

7 As a result of the viability of Hungate not being assessed separately to inform the proposed CIL rate, it has been made subject to a CIL charge that significantly exceeds that which can be achieved without undermining the viability – and deliverability – of this important site.

8 The absence of an individual viability assessment for Hungate means that the additional costs associated with delivering strategic sites have not been accounted for. Like other strategic sites allocated in the emerging City of York Local Plan that have been tested separately and that will incur varied CIL charges, Hungate is vitally important to the success of the City of York Local Plan. It both meets an identified overall housing need, and provides a different type of housing to that delivered on greenfield sites in rural locations.

4.0 Assessment of Development Viability

4.1 In the absence of any viability analysis of the Hungate site in the 2022 or 2023 viability assessments, or a typology that reflects the characteristics of the site, this section provides an assessment of its potential to sustain either £100/sqm or £200/sqm CIL without undermining viability and deliverability.

4.2 In accordance with the requirements of paragraph 58 of the NPPF and the conclusions of Dove J in *Holborn Studios Ltd, R (on the application of) v London Borough of Hackney & Anor* (2020) for standardised inputs to be applied, this assessment has been informed by Lichfields' *Fine Margins* research. This research is valuable in relation to those elements such as land acquisition, finance costs and sales/marketing fees, that are less site-specific. In addition, we have applied detailed information on infrastructure costs that has become available as the Hungate site has been developed.

4.3 However, our overall approach has been to replicate the inputs used in the 2022 and 2023 viability assessments, so far as possible, even though we do have some concerns about the applicability of these to the Hungate development. The rationale for this is to demonstrate that, even using the City of York's inputs, which results in a worst-case scenario for the Hungate scheme, it cannot viably support any CIL contributions. We set out below where we disagree with the City of York regarding the inputs that should have been applied.

4.4 Although Block H of the Hungate development includes a small amount of ground floor commercial development, this assessment has focused solely on the viability of the residential uses. This is because the CIL charge – to which this assessment relates – is focused on residential development and any assessment of the viability of the proposed CIL charge should not be infected by the viability (or non-viability) of any other land use that might come forwards as a mixed-use scheme.

4.5 The previous section set out our concerns arising from the fact that the 2022 and 2023 viability assessments failed to assess the viability of the Hungate strategic site and that none of the typologies that were reviewed adequately reflect the scale and character of this development as a large scale, tall apartment development within the city centre. As a result, we are concerned that the conclusion of the viability assessments and the proposed CIL rate set out in the 2023 Charging Schedule that the Hungate development should be liable for a CIL charge of £200/sqm – the standard rate for non-strategic residential developments in the City of York – is flawed. This section details the viability analysis that we have undertaken for the Hungate development to test the level of headroom to accommodate any CIL charge. It summarises the inputs that have been applied before providing an overview of the results of our analysis.

4.6 For the purpose of this assessment, we have focused on Block H which is the only part of the development that does not currently benefit from an implementable planning permission and for which construction work has not yet commenced. However, as set out in Section 1, the conclusions drawn in respect of this block are equally applicable to other parts of the development. The core assessment focused on the development viability of a Build to Rent scheme before considering a sensitivity based on the development being used as Purpose Build Student Accommodation.

The Proposed Development

4.7 Block H comprises of a residential apartment building of five to seven storeys, 221 residential units, flexible ancillary ground floor commercial space (Use Class E and / or F2), residential amenity space, a landscaped courtyard, green / biodiverse roof areas, cycle parking provision and associated infrastructure works. In addition, the area of public open space within the centre of the Hungate development site known as St John's Square is to be delivered alongside Block H.

4.8 It should be noted that the Block H is proposed to include 623 sqm commercial floorspace on the ground floor. As the purpose of this assessment is to assess the ability of the development to accommodate a residential CIL, we have not included this commercial floorspace in the current assessment. Doing so might result in an inability to achieve a robust understanding of the viability of the proposed residential component of the development.

4.9 The residential accommodation on Block H comprises of:

1. Five studios;
2. 147 one bed apartments (2 people);
3. 68 two bed apartments (4 people); and,
4. One 3 bed apartment (5 people)

4.10 This results in a net residential area of 11,901 sqm. Adjusting for the proposed commercial space, circulation space, staircases, lift shafts, maintenance areas and plant rooms etc, this results in a net to gross adjustment of 29%.

Gross Development Value

4.11 The Gross Development Value (GDV) of the development is a function of the rental value of the units, together with the net yield, management fee, allowance for bad debt and maintenance fund. As explained in the previous section, the 2022 and 2023 viability assessments failed to test any Build to Rent schemes and so it has not been possible to align our inputs in respect of GDV with those contained in the City of York assessments.

4.12 Advice in respect of the rental value of the new apartments was provided by Savills. This drew on a review of the local market and concluded that the following rents should be applied:

Table 4.1 Applicable rental values for the proposed residential accommodation at Hungate

	Monthly rent
Studio	£1,006
One bedroom	£1,117
Two bedrooms	£1,728
Three bedrooms	£2,706

Source: Savills

4.13 The yield is a function of annualised rental income against the market value of the units. Based on the advice provided by Savills, we have applied a yield of 5%. This is slightly lower than the calculated figure of 6% which is derived from applying the rental income to market value. We note that the 2022 Viability Assessment also applied a 5% yield in respect of Purpose Built Student Accommodation, although the yields for Built to Rent and Purpose Built Student Accommodation are not necessarily comparable. In any event, application of a lower yield serves to increase the GDV of the development and therefore potentially over-state its viability.

4.14 Drawing on advice provided by the proposed developer, we have applied the following assumptions:

1. Maintenance costs: we have applied an allowance of 20% to reflect the figure that we have been advised by Hungate (York) Regeneration Ltd. This is less than the 30% proposed in the 2022 Viability Assessment in respect of Purpose Built Student Accommodation.
2. Management costs: 5%.
3. Bad debt: 2.5%.

4.15 Taking all of these factors into consideration, the GDV of the development is estimated to be £50,535,715.

Costs

Build Costs

4.16 The Council's 2022 and 2023 viability assessments apply the BCIS median costs for low and medium-rise flats and apartments (i.e. between 1-2 and 3-5 storeys). The applied figures were £1,505/sqm in the 2022 study (Q3 2022 prices) and £1,580/sqm in the 2023 study (Q2 2023 prices). Given that the Hungate development is seven storeys in height, these figures are not comparable or applicable. We have therefore applied the BCIS median prices for high-rise (6-storeys and over) flats and apartments. The latest figures (updated 27 January 2024) is £1,935/sqm. This compares to the January 2024 figure of £1,600/sqm for low and medium-rise flats and apartments.

4.17 In the light of our approach to align our assessment with those undertaken on behalf of the City of York, we consider this to be an appropriate build cost figure to apply for the purpose of this assessment given the height of the development. It is directly comparable to the methodology applied in the City of York viability assessments. However, critically, it is considerably lower than the actual build cost figure of £2,400/sqm that the developer has indicated as actually being applicable. Again, the figures that have been applied represent the worst-case scenario for the developer.

Externals

4.18 The 2022 and 2023 viability assessments apply an allowance of 10% of the base build costs for externals for houses and 5% for flats. We have applied the same 5% figure even though this substantially under-estimates the true cost of external works. The external costs would actually be much higher in order to deliver the central courtyard within the block and to deliver St John's Square public open space alongside Block H. Furthermore, given that the build costs that have been modelled are much lower than the actual build costs that will be applicable, an allowance of 5% of the modelled build costs would also be proportionately less. Once again, this represents a worst-case scenario.

Abnormals and opening up costs

4.19 The 2022 and 2023 viability assessments apply an allowance of £400,000/ ha for opening up and abnormal costs. As set out in the previous section, this is considered to be an unrealistically low figure. However, it has been applied for the purposes of this assessment and therefore can be viewed as a worst-case scenario. This equates to an allowance of £200,000 for the 0.5ha site.

Professional fees

4.20 The City of York 2022 and 2023 viability assessments applied a figure of 8% for professional fees. This accords with the conclusions of *Fine Margins* which found that professional fees tend to fall within a tight range of between 8% and 10% of base build costs. The position within this range typically varies according to the type of site and location, with the effect of economies of scale being an important consideration.

4.21 In the light of this, and in accordance with the City of York assessments, we have made an allowance of 8% for professional fees.

Contingency

4.22 The City of York 2022 and 2023 viability assessments applied a figure of 4% for contingencies. This accords with the conclusions of *Fine Margins* which found that contingencies fall within a range of between 2.5% and 5%, with a tighter range of 3% to 5% commonly cited as representing the industry norm.

4.23 The figure applied by City of York represents the mid-point of this and we have likewise applied it for the purpose of our assessment.

Land acquisition

4.24 For the purposes of the assessment, a cost of 1.5% of the site cost has been applied for agents fees and 1% of the site cost for legal fees. This reflects advice provided by Savills.

4.25 Stamp Duty Land Tax has been included at the HMRC rate.

Finance

4.26 It is common practice in conventional development appraisals to assume that all costs incurred by developers are financed by borrowing and therefore subject to an interest rate. This is a reasonable assumption and even if it not all of the scheme was to be debt financed, it would be appropriate to make some allowance for the opportunity cost associated with investment in the project.

4.27 In accordance with the assumption contained in the City of York 2022 and 2023 viability studies, we have applied a finance cost of 7.75%. This is higher than the range of 6% to 7% identified in *Fine Margins* but reflects increases in the base rate that have been experienced over the past 2 years. It is, however, lower than the rates of between 8.5% and 9% that are commonly being seen at present.

Sales and marketing

4.28 Although the proposed apartments are to be available to rent and not for purchase, there will inevitably be costs associated with the marketing of the completed residential properties to attract prospective tenants. This will include the cost associated with instructing a local agent and digital marketing through online platforms.

4.29 We have applied a rate of 2% of the letting income for marketing. This compares to the fee of 3% that has been applied in the City of York 2022 and 2023 viability studies in in respect of the cost of marketing for the sale of open market properties. A lower figure is considered to be appropriate as a less extensive marketing campaign and legal process is likely.

Profit

4.30 Developer profit represents an important cost within any viability assessment and provides a means by which to take account of the expected risk to the developer. In some cases, lenders will require a high profit margin to be applied to mitigate any potential risks to the scheme.

4.31 The City of York 2022 and 2023 viability studies included a 20% profit margin for open market dwellings. This is the generally accepted percentage which we have likewise applied in this assessment.

Section 106 contributions

4.32 These assumptions have been based on previous Section 106 agreements and negotiations but adjusted to remove those items that would be dealt with by CIL, in order to prevent double counting.

4.33 Based on the Infrastructure Funding Statement, we anticipate that most of the items previously anticipated to be subject to Section 106 at Hungate Block H would instead now be dealt with by CIL. Therefore, we have not applied a separate Section 106 charge, other than for the TRO contribution of £15,000.

4.34 In addition, some other policy requirements will have an impact on costs. Based on the approach taken by the 2022 and 2023 City of York CIL viability assessments, an uplift of £2,250/flat has been applied for compliance with Part L of the building regulations and £231/flat for biodiversity net gain. An allowance of £1,250/flat has also been made for installation of air source heat pumps.

4.35 This approach differs to that taken in the 2022 and 2023 viability assessments. As set out in Section 3. These included an allowance of c.£17,500/unit (median figure) for Section 106 contributions. This represents an additional input that, if applied, would further raise the cost burden associated with the Hungate site and thereby further undermine its viability.

Benchmark land value

4.36 The Council's 2022 viability assessment calculated a benchmark land value of £1,700,000 per ha for city centre/urban extensions. This would equate to a figure of £850,000 for the

0.5ha Hungate Block H site. This is considered to be unrealistically low given the Hungate site benefits from an allocation and previous planning permissions to bring the site forward for residential development.

4.37 In spite of the Council's viability assessments fundamentally under-estimating the value of the site, this has nevertheless been adopted as a very worst-case scenario.

Summary

4.38 A summary of the various costs that have been applied is set out below:

Table 4.4 Summary of costs applied in viability assessment

	Assumption	Costs
Build costs	BCIS median prices for high-rise (6-storeys and over) flats and apartments dated 27th January 2024. £1,935/sqm	£32,433,762
Professional fees	8% of build costs	£2,594,701
Contingencies	4% of build costs	£1,297,350
Externals	5% of build costs	£1,621,688
Opening up / Abnormals	£400,000/net ha	£200,000
Section 106	Most included within Infrastructure Funding Statement CIL, therefore only site-specific costs applied.	TRO £15,000 Part L £2,250 / flat Air Source Heat Pump £1,250 / flat BNG £231 / flat Total: £839,551
Land acquisition	Agents fees 1.5% and legal fees 1% SDLT	Agent fees: £12,750 Legals: £8,500 SDLT £32,000
Land	Benchmark land value of £1,700,000 per ha for city centre/urban extensions	£850,000
Finance / Interest	Finance cost of 7.75%. Credit balance reinvestment figure of 3%	£3,590,222
Sales and marketing	2% of the letting income	£69,704
Profit	20% of return	£6,486,752
Total costs		**£50,036,980**

Assessment of Development Viability

4.39 The GDV of the site is calculated to be c. £50.5 million

4.40 The total development costs amount to c.£50.0 million.

4.41 This gives rise to a residual surplus of £498,735 at completion. Based on the total residential floorspace of 11,901sqm, this equates to a potential headroom of £41.90/sqm, before taking any viability buffer into account. This is clearly at the margin of viability.

4.42 Paragraph 6.8 of the 2022 Viability Assessment stated that some of the strategic sites "*have headrooms below £50psm, which provides little room for any headroom buffers that* *should be allowed for in setting CIL charges*." The same situation is clearly evident in respect of Hungate.

4.43 Having regard to the need to apply an appropriate buffer, this would indicate that a requirement for CIL would undermine the viability of the development.

4.44 It should be further noted that this is based on the application of a series of costs that represent the worst-case scenario from the perspective of the actual cost profile of the development and so the indicated surplus is likely to substantially overstate the viability position.

Purpose Built Student Accommodation Scenario

4.45 In any viability assessment, there are clearly a number of alternative figures that could be considered. Whilst the core assessment takes account of what we consider the viability of a build to rent scheme, this section considers a scenario where the Block H is delivered as purpose built student accommodation (PBSA) and the impact of variations to the following assumptions:

1 Weekly rental values of £275 per bedroom. This is based on information provided by Hungate (York) Regeneration Ltd's agents and is higher than the figure of £177 per week (for 47 weeks) which was applied in the City of York viability assessments. The application of higher rental values will serve to increase the GDV of development and there increase the stated viability.

2 Management fee of 30% letting income in line with the City of York viability assessments; and,

3 Yield of 5%, again in accordance with the City of York viability assessments.

4.46 All other assumptions have remained as per the core assessment for the build to rent scenario.

4.47 Whilst this scenario shows that a PBSA scheme is slightly more viable than the build to rent scenario, the assessment still shows that there is no capacity to sustain additional CIL payments.

Table 4.5 Sensitivity assessment 1:

	Block H PBSA
GDV	£48,020,602
Costs	£50,667,451
Deficit at Completion	(£2,646,849)

5.0 Summary and conclusions

Introduction and Scope

5.1 Lichfields has been instructed by Hungate (York) Regeneration Limited to review the revised City of York Community Infrastructure Levy (CIL) Draft Charging Schedule and provide this Representation.

5.2 In the December 2022 version of York's draft CIL charging schedule, the Hungate strategic site (ST32) fell within the 'Residential dwellings within the City of York Local Plan Strategic Sites' category which incurred a charge of £100 per sqm. However, in the latest (December 2023) version of the schedule the proposed wording has been altered so this category only includes sites ST16 and ST36. Subsequently, Hungate would now fall within the 'Residential dwellings within the City of York' category and incur a CIL charge of £200 per sqm.

5.3 Lichfields has considered the evidence that underpins this CIL requirement, the justification for the change in the CIL requirement for Hungate (and numerous other strategic sites) and the viability implications arising from the increased CIL requirement for the Hungate strategic site.

Implications of evidence review

5.4 The key implications arising from review of the Council's evidence can be summarised as follows:

1. It is our understanding that strategic site ST32 was excluded from the 2022 Assessment and the draft charging schedules on the basis that the site has planning permission. This is not true as the timescales for a Reserved Matters application for Block H has passed and a new planning application has been submitted but is undetermined. Therefore, we consider that the viability of strategic site ST32 should be assessed to ensure that the site's viability and deliverability is not threatened and the City of York Local Plan is not undermined.
2. None of the typologies tested in any of the Assessments relate closely enough to Hungate for the viability of Hungate to have been assessed against them. The differences between Hungate and the most applicable typology, brownfield sites in a city centre, relate to different build costs for different flat heights, different sizes of schemes in terms of the number of dwellings, and site-specific abnormals that may affect build costs.
3. The viability of different tenures was not assessed, e.g., built to sell vs build to rent. This is significant in the context of different sales values for different types of dwellings.
4. The viability of blocks of flats of varying heights was not tested. The assessments are based on BCIS build costs for low-to medium rise flats (i.e., five storeys), whereas Block H of Hungate is anticipated to contain seven storeys. This again fails to account for the varying nature of development in the city centre and its implications on the viability of such schemes.
5. A standard CIL rate for all residential development (besides strategic sites that have been identified) has been applied across brownfield and greenfield sites. This fails to

account for the varying opening up costs and benchmark land values for the different land types and risks overstating the viability of brownfield sites in particular.

6 No allowance has been made for differences in the sales areas across the City of York Council area, such that there is no geographic variation in the CIL that has been tested We do not consider that this is appropriate and further results in the viability of city centre developments being overstated.

7 As a result of the viability of Hungate not being assessed separately to inform the proposed CIL rate, it has been made subject to a CIL charge that significantly exceeds that which can be achieved without undermining the viability – and deliverability – of this important site.

8 The absence of an individual viability assessment for Hungate means that the additional costs associated with delivering strategic sites have not been accounted for. Like other strategic sites allocated in the emerging City of York Local Plan that have been tested separately and that will incur varied CIL charges, Hungate is vitally important to the success of the City of York Local Plan. It is both a strategic site and brownfield land which meets an identified overall housing need and provides a different type of housing to that delivered on greenfield sites in rural locations.

Assessment of Development Viability

5.5 In the absence of any viability analysis of the Hungate site in the 2022 or 2023 viability assessments, or a typology that reflects the characteristics of the site, Lichfields has undertaken an assessment of its potential to sustain either £100/sqm or £200/sqm CIL without undermining its viability and deliverability, the outcome of which can be summarised as follows:

1 The GDV of the site is calculated to be circa £50.5 million; and,

2 The total development costs amount to circa £50.0 million.

5.6 In respect of Build to Rent residential accommodation, this gives rise to a residual surplus of £354,234 at present value or a surplus of £498,735 at completion. Based on the total residential floorspace of 11,901sqm, this equates to a potential headroom of £29.77/sqm (current values) or £41.90/sqm at completion before taking any viability buffer into account. This is clearly at the margin of viability. Paragraph 6.8 of the 2022 Viability Assessment stated that some of the strategic sites "*have headrooms below £50psm, which provides little room for any headroom buffers that should be allowed for in setting CIL charges.*"

5.7 Having regard to the need to apply an appropriate buffer, this **<u>would indicate that a requirement for CIL would undermine the viability of the development</u>**. It should be further noted that this is based on the application of a series of costs that represent the worst-case scenario from the perspective of the actual cost profile of the development and so the indicated surplus is likely to substantially overstate the viability position.

5.8 In respect of Purpose Built Student Accommodation, whilst this scenario is shown to be slightly more viable than the build to rent scenario, the assessment still shows that **<u>there is no capacity to sustain additional CIL payments.</u>**

5.9 It should be noted that whilst the focus of the viability assessment is upon Block H (as the only part of the site that does not currently benefit from an implementable planning permission) the viability challenges that are identified are applicable to the wider and as yet undeveloped strategic site. As such, our conclusions regarding the inability of the Hungate strategic site to sustain a CIL charge should extend to ST32 in its entirety.

Overall Conclusion

5.10 For the reasons outlined above, it is considered that the Hungate development is unable to support a CIL charge of any amount based upon on the modelling undertaken to reflect a build to rent scenario. Therefore, we recommend that Draft Charging Schedule identifies a CIL charge of £0 for strategic sites including Hungate (ST32).

5.11 Furthermore, the modelling for purpose built student accommodation scenario, also demonstrates that the Hungate development as is unable to support a CIL charge of any amount. Therefore, this also needs to be reflected in the Draft Charging Schedule.

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[redacted]

From: [redacted]
Sent: 31 January 2024 08:13
To: localplan@york.gov.uk
Subject: DIO response to York revised CIL Draft Schedule
Attachments: 2024-01-31 DIO response to York revised CIL Draft Schedule.pdf

This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Sir / Madam,

Please find attached DIO's response to the revised draft CIL charging schedule for York.

Contact details are provided in the signature below, should you have any further questions please do not hesitate to contact me.

Kind regards,

[redacted]

[redacted]
3 Brindleyplace, Birmingham B1 2JB

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AVISON YOUNG

Defence Infrastructure Organisation

York Revised CIL Draft Charging Schedule

1. DIO Consultation Response

1.1 Avison Young is instructed by the Defence Infrastructure Organisation (DIO) to review and comment on the consultation that the City of York Council is currently undertaking on its proposed revisions to its Community Infrastructure Levy (CIL) Draft Charging Schedule for York. DIO is currently promoting some of its landholdings in York through the York Local Plan examination process. These include Imphal Barracks and Queen Elizabeth Barracks for residential uses and Towthope Lines for employment use. We note that employment development is not a land use that is proposed to be subject to CIL and therefore these representations focus solely the intended modifications to the CIL Charging Schedule so far as they relate to the rates for residential uses set out on Page 2 of the Revised Draft CIL Charging Schedule.

1.2 In summary, DIO has several concerns about the justification behind the setting of different rates for certain residential developments as such DIO objects to the draft charging schedule on this basis. These are discussed in detail below.

1.3 The National Planning Policy Guidance states in relation to CIL setting differential rates:

> "*The regulations allow charging authorities to apply differential rates in a flexible way, to help ensure the viability of development is not put at risk. Charging authorities should consider how they could use differential rates to optimise the funding they can receive through the levy. Differences in rates need to be justified by reference to the viability of development.*"
>
> Paragraph: 022 Reference ID: 25-022-20230104; Revision date: 04 01 2023

1.4 DIO supports the Council's intention to reduce the CIL rate for its Imphal Barracks below the £200 sqm charge, given the brownfield urban nature of the site and considers that a lower rate is fully justified in relation to the viability of development.

1.5 However, there is an apparent lack of justification underpinning the Council's decision to not levy CIL against 8 strategic sites that are proposed to be allocated for development in the emerging Local Plan with £0 CIL Charge. These sites are completely or predominately greenfield.[1] Whilst DIO appreciates that site specific abnormal costs may render a CIL charge impracticable, there needs to be clear evidence to demonstrate that a greenfield site in York should have a lower CIL charge than sites in the urban area such as at Imphal Barracks. Put simply, DIO is keen to ensure the CIL charge is justified, and equitable across all proposed allocations.

[1] Policy SS13 Land West of Elvington Lane (ST15) is partially brownfield given former runway but mostly greenfield. The remainder are gf sites as far as I can see (SS8 Land Adj Hull Road (ST4); Policy SS9 Land East of Metcalfe Lane (ST7); SS10 Land North of Monks Cross (ST8); SS11 Land north of Haxby (ST9); SS12 Land West of Wiggington Road (ST14); SS16 Land at Tadcaster Rd (ST31); SS18 Station Yard, Wheldrake (ST33).

Queen Elizabeth Barracks (ST35)

1.6 DIO is concerned that there is no reference whatsoever to Queen Elizabeth Barracks (QEB) in the CIL Draft Charging Schedule. QEB was identified by the Council as a draft housing allocation ST35 in the Regulation 19 Submission version of the Plan (Examination Reference: CD001). It, combined with Site H59 could potentially deliver something in the order of 545 dwellings.

1.7 In June 2019, the City Council published its proposed modifications to the City of York Local Plan for a period of public consultation. One of the changes that the Council considered necessary to make the Plan sound was to remove the QEB site from the Plan in the light of the outcome of its Habitat Regulations Assessment which highlighted the potential for the development to give rise to adverse effects on the Strensall Common Special Area of Conservation. Notwithstanding this, one of the other modifications that the Council said that it was intending to make the plan (new Policy GI2A) would in our view still enable residential development to come forward at QEB. Based on DIO's latest capacity assessments this could yield around 345-455 new homes which could be delivered under the provisions of this new policy. This matter is covered in the representations that AY made on DIOs behalf to the Draft Local Plan Proposed Main Modifications Consultation dated 24 March 2023 (PM SID 345).

1.8 Whilst the final policy position relating to QEB has yet to be established through the Examination in Public process, our concern is that the changes that the Council is contemplating making to its Draft CIL charging schedule would automatically mean that any residential development that takes place at QEB would immediately be subject to the levy, and would be chargeable at £200 per sqm.

1.9 We would advocate that a more nuanced approach is adopted, as the schedule as currently drafted could impact housing delivery in York in the new plan period, as a blanket £200 per sqm CIL charge on all other residential sites is not considered appropriate particularly on brownfield sites coming forward as windfall development. We also suggest that it would be appropriate for a bespoke appraisal to be carried out at QEB to determine an appropriate CIL charge for any residential development that comes forward on this site, and in the absence of any new evidence would advocate a £0 CIL charge is appropriate in this instance.

Imphal Barracks (ST36)

1.10 The City Council has appointed Porter Planning Economics (PPE) Ltd to undertake a further viability testing of its CIL charging schedule. We have reviewed PPEs analysis insofar as it relates to the DIO Imphal Barracks site and wish to make the following comments / observations:

a. The site is brownfield in the urban area and we therefore welcome a CIL charge that is lower than the general City wide charge for residential use;
b. The appraisal is broadly in line with our expectations, however:
    i. it doesn't take account of the fact that there are a number of listed buildings within the site and they together with other buildings, will need to be retained. Given the likely quality requirements in converting the heritage buildings to other uses and high value nature of the area, we are of the view that PPE should have applied a higher build cost in this instance;
    ii. it seems to us as though the raw build cost rates that have been included for flats and houses are potentially on the low side given the current market cost of raw materials and labour.
    iii. we query how PPE has arrived at the £200,000 per net ha remediation/demolition allowance for this site. As discussed above, the site is brownfield land and consideration need to be given to the listed buildings, ground conditions and is likely to require higher than usual quality finishes. There may be other as yet unidentified technical issues that DIO won't know

about until much closer to the point of disposal / development. As a consequence, we would be keen to understand the rationale behind the remediation figure that PPE has used;

iv. it is unclear what assumptions PPE has made in respect of the likely S106 development costs per unit and this figure may have underestimated the contributions required for services and facilities such as "*the delivery of sufficient education provision to meet demand arising from the development*" as required by the proposed planning policy SS20.

1.11 The above comments, on Imphal Barracks (ST36) should be considered in light or the need for CYC to be consistent and equitable in its application of the £0 sqm CIL Charge and £100 sqm CIL charge.

CYC approach to demolition and CIL charge reduction

1.12 We note the Government Guidance on Community Infrastructure Levy was published on 12 June 2014 and updated on 4 January 2023.

1.13 This guidance states that:

> "*The internal area of a building which is demolished during the development of a scheme can be taken into account in calculating the levy charge, in certain circumstances. To be eligible, the parts of the buildings to be demolished must contain a part that has been in lawful use for a continuous period of at least 6 months within the 3 years ending on the day planning permission first permits development. They must also be demolished before completion of the chargeable development.*"

Paragraph: 103 Reference ID: 25-103-20190901; Revision date: 01 09 2019

1.14 DIO want CYC to confirm that their approach to demolition will be in line with this guidance. At Imphal Barracks, and at Queen Elizabeth Barracks, there are significant number of buildings that would need to be demolished to enable development to come forward. They would in our view be capable of meeting this NPPG definition. Whilst the precise number of buildings to be demolished has yet to be determined through Development Management procedures, DIO is keen to seek assurances from CYC that the total floorspace of any demolished buildings will to be taken into account and deducted, as appropriate and necessary, from the total new proposed floorspace when the chargeable CIL floorspace calculations are being run at the planning application stage. An approach that enables a discount of floorspace, from the buildings being demolished, is entirely consistent with CIL guidance.

1.15 We reserve the right to make further representations as required as CIL progresses to Examination and provide our contact details in the covering email accompanying this response and wish to be kept informed of any future opportunities for engagement as necessary.

Avison Young
31 January 2024