



16 September 2025

Dear Sirs

City of York CIL Statement of Modifications Examination Hearing

CBRE review and formal response to the additional information published by City of York Council following the CIL Examination Hearing on 2 September 2025

Purpose

At the request of the Examiner of the City of York ('CYC') CIL Draft Charging Schedule 'DCS', Planning Porter Economics ('PPE') has prepared two 'Technical Notes' to provide further explanation and clarifications to points raised during the Examination Hearing on 2 September 2025, and provide corrections to the errors admitted to be contained within PPE's viability assessments which form the evidence base underpinning the proposed CYC CIL DCS. These additional documents are as follows:

- SD 6 - Note on Testing Student Accommodation Report Assumptions ('SD 6')
- SD 7 - Benchmark Land Values - June 2025 ('SD 7')

CBRE UK Ltd ('CBRE') has been instructed by Foss Argo Developments Ltd, Helmsley Group, and Danehurst Developments Limited (together 'the stakeholders') whom have land and property interests in York, to review these documents and provide a response to the City of York Council ('CYC') and to be shared with the Examiner.

Student Accommodation Assumptions

PPE's document SD 6 reassesses the PBSA typologies that were tested in the CIL Viability Addendum (June 2025) in response to two technical deficiencies raised by CBRE in technical representations dated August 2025 (**CD148**).

Based on PPE's updated assessment of CIL headroom on the '600-bed PBSA' typology contained in SD 6, headroom has substantially reduced by -21% from £975/m² to £772/m², solely through rectifying PPE's acknowledged errors on BLV and rental values.

However, it appears that PPE has not fully considered the nuances of development funding and its influence on yield assumptions.

PPE has also sensitivity tested a yield more akin to a development (forward) funding model at 5.75%. If again, taking the '600-bed PBSA' typology sensitivity test as an example, PPE's suggested CIL headroom has substantially

diminished by -58% from £975/m² to £408/m². Errors making such a significant impact on headroom raises concern over CYC's reliance upon PPE's viability assessment, which forms the evidence base underpinning the proposed CYC CIL DCS. Specifically, it raises questions regarding the possibility of other mathematical errors that could fundamentally alter the conclusions if discovered at this late stage.

Whilst PPE has addressed their own identified technical faults, PPE has disappointingly still failed to acknowledge the wider contextual viability challenges of developing privately operated PBSA schemes in York. Notably, their understating of construction costs, which CBRE evidenced prior to and during the Hearing at significantly higher rates than those adopted by PPE.

CBRE highlights that viability assessments are highly sensitive to even minor changes in values and costs.

For example, based on PPE's '600-bed PBSA' typology, inclusion of Building Safety Levy together with a relatively small upward adjustment to construction costs and a slight reduction in GDV would entirely remove all 'headroom' available for CIL.

Further caution should be given to the fact that operational costs for PBSA schemes continue to increase, the availability and cost of securing development funding remains a challenge and development programmes are becoming elongated where subject to the BSA gateway tests. All of which will make a significant impact on the suggested headroom proposed by PPE.

Benchmark Land Values

During the Hearing, PPE accepted that their BLV for off-campus PBSA was incorrect and should actually be increased to £1.7m/ha (i.e., the same as city centre residential brownfield land). PPE stated during the Hearing that this impacted the CIL 'headroom' by a further £20/m². CBRE note that this BLV input has been rectified in PPE's appraisals contained at Appendix A.2 of document SD 6.

However, PPE's document SD 7 does not fully address or resolve the issues raised in CBRE's Technical Representations dated August 2025 (**CD148, pages 21-23, 31-32**) in relation to Benchmark Land Values 'BLV'. The CIL Viability Addendum does not consider any new land transactional evidence since 2018 as a market sense check. As admitted by PPE, they simply increase values by 12% based on third party research of UK wide land values (i.e., not specific to the York market).

Document SD 7 therefore does not explain nor appropriately evidence the BLVs adopted by PPE in the CIL Viability Addendum. CBRE continues to question the validity of these assumptions in the context of York.

In relation to PBSA and residential land, CBRE has provided comparable evidence of land transactions in York (**CD148, pages 23 and 32**). Even if PPE does not place weight on these specific examples (without further interrogation), this does demonstrate transactional evidence in York is available for PPE to review and take into account. PPE has failed to do so.

Conclusion

The stakeholders cannot endorse or support the Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Addendum 2025, and subsequently published documents SD 6 and SD 7.

The stakeholders continue to harbour serious reservations regarding the robustness of the published viability evidence base upon which the proposed new charging rates for PBSA use and residential use development within the Revised CIL DCS is reliant.

Hence, it cannot be agreed that the rates are justified by evidence that demonstrates an appropriate balance has been struck as required under Regulation 14 of the CIL Regulations 2010 (as amended). The stakeholders contend that the published Revised CIL DCS is not compliant with the relevant legislation and guidance.

On this basis, the stakeholders 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.

To rectify the issues identified in CBRE's Technical Representations dated August 2025 and contained within this letter, the stakeholders maintain that the CIL rates proposed to apply to off campus PBSA development and residential development should be reduced to £0/m² via modification to the published Revised CIL DCS or CYC's pursuing of a CIL regime altogether held in abeyance until economic and property market conditions demonstrably improve.

Should CYC or PPE wish to engage directly with the stakeholders on the matter, CBRE will be able to facilitate such arrangements.

Kind regards

CBRE Ltd

