



**EXAMINATION OF THE CITY OF YORK LOCAL PLAN
2017-2033**

CYC Student Housing Policy H7 Note

August 2022

CITY OF YORK COUNCIL LOCAL PLAN

CYC Student Housing Policy H7 Note August 2022

1. In Phase 3 hearings on the Local Plan, the Inspectors requested that the Council explores the potential for off-site financial contributions (OSFC) to affordable housing secured from Purpose Built Student Accommodation (PBSA).
2. Viability appraisal has been undertaken to inform the Council's response to this matter and the technical note is included at Appendix 1. It sets out the approach to identifying appropriate site typologies, against which a range of contribution rates have been tested.
3. The results demonstrate that there is sufficient 'headroom' within all tested typologies to support a financial contribution to affordable housing (paragraph 39). The tested OSFC rates apply the formula set out in Policy H10, but relate to the number of student rooms rather than the number of dwellings:

Average York Property price – Average York Fixed RP Price x % Target = OSFC per PBSA student room.

4. An OSFC rate of 2.5% affordable housing equivalent per student room is viable across all typologies. Based on the assumption that PBSA developments usually take the form of a grouping of self-contained units – termed cluster units – with an average of four student rooms, this rate could translate to a requirement for 10% OSFC per cluster unit. Considered in this way, it is broadly aligned with the rate per dwelling on residential sites required by Policy H10 (as modified).
5. Proposed revisions to the Plan to reflect these findings are presented below. The Council is proposing to express the OSFC as a requirement per student bedroom rather than a cluster unit to maximise contributions where cluster units are formed of more than the 4 bedroom average.
6. The modifications proposed to Policy H7 also make clearer that the strategy is to direct the majority of student accommodation to on-campus locations in the first instance. Where an established need associated with an educational establishment can be demonstrated, the policy sets out criteria against which proposals will be assessed. This approach provides flexibility to educational establishments, whilst limiting the development of off-campus PBSA in general across the city. The requirement to secure a nomination agreement (which is found elsewhere e.g. in the London Plan) aims to facilitate the negotiations between the Universities and PBSA provides and to assist indirectly by doing so with affordability issues, rather than introducing a student affordable housing test which will inevitably be more complex and difficult to administer.

Policy H7: **Off Campus Purpose Built Student Housing**

The University of York and York St. John University must address the need for any additional student housing which arises because of their future expansion of student numbers. In assessing need, consideration will be given to **off campus provision and the capacity of independent providers of bespoke student housing in the city and whether it is economically prudent to provide additional student accommodation.** To meet any projected shortfall, provision by the University of York can be made on either campus. Provision by York St. John University is expected to be off campus but in locations convenient to the main campus.

SH1: Land at Heworth Croft, as shown on the ~~proposals~~ policies map, is allocated for student housing for York St. John University students.

Proposals for **new off campus purpose built** student accommodation, **other than the allocation at SH1,** will be permitted **supported** where all of the following criteria are satisfied:

- i. ~~there is a proven~~ **it can be demonstrated that there is a** need for student housing **which cannot be met on campus;** and
- ii. it is in an appropriate location for education institutions and accessible by sustainable transport modes;
- iiia** **The rooms in the development are secured through a nomination agreement for occupation by students of one or more of the University of York and York St. John University;** and
- iii. the development would not be detrimental to the amenity of nearby residents and the design and access arrangements would have a minimal impact on the local area.
- iv.** **The accommodation shall be occupied only by full-time students enrolled in courses of one academic year or more and conditions or obligations shall be imposed to secure compliance with this requirement and for the proper management of the properties**

For new student accommodation a financial contribution should be secured towards delivering affordable housing elsewhere in the City. The contribution will be calculated on a pro rate basis per bedroom using the following formula:

$$\text{Average York Property price} - \text{Average York Fixed RP Price} \times 2.5\% = \text{OSFC per student bedroom}$$

The contribution will be required only from the number of units creating a net gain. For mixed-use developments of student accommodation with general housing a pro-rata approach will be used to determine whether a contribution is required, and how much this should be. Contributions towards affordable housing provision from new student accommodation will not be sought where the student accommodation site which at the date of adoption of the Plan is owned by a university and which will continue to be owned by a university to meet the accommodation needs of its students. Where a developer considers the contribution cannot be fully met they should justify the level of provision proposed through an open book appraisal to

demonstrate to the Council's satisfaction that the development would not otherwise be viable.

Developers may not circumvent this policy by artificially subdividing sites, and are expected to make efficient use of land.

~~Conditions will be used to ensure the proper management of the accommodation in the interests of the amenity of adjacent properties and that any development remains occupied by students in perpetuity, unless and until an alternative use is approved by the Council.~~

See also Policy **H10**, ED1 and ED5

Explanation

- 5.44 Students form an important element of the community and the presence of a large student population contributes greatly to the social vibrancy of the city and to the local economy. The Council are committed to ensuring their needs are met and will continue to work with the city's higher education institutions in addressing, and better understanding, student housing needs.
- 5.45 The Council encourages purpose-built student housing where there is a proven need (to limit development that would compete with the need for general housing) and it is designed and managed in a way that attracts students to take it up. This can free up housing suitable for wider general housing needs, taking pressure of the private rented sector and increasing the overall housing stock. There should be no unacceptable impact on amenity for local residents. In the interests of the proper management of the student accommodation and to protect the amenity of adjacent residents, where permission is granted it will be subject to a planning condition requiring that prior to the accommodation being occupied, a management plan shall be agreed in writing with the Council to demonstrate the control of the following:
- information and advice to occupants;
 - controls to be included in letting arrangements with students.
 - any necessary garden landscaping maintenance; and
 - refuse and recycling facilities.
- 5.46 A further condition will be attached to any permission to ensure that the accommodation remains occupied by students. Without such a condition it would be necessary to consider the scheme for affordable housing given that there may be the opportunity for non students to occupy the properties.
- 5.47 Whilst it is recognised that counting students can be difficult and student numbers can vary depending on what source or definition is used, applicants should present a proven need for student housing by providing an up to date assessment of:
- existing and likely future student numbers and numbers requiring accommodation taking into account the proportion of students who study from home
 - a review of the current level of provision, including the level of vacancies and the quality of accommodation
 - the likely future supply of accommodation based on extant planning permissions and estate strategies of the relevant education provider.

The assessment should form the basis of a formal agreement between a developer and an education provider, confirming the number of bedspaces and accommodation type required.

5.48 Only full time students should be included in the analysis. Part-time students should be excluded based on the assumption that they are already housed for the duration of their part-time studies.

Delivery

- Key Delivery Partners: Developers; and Further and Higher Education Establishments.
- Implementation: Planning applications

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CYC Local Plan Viability Technical Note on Changes to Student Accommodation Policy H7

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Quality Statement: In preparing this Technical Note, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of the proposed CYC Local Plan.

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Introduction

1. This Technical Note assesses the viability implications of the Local Plan under changes that have occurred since document CD018 - City of York Local Plan Viability Assessment Update Study (April 2018) and Local Plan Examination Matter 6 Document HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022) have been produced. It relates specifically to the potential modification of Policy H7 related to the provision of Off Campus Student Housing, to determine whether a financial contribution of towards offsite affordable housing, the appropriate level of contribution, and the scale of student housing development to which it can be applied.
2. The OSFC is intended only to apply to third-party private accommodation providers, which, via nomination agreements, will be developing PBSA to guarantee accommodation for students studying at either the University of York or York St. John's University.

Purpose Built Student Accommodation (PBSA)

3. PBSA developments usually take the form of a grouping of self-contained units that are normally referred to as 'Cluster' units. These units normally include between 2 to 6 student ensuite rooms with a shared kitchen and a shared living area, or private studios, both with attached leisure facilities, including games rooms, cinema rooms, gyms and outside shared spaces and facilities. The number of student rooms in a Cluster can sometimes be many more, although this is exceptional. Sometimes a self-contained student unit is in the form of a single or double studio flat, which has its own bathroom, kitchen and living areas.

PBSA Viability Testing Approach and Assumptions

4. In assessing the viability headroom for new PBSA schemes for informing planning policy, the same residual value viability approach is used as that in the CD018 report and the Matter 6

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Appendix 2 CYC Local Plan Viability Update Addendum - March 2022 - Revised April'22. This is also used to identify an estimated contribution formula based on the available residual headroom averaged across a range of tested PBSA typologies. This is the standard approach advocated by the PPG on Viability and RICS.

5. The residual land value (RLV) approach used in this assessment takes the difference between development capitalised values and costs, including likely policy costs, and compares this 'residual value' (i.e., what is left over after the cost of building the scheme is deducted from the potential sales value of the completed site/buildings) with a benchmark land value (BLV). The BLV reflects the value over and above the existing use value that a landowner would accept to bring the site to market for development.
6. The difference between the RLV and BLV is referred to as headroom, and this is used to determine the balance that could be available to support a contribution towards affordable housing.

Site Typologies

7. Student housing is expected to increase due to the future expansion of student numbers at the University of York and York St. John University. The Plan allows for this need to be met offsite when it cannot be accommodated on campus. The existing Plan strategy means that PBSA developments are likely to come forward on brownfield sites, and a specific site allocation is identified at Heworth Croft (SH1) associated with York St John University.
8. It is reasonable to assume that any new PBSA developments will be similar to past schemes within York, in terms of scale (i.e., no. of student beds), and land take. Based on a sample of four recent PBSA schemes among the few that have been developed in the past in York, where there are known parameters such as the numbers of student rooms and in some cases room sizes, shared spaces and site areas, the typologies shown in **Table 1** are tested for the consideration of the viability impact of changing the Local Plan Policy H7.

Table 1 Site typologies tested in this note

Scheme	Land type	No. of beds	Gross ha	Net ha	GIA sqm	NIA sqm
25-bed PBSA	Brownfield	25	0.05	0.05	804	522
100-bed PBSA	Brownfield	100	0.17	0.17	3,215	2,090
200-bed PBSA - low density	Brownfield	200	0.46	0.46	6,429	4,179
350-bed PBSA	Brownfield	350	0.76	0.76	11,251	7,313
600-bed PBSA	Brownfield	600	1.63	1.63	19,288	12,537

9. This note assumes that the average room size for ensuite bedrooms is c.15 sqm and for studios is c.24 sqm. Also, the ratio of ensuite to studio rooms is typically around 3 to 1, so together the average room size is tested at 17.25 sqm within a PBSA typology. This informs the overall net internal (lettable) area.
10. Additional circulation space for shared services, including foyers, games rooms, lifts and stairs is included in the gross internal measurements, which typically accounts for around 35% of the total build space.
11. The land take assumed is based on averaging known site areas of four PBSA schemes of different sizes. Most PBSA schemes in York are dense in terms of building space to outside space, but

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with a focus on providing more shared space, a low density PBSA scheme typology has been included, which loosely reflects the information for the recently built Frederick House scheme.

Development Sales Values

12. From the analysis of national and local market conditions that have been reviewed in detail in **Appendix 1** of this note, along with a review of advertised or quoted rents for PBSA bed spaces in 2022/23, which are shown in **Appendix 2**, the following assumptions have been used to estimate the gross and then net room rental rates within a new PBSA development:
 - Rental income per room: £177 per week for 47 weeks a year;
 - Management/operational cost as a % of rental income: 30%; and
 - Investment yield rate: 5%¹.
13. Based on these estimates, the annual gross rent per room is £8,319. This is roughly about the average for the UK, which is noted above to have been £7,806 per room in 2021/22. The average net rental rate per PBSA student room in York is £5,823.
14. The capitalised value per room is £112,300. This is a relatively low figure when compared with Cushman's & Wakefield's reported average capitalised values for PBSA acquisition occurring in 2022, which are shown in **Table A3** in **Appendix 1** of this note. Therefore, this is considered to be a cautious sales value for the sole purpose of this planning viability assessment.

Development Costs

15. The build cost estimate used in viability testing a PBSA development in York is sourced from the RICS Building Cost Information Service (BCIS), which is the leading provider of cost and price information to the construction industry used by consultants and contractors to produce specific estimates for option appraisals, early cost advice, cost planning and benchmarking. The BCIS estimates that the median build cost for student accommodation in York in Q4 2021 is £2,018 psm. This covers the sub-structure (i.e., foundations), the super-structure including pods, and the roof.
16. In addition to the estimate of build cost, extra-over costs are added, and these are listed in **Table 2**. These extra-over costs closely reflect the assumptions for non-residential testing in the City of York Local Plan Viability Assessment Update Study April 2018 (CD018). The differences include reduced rates for externals and professional fees that are aligned with those applied to open market flats, reduced sales costs to reflect the easier disposal of PBSAs relative to other types of commercial schemes in the current market, and adjusted interest rates to reflect current market rates.

¹ York is treated as a strong regional university, and therefore yields are likely to be somewhere in the middle of the Super Prime Regional and Prime Regional markets listed in Cushman's & Wakefield's Investments **Table A3** in **Appendix A1** of this note. Therefore, a yield of around 5% is considered a likely investment factor for capitalising on the value of new PBSA developments' net rental incomes.

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Table 2 Tested other development cost assumptions

Cost	Description	Rates used in appraisal
Externals	These covers external build costs for site preparation and includes items such as internal access roads, car parking, landscaping, drainage, utilities and services within the site.	10% of build costs
Abnormal costs	Additional site costs are likely through clearing existing brownfield sites. These costs relate specifically to the site rather than the form of development. Therefore, the same Brownfield site costs that were tested for sites in Matter 6 Document HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022) have been assumed within this reappraisal.	£381,000 per ha
Professional fees	Professional fees are based upon accepted industry standards.	10% of build costs.
Contingency	Contingency is based upon the risk associated with each site.	4% of construction cost.
Sale costs	This is an allowance for legal, surveyor and marketing fees and is based on industry accepted scales.	2% of gross development value
Professional fees on land purchase	This input represents the fees associated with the land purchase and is based upon the following industry standards.	1% for surveyors and 0.75% for legal costs of the residual land value
Stamp duty	A Stamp Duty Land Tax is payable by a developer when acquiring development land.	Standard variable rates set out by HMRC depending on size of the residual land value
Finance costs	Based upon the likely cost of development finance we have used current market rates of interest.	6.5% of negative cashflow
Profit	Gross development profit (including central overheads).	20% of total development costs

Development Scheme Phasing

17. The viability appraisals calculate the interaction of costs and values for each site typology, which are subject to a monthly cashflow with 100% debt funded borrowing cost. To factor this into each tested site, a build out rate is applied based on a modelled formula for local delivery that proportionally increases the speeds of delivery of units based on the size of the scheme, which is shown in **Table 3**.

Table 3 Tested build out rates

Scheme typology	Build out rate	
	Months	Years
25-bed PBSA	16	1.3
100-bed PBSA	21	1.8
200-bed PBSA - low density	26	2.2
350-bed PBSA	30	2.5
600-bed PBSA	36	3.0

18. In addition to the build out rates, the testing model assumes that there is a minimum 3-month lag for site preparations before building starts, development sales start on the completion of the last room and accrue over 9 months following completion of the last room.

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19. It is important to note that these rates are used only for the cashflow modelling mechanics to allow for cashflow calculation over the full development lifetime, and they are not expected to be representative of actual market build rates.

Benchmark Land Value (BLV)

20. An appropriate BLV cost for brownfield sites in York is assumed based on their existing use value plus a premium for bringing them forward for student accommodation use. Such previous uses will typically have included commercial land sectors where the built premises, land area or location are no longer fit for purpose, so that the market value of the land is beyond making it viable to remain in its existing commercial use.
21. A review of reported commercial land sales in York over recent years that are recorded on EGi provided just five reported deals, and only two of these post date 2016. Since commercial land values tend to have low price differentials across wider areas such as Yorkshire, the land value search was extended across Yorkshire to identify deals secured since 2017. These are shown in **Table 4**. After removing some outliers for sites that may be bought for higher value purposes because they are very specific to a single business or investor, the EGi data identify the typical average commercial land value is around £1.6 million per hectare.

Table 4 EGi reported sales of commercial land in Yorkshire since 2017

Address	Deal date	Tenure	Hectares	Achieved price	£ per ha
Alevere, Cross Street, Rothwell, Leeds, LS26 0DG	01/11/2021	Freehold	0.02	£330,000	£16,598,537
Accent Business Centre, Barkerend Road, Bradford, BD3 9BD	08/08/2019	Freehold	0.05	£100,000	£1,900,769
Sheffield Business Park - Phase 4, Sheffield, Yorkshire, S9 1XZ	10/06/2021	Freehold	0.93	£7,400,000	£7,965,286
Former Cascades Garden Centre, Harrogate Road, Bishop Monkton, Harrogate, North Yorkshire, HG3 3QD	03/03/2021	Freehold	0.10	£730,000	£7,419,874
Land At Phase 4 Sheffield Business Park, Britannia Way, Rotherham, S60 5BD	31/03/2021	Freehold	7.69	£7,400,000	£962,389
Development Site, Ings Road, Doncaster, DN5 9SN	15/09/2017	Freehold	0.21	£85,000	£411,833
St Thomas More Church & Presbytery, 123 Chickenley Lane, Chickenley, Dewsbury, West Yorkshire, WF12 8QD	09/02/2021	Freehold	0.05	£215,000	£4,405,556
Industrial Land, Carnaby Ind Estate, Lancaster Road, Bridlington, YO15 3QY	01/02/2018	Freehold	1.62	£400,000	£247,100
Thurnscoe Hotel Houghton Road, Thurnscoe, Rotherham, S63 0JX	31/08/2020	Freehold	0.09	£150,000	£1,723,879
<i>Totals</i>			<i>10.75</i>	<i>£16,810,000</i>	
Average value per ha					£1,563,708

Source: EGi database

22. Since the City of York planning policy restricts the release of quality commercial sites, then it is only likely that PBSA developers will secure sites that are no longer fit for purpose in their existing use, as discussed above. Therefore, the market information on reused Brownfield commercial sites in **Table 4** are for sold land for commercial uses, so this will not be likely to

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reflect the type of abandoned or unviable locations and/or dilapidated industrial units, which are more typical for Brownfield sites that will be brought forward for alternative uses, such as PBSA schemes. For this reason, the market value for existing commercial uses is discounted by one-third to £1,000,000 per hectare to reflect dilapidated Brownfield sites. But to encourage the release of the site for higher value student accommodation uses, it is reasonable to apply a market premium to the existing use value, which typically is around 25% over the EUV.

23. From this review, an EUV+ assessment would suggest that a land value for PBSA schemes at £1,500,000 per hectare is an appropriate BLV for viability testing.

Policy Costs

24. In the policy testing the impact of different policies, including S106, improved sustainability standards and affordable housing are assessed. The assessed policies are discussed here.

Policy DM1 S106 Contributions

25. CD018 tested an assumption of s106 relating to site mitigation costs at £3,200 per residential dwelling, based on the average cost from a sample of s106 receipts for residential development that was collected at the time of the report. This was then updated to reflect build cost price inflation since CD018 was prepared in 2018, to a figure of £4,200 per dwelling that was tested in HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022).
26. Since PBSA schemes tend to have between 2 to 6 student rooms per Cluster unit, the s106 figure of £4,200 per dwelling is split into a per student room rate of £1,050. This provisional rate has been included in the viability testing.

Policy CC1, CC2 & CC3 costs associated with Sustainable Design and Construction

27. The Government is seeking to reduce carbon emissions by 75% to 80% from 2025 onwards through Building Regulations and electrical vehicle charging points. This includes the Government's changes to Building Regulations Parts L, F and O, to achieve greater reductions in CO2 emissions. Their assessment of this is estimated to cost £2,260 per flat, which is a national average figure that has been taken from the Government's Impact Assessment² to achieve a 30% reduction of carbon in building new homes. In 2025 when meeting the higher standards of 75% to 80% carbon reduction in new homes, these regulations are to move further towards a carbon neutral approach, with the abolition of gas fired central heating, resulting in the additional cost of around £2,000 to £3,000 per plot. The combination of these two significant costs is expected to deliver a carbon reduction in new housing of around 75% to 80%.
28. No estimated figure is yet available for carbon zero homes by 2030 but also due to the increased energy efficiency for the higher fabric specifications that are included in the quoted costs above, the Government's impact assessment states that it will take time in the early stages of implementation for designers to implement the changes, especially to the heating system design to realise these savings because they will need time to adapt from current practices. Through improved learning rates that can be applied to future practices and costs, the Government's

² MHCLG (2021) 'The Future Homes Standard: 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings: Summary of responses received and Government response'.

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Impact Assessment suggests that by 2025 the cost of new carbon reduction practices should be deliverable through changes in design rather than costs.

29. From this analysis, the viability of Policy CC1, CC2 & CC3 (as modified) costs associated with Sustainable Design and Construction is tested on PBSA schemes, with a provision sum cost of £5,000 per Cluster unit. Since PBSA schemes tend to have between 2 to 6 student rooms per Cluster unit, this carbon reduction figure of £5,000 per flat is applied at a rate of £1,250 per student room.

Policy GI2 Biodiversity and Access to Nature

30. The Local Plan is seeking a net gain in biodiversity, and policy will need to reflect the Government's Environmental Act that was given Royal Assent in December 2021.
31. One major implication of the new Act is for all new developments (with a few exceptions) to deliver a 10% net increase in biodiversity, which would have to be managed for at least 30 years. The Government's estimates of the development cost impacts are based on a Government Impact Assessment³ for Scenario 3, off-site bio-diversity credits (the most expensive of three tested scenarios). The central estimate costs for Yorkshire brownfield sites, are shown to be £231 per unit (Table 16 and 17 in the Government Impact Assessment) This is applied as a per student room rate in the viability testing in this note.

Policy H10 Affordable Housing

32. The purpose of this note is to help identify the appropriate level of OSFC for delivering affordable housing elsewhere in the City through testing the viability of the purpose-built student accommodation (PBSA) sector in York. In doing so, the revised CYC Local Plan Policy H10 Affordable Housing policy is considered.
33. In addition to on-site affordable housing for sites with 15 or more dwellings, the revised Policy H10 requires 10% affordable housing off site financial contribution (OSFC) for sites with between 4 and 14 dwellings. The OSFC is estimated using the following formula in Policy H10:

$$\text{Average York Property price} - \text{Average York Fixed RP Price} \times 10\% \text{ Target} = \text{OSFC per dwelling.}$$

34. This OSFC rate is applied in this note to the PBSA student rooms rather than per dwelling. Therefore, based on this formula, testing of a 10% affordable housing offsite contribution would be £20,846 per student room. But should this rate per room be shown as unviable for all or any of the tested PBSA typologies, then this rate is iteratively retested (by halving the rate) until it becomes viable or zero percent.
35. It is important to note that on the assumption that a Cluster flat has an average of four student rooms, then a 10% affordable housing OSFC per student room would be equivalent to around 40% affordable housing OSFC per Cluster unit. Alternatively, a Cluster unit paying a 10% affordable housing OSFC, would be equivalent to a 2.5% affordable housing OSFC per student room. These scenarios are tested, and the OSFCs for the different affordable housing rates are shown in **Table 5**⁴.

³ DEFRA (2019) 'Biodiversity net gain and local nature recovery strategies: impact assessment' accessed online <https://www.gov.uk/government/consultations/biodiversity-net-gain-updating-planning-requirements>

⁴ Using the average 'all property' for York of £302,617 as recorded by Land Registry for November 2021

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Table 5 Policy H10 OSFC at different affordable housing rates

OSFC at:	OSFC per student room
10% AH rate (c.40% AH rate per Cluster unit)	£20,846
5% AH rate (c.20% AH rate per Cluster unit)	£10,423
2.5% AH rate (c.10% AH rate per Cluster unit)	£5,212
0% AH rate (0% AH rate per Cluster unit)	£0

Viability Testing Results

36. The testing in this note follows the same approach and methodology as followed in CD018, and the Matter 6 Document HS/P2/M6/IR/1b App 2, except where it has been noted in this report.
37. The viability results are summarised by using a RAG 'traffic light' system, as follows:
- Green means that the development is viable with financial headroom that could be used for further planning gain;
 - Amber is marginal in that they fall within a 20% range (i.e. 10% above or below) around the benchmark land value; and
 - Red means that a viable position may not be reached if required to be policy compliant and all other assumptions such as land value remain unchanged.

Viability Results

38. The viability results at full policy requirements but with changes in the Policy H10 affordable housing rate OSFCs, are shown in **Table 6**.
39. Firstly, the testing results with no affordable housing OSFC show that the tested PBSA typologies are all viable developments at full Local Plan policy, with a significant “headroom” ranging from just under £9,000 to over £16,000 per student room. This is not unsurprising given the recent developments and interests in developing PBSA schemes in York. As such, there is sufficient value to secure affordable housing through off-site contributions.
40. At 10% affordable housing, based on the OSFC formula shown in Policy H10, the viability test of the PBSA typologies with an OSFC of £20,846 per student room shows that this would be unviable for all the tested PBSA typologies. This is not unsurprising given that a single student room relative to an open market flat or house (for which this policy has been designed) will achieve much lower development values.
41. A 5% affordable housing OSFC per student room is also tested. At this level, which is an equivalent contribution of £10,423 per student room, two of the five tested PBSA typologies would be viable, which are the smallest (100 or fewer student rooms) schemes. The two medium sized (200 rooms and 350 rooms) schemes would be at the margins of viability, and the large scheme of 600 student rooms is unviable.
42. Finally, at 2.5% affordable housing OSFC per student room, all the tested PBSAs remain viable, along with a small amount of headroom. This rate is equivalent to raising an OSFC for 10% affordable housing on a per Cluster unit basis, which matches with the Policy H10 requirement of 10% affordable housing OSFC per dwelling on residential sites where off-site contributions will be

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required. Samples of the full appraisals for each typology are shown at the 2.5% affordable housing OSFC rate per room (or 10% affordable housing OSFC rate per 4 bedroom cluster unit) in **Appendix 3**.

Table 6 PBSA scheme viability test at CYC Local Plan full policy and different OSFC rates

Scheme type	Land type	Viability and headroom			
		0% OSFC per student room (0% per Cluster unit)	2.5% OSFC per student room (10% per Cluster unit)	5% OSFC per student room (20% per Cluster unit)	10% OSFC per student room (40% per Cluster unit)
25-bed PBSA	Brownfield	£16,025	£10,276	£4,455	-£7,662
100-bed PBSA	Brownfield	£11,884	£6,151	£417	-£11,732
200-bed PBSA - low density	Brownfield	£11,095	£5,379	-£336	-£12,385
350-bed PBSA	Brownfield	£11,088	£5,386	-£316	-£12,326
600-bed PBSA	Brownfield	£8,794	£3,111	-£2,572	-£14,627

Conclusions

43. Based on the findings in this technical note, the following recommendations are provided for the Council to consider in supporting the changes to Policy H7, while not undermining the deliverability of the emerging whole CYC Local Plan:

- For all PBSA schemes to deliver either a:
 - 2.5% affordable housing equivalent OSFC contribution per student room; or
 - 10% affordable housing equivalent OSFC contribution per Cluster unit or studio; and to
- Apply this using the formula that is shown in the CYC Local Plan Policy H10.

Appendix 1

Review of PBSA Market Information

The Student Accommodation Market

Introduction

The property sector for PBSA online reports provide useful research about the current and future conditions for investing in the student accommodation market. For this work, the following recent publications have been reviewed, along with research on local planning applications for PBSAs in York:

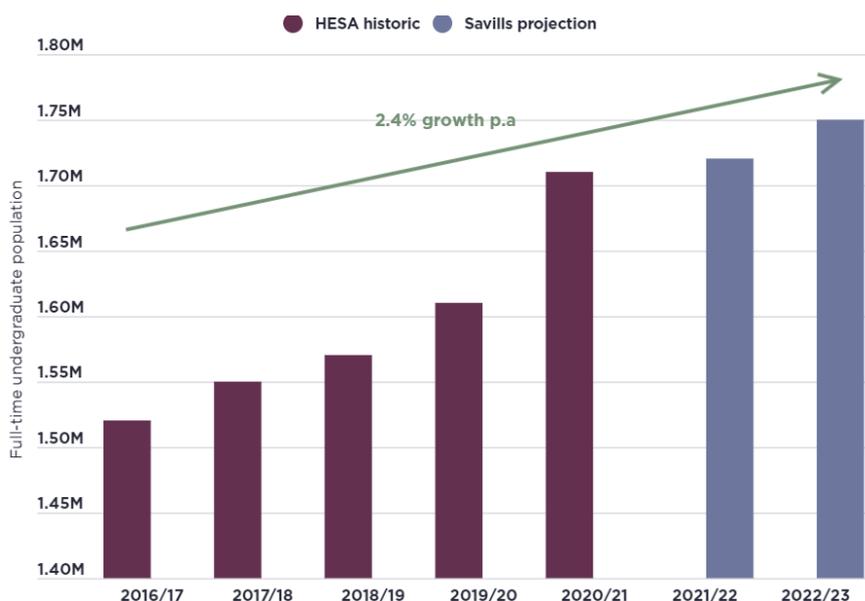
- NUS and Unipol Accommodation Costs Survey 2021;
- Cushman & Wakefield, UK Student Accommodation Report, 2022;
- Savills, Market in Minutes: UK Student Accommodation – Q1 2022; and
- Knight Frank, Confidence returns to UK student market, Jan 2022.

It has been noted in the recent evidence on student accommodation presented in the NUS report noted above that investors' and university institutions' confidence in delivering PBSA may have been reduced by the risk of having empty beds that occurred during the Covid'19 pandemic. However, Knight Frank reported that the 2021-22 academic year saw average occupancy levels of over 90% as students return to campus, which was better than expected following the recent pandemic. Also, their review of the latest applications data from UCAS suggests student numbers have recovered to higher than pre-covid levels.

The report by Cushman & Wakefield (C&W) also notes that student enrolments have recovered and that the UK universities have enhanced their global positioning, with PBSA rents increasing at unprecedented rates. Similarly, the Savills report notes that student demand is currently at an all-time high while the supply of stock in the private rented sector, like HMOs, is constrained and contracting, due to the combination of tax, regulatory and planning policy changes putting pressure on buy-to-let investors. Owing to this, the investment opportunity for the private sector to invest in PBSA to meet that demand is becoming stronger.

To better understand this, Savills referred to the latest UCAS application data, which shows continued growth in the number of domestic students and high-value international students. The latest data obtained by Savills from HESA, shows that 2020/21 experienced the UK's largest first-year intake of full-time students on record, growing by 8% over the previous year. This increasing trend is shown in **Figure A1**, with increasing student numbers (based on UCAS applications) expected to climb again in the 2022/23 year.

Figure A1: Total UK full-time undergraduate population student numbers



Source: HESA, UCAS, Savills Research (projections allow for a dropout rate of 6.6%, the average since 2016)

Technical Note

Knight Frank reports the number of 18-year-olds in the UK is expected to increase by more than 160,000 over the next decade. Also, Knight Frank report UCAS expects the number of international students to grow by two-thirds between now and 2026. Savills also note that the burgeoning growth in middle income overseas economies is likely to raise demand for future places at UK universities. These factors are supporting the longer term outlook for demand, which should keep student accommodation yields fairly keen as the market becomes established. To meet this growth, many universities will need to look to nominations agreements with the private sector to pick up the excess demand for student accommodation.

Currently, C&W reports the national student to bed ratio to stand at 2.39:1, growing from 2.19:1 in 2019/20. The university-only student to bed ratio stands at 3.0:1. As such, this is expected to reinforce the attractiveness of investing in the PBSA sector because of the reliance that now exists on the private sector to house students.

Like other forms of development in the current, there are inflationary pressures on developers. Build cost inflation continues to impact viability with material costs being the major contributor to build cost inflation in 2021. Arcadis has increased its build cost inflation forecasts for 2022 and 2023 from 3% p.a. to 5% p.a., with energy prices and labour shortages now adding additional upward pressure. To mitigate these risks, C&W note that PBSA investors will need to partner with developers that have a consistent track record and a strong handle on their supply chains.

According to the Savills' PBSA Development League Table, the City of York is in the Upper Second of five Tiers for cities that are the most attractive for PBSA development, with strong demand scores but also will typically have a lot of existing student accommodation and/or a larger pipeline of new student accommodation. The City Council's policy relating to HMO accommodation means that additional student number growth must be accommodated through the University, with the potential for students living in the private rented sector to be moved into PBSA over time.

Also, at the Local Plan hearings, it was commented by Professor Jeffery from the York St. John University that the university was booming despite Covid, but its future plans could be hindered without room to grow. Along with this growth, the university is experiencing growing demand for managed accommodation among home students and especially international students beyond the traditional first years that they live in the halls of residence provided by the University. This is because of a tightening of the private sector housing supply in the City.

PBSA Acquisitions

Knight Frank reported that investors had spent £4.42 billion in the PBSA sector in 2021, with more than £400m investment from Asia in the UK student property market. C&W also reports on some of the recent acquisitions within the PBSA sector, although none are from the City of York area. This shows that investment in the development of PBSA is delivering sales values equivalent to between £108,000 to £280,000 per new student bed. The details of these acquisitions are summarised in **Table A1**.

Table A1 Reported transactions and deals in 2022

Deal description	No. of beds	Transaction value (£m)	Value per bed
APG & Blackstone's acquisition of the GCP portfolio which comprises assets in London and the South East	4,116	£1,160	£281,827
Lone Star regional acquisition of Fusion Students	2,613	£315	£120,551
Greystar bought Jura Portfolio	1,807	£388	£214,721
Empiric Student Living bought Market Square Studios in Bristol		£19	£207,000
Apollo Global Management acquisition of the premium Da Vinci Portfolio from CA Ventures		£160	£178,000
UBS acquired Radford Mill in Nottingham	483		£124,000
Recently under offer is Brookfield's Student Roost Portfolio	26,000	£3,500	£134,615
Harrison Street selling a portfolio at a guide price	3,331	£360	£108,076
Average of above reported deals			£171,099

Technical Note

Source: Cushman & Wakefield Student Accommodation Report, 2022

It is likely for new PBSA developments in York to fit somewhere between the high and low values but possibly towards the lower end of these reported values. For instance, a recent market valuation of the Boulevard in York (which was built in c.2012), identified a market value equivalent to around £109,000 per room in 2018.

Student Accommodation Rental Levels

Gross Rents

According to the student housing charity Unipol, in 2021-22 the average gross rent for university-owned rooms was £6,227 per year, while for private rooms this was £7,732. According to C&W, the average PBSA rent in the UK stood at £7,806 per room in 2021/22.

C&W notes that the reliance on the private sector to house students is especially strong in city locations. This can be seen in C&W's table on pricing segmentation, which is copied in **Table A2** below. Consequently, this is leading to segmentations of rents for the same quality product across markets. C&W quote in the 2022 report that the average rent for a good quality scheme in Cardiff, Liverpool, Newcastle and Sheffield is priced at £144 per week, which is 16% lower than the £166 to that seen in the mid-priced Birmingham, Nottingham, Leeds or Southampton. In turn, this rent is 18.5% lower than that seen in expensive markets such as Bristol, Bath and Manchester at £204 per week.

Table A2: Pricing segment of student accommodation around England

Location	Average Weekly Ensuite Rent	Change Vs 2013/14
Brighton	£235.93	£92.93
Bath	£198.52	£63.72
Bristol	£184.38	£42.80
Manchester	£180.60	£59.73
Leeds	£155.92	£39.41
Birmingham	£157.94	£44.06
Glasgow	£155.72	£29.07
Nottingham	£155.46	£52.58
Liverpool	£136.61	£23.64
Sheffield	£132.42	£34.00

Source: Cushman & Wakefield Student Accommodation Tracker

Leeds is the closest comparison for York, which is achieving average rents at £155 pw. With the premium values of York's residential market, where the average sales price for houses in May 2022 is £315,000 relative to £229,000 in Leeds⁵, the average PBSA rental values within York compared with Leeds will likely be higher.

This can be confirmed by looking at the advertised or quoted rents for PBSA bed spaces in 2022/23 in York, which have been reviewed in **Appendix 2**. From this, the average weekly gross rent is estimated at £174 per week, which is midway between the average rental values in Manchester and Leeds.

A detailed list of built and emerging PBSA schemes in York, along with their reported or quoted room rates for the 2022/23 academic year, summarised below:

- Foss Studios is a 220-bed PBSA complex located on The Tannery in York, and is 10 minutes walking distance from the University of York campus and a 30 minute walk to York St. John. It is operated by Hello Student, offering seven studio room types, a laundry, cinema room, gym and bike storage, with prices averaging ranging from close to £200 pw to as much as £280 pw.

⁵ Builtplaces Housing Market Report July 2022

Technical Note

- Percy's Place is a 106-bed PBSA complex located on Percy's Lane in central York and is 30 minutes walking distance from the University of York campus. It is operated by Hello Student, offering seven studio, apartments and town house room types, outside shared area, a study area, cinema room, gym and bike storage, with prices ranging from around £160 pw to £250 pw.
- Samuel Tuke Apartments is a 116-bed PBSA complex located on Lawrence Street in York. It is operated by Hello Student, offering a mix of non-ensuite and ensuite rooms and studio room types, cinema room, laundry facilities, gym and bike storage, with prices ranging from £186 pw to £240 pw.
- Rathmell Hall is a 64-bed PBSA complex. This scheme is located in a refurbished building on Percy's Lane in central York and is within 40 minutes walking distance from the University of York campus. It is operated by Primo Property Management, offering eight shared and studio room types, gym and bike storage, with prices ranging from £150 pw to £190 pw.
- Student Castle York is a 653-bed PBSA complex located on Walmgate in York and is 30 minutes walking distance from the University of York campus. It is operated by Liberty Living, offering a mix of non-ensuite and ensuite rooms and studio room types, cinema room, laundry facilities, gym and bike storage, with prices ranging from close to £200 pw to as much as £250 pw.
- iQ Brickworks is a 326-bed PBSA complex located on St. John Street, next to York St. John University. It is operated by IQ Student, offering four room types, including studio and ensuite accommodation, an outdoor courtyard and a gym, with prices ranging from £250 to £275 pw.
- The Coal Yard is a new 102-bed PBSA complex located on 11 Mansfield Street in York, and is a 9 minute walk from York St John University and a short bus ride from The University of York. It is operated by CRM Students, offering four room types, including studio and ensuite accommodation, an outdoor courtyard and laundry facilities, with prices ranging from £169 pw to £196 pw.
- The Boulevard is a 356-bed PBSA complex operated by Student Roost. It is located on a 0.57 ha site at 6-18 Hull Road in York, and is 10-15 minutes walking distance from the University of York campus and a 30 minute walk to York St. John. This scheme offers four room types, including studio and ensuite accommodation, in 49 ensuite-Cluster units and 102 studios, an outdoor courtyard and bike storage, with prices ranging from £180 pw to as much as £269 pw.
- Frederick House is a newly built 368-bed PBSA complex operated by Student Roost, and will be ready for student occupation in the 2022/23 academic year. It is located on the 1 hectare site of the former Shepherd Construction Headquarters in Fulford Road, which is 10 minutes walking distance from the University of York campus. The complex includes a fitness suite, games room, cinema, study space and private courtyards. Online, the 'Student Roost' website identifies the accommodation ranges from a shared flat or townhouse to independent living in a studio, with rent costing from £139 pw to as much as £219 pw. This new PBSA is fully booked, with all the rooms being booked before completion.
- An application has been submitted to demolish the more than a century old but now derelict Bootham and Monk Ward Conservative Club building on 75-79 Clarence Street in York and replace it with modern student accommodation. The developers are currently looking at bringing forward the 0.062 ha site with a modern block of 34 student flats, over three and four storeys. Unsurprisingly, no rental data is available for this scheme.

Net Rents

The quoted rents in the above section are the gross rates that students will pay. In assessing the value of these PBSA rents, it is also necessary to consider the management and operational costs that will be required to secure these rents. The C&W report considers operational costs, which were identified to be about £1,400 per student bed in 2021. However, principally due to rising energy costs and labour costs, this has risen significantly to £2,200 in 2022.

The £2,200 management cost in 2022 is equivalent to 28% of C&Ws quoted PBSA average gross rent in 2022/23.

Technical Note

PBSA Yields

Despite the current inflationary environment hampered by high build and utility cost inflation, and some markets with the strongest potential for future rental growth likely to have experience yield compression, C&W is reporting the PBSA development market investment outlook in 2022 to have remained static across 2022. Therefore, C&W report that there is still a strong appetite for PBSA development sites, but nonetheless it should be noted that this will not happen where rental levels do not cover their costs, which may be the case in the more marginal regional and tertiary locations for student accommodation.

Based on the C&W analysis, which is copied and shown in **Table A3**, including their review of acquisitions in 2022, C&W identify investment yields for Super Prime Regional and Prime Regional PBSA sites to range between 4.5% and 5.25%.

Table A3 C&W reported Q1 2022 yields tracker by market area

Locations for PBSAs	Min range	Max range	Average
Prime London	3.50%	3.75%	3.63%
Super Prime Regional	4.50%	4.75%	4.63%
Prime Regional	5.00%	5.25%	5.13%
Second Regional	6.25%	7.00%	6.63%
Tertiary			7.50%

Source: Cushman & Wakefield Student Accommodation Report, 2022

Appendix 2

Review of PBSA schemes in York

Technical Note

College or name of halls	Band/room type	Bathroom	Let weeks per year	£ per week	£ per annum
St John Central	Standard	Ensuite	44	£141	£6,223
St John Central	Large	Ensuite	44	£149	£6,551
St John Central	Studio	Ensuite	44	£193	£8,483
Limes court	Standard	Shared	44	£105	£4,621
Limes court	Large	Shared	44	£109	£4,774
City Residence	Standard	Ensuite	44	£131	£5,784
City Residence	Large	Ensuite	44	£138	£6,062
St Marys The Grange	Standard	Shared	37	£113	£4,194
St Marys The Grange	Large	Shared	37	£121	£4,469
Grange House The Grange	Standard 1	Ensuite	41	£132	£5,406
Grange House The Grange	Large 1	Ensuite	41	£138	£5,656
Grange House The Grange	Standard 2	Shared	41	£113	£4,647
Grange House The Grange	Large 2	Shared	41	£119	£4,865
Baldwin House The Grange	Standard	Shared	34	£106	£3,620
Muir House etc the Grange	Standard	Shared	41	£104	£4,265
Garden Street	Standard	Ensuite	36	£118	£4,254
Garden Street	Large	Ensuite	36	£130	£4,684
Clarence Street	Standard	Ensuite	45	£135	£6,087
Clarence Street	Large	Ensuite	45	£146	£6,565
Abode	Classic	Ensuite	44	£178	£7,832
Abode	Deluxe	Ensuite	44	£190	£8,360
Properties managed by University on behalf of the landlords who own them	Standard	Shared	48	£113	£5,436
	Large 1	Shared	48	£124	£5,942
	Large 2	Ensuite	48	£138	£6,631
Frederick House	Ensuite - Bronze	Ensuite	51	£169	£8,619
Frederick House	Non-Ensuite	shared	51	£139	£7,089
Frederick House	Studio - Bronze	Ensuite	51	£199	£10,149
Frederick House	Studio - Silver	Ensuite	51	£209	£10,659
Frederick House	Studio - Gold	Ensuite	51	£219	£11,169
The Boulevard	Standard	Ensuite	51	£180	£9,180
The Boulevard	Ensuite - Bronze	Ensuite	51	£205	£10,455
The Boulevard	Ensuite - Silver	Shared	51	£219	£11,169
The Boulevard	Studio - Bronze	Ensuite	51	£239	£12,189
The Boulevard	Studio - Silver	Ensuite	51	£249	£12,699
The Boulevard	Studio - Gold	Ensuite	51	£259	£13,209
The Boulevard	Studio - Platinum	Ensuite	51	£269	£13,719
Samuel Tuke Apartments	En-suite (Platinum - Within a 2-Bed Apartment)	Ensuite	51	£186	£9,486
Samuel Tuke Apartments	En-suite (Platinum - Within a 5-Bed Apartment)	Ensuite	51	£191	£9,741
Samuel Tuke Apartments	En-suite (Platinum - Within a 5-Bed Apartment)	Ensuite	51	£202	£10,302
Samuel Tuke Apartments	Studio - Gold	Ensuite	51	£217	£11,067
Samuel Tuke Apartments	Studio - Platinum	Ensuite	51	£233	£11,883

Technical Note

College or name of halls	Band/room type	Bathroom	Let weeks per year	£ per week	£ per annum
Samuel Tuke Apartments	Studio - Diamond	Ensuite	51	£241	£12,291
Student Castle	Standard	Ensuite	51	£194	£9,869
Student Castle	Studio Lancaster	Ensuite	51	£242	£12,317
Student Castle	Studio Raven Deluxe	Ensuite	51	£208	£10,583
Rathmell Hall	Classic Studios	Ensuite	45	£160	£7,200
Rathmell Hall	Classic Studios	Ensuite	48	£155	£7,440
Rathmell Hall	Classic Studios	Ensuite	51	£150	£7,650
Rathmell Hall	Deluxe Plus Studios (1 person)	Ensuite	45	£180	£8,100
Rathmell Hall	Deluxe Plus Studios (1 person)	Ensuite	48	£175	£8,400
Rathmell Hall	Deluxe Plus Studios (1 person)	Ensuite	51	£170	£8,670
Rathmell Hall	Superior Studios	Ensuite	45	£180	£8,100
Rathmell Hall	Superior Studios	Ensuite	48	£175	£8,400
Rathmell Hall	Superior Studios	Ensuite	51	£170	£8,670
Rathmell Hall	Deluxe Studios	Ensuite	45	£185	£8,325
Rathmell Hall	Deluxe Studios	Ensuite	48	£180	£8,640
Rathmell Hall	Deluxe Studios	Ensuite	51	£175	£8,925
Rathmell Hall	Deluxe Plus Studios	Ensuite	45	£190	£8,550
Rathmell Hall	Deluxe Plus Studios	Ensuite	48	£185	£8,880
Rathmell Hall	Deluxe Plus Studios	Ensuite	51	£180	£9,180
The Brickworks	Silver en-suite (Standard)	Ensuite	44	£166	£7,304
The Brickworks	Studio - Gold	Ensuite	51	£250	£12,750
The Brickworks	Studio - Platinum	Ensuite	51	£275	£14,025
The Coal Yard	Ensuite	Ensuite	44	£169	£7,436
The Coal Yard	Ensuite (Standard)	Ensuite	44	£174	£7,656
The Coal Yard	Ensuite (Standard+)	Ensuite	44	£180	£7,920
The Coal Yard	Studio	Ensuite	51	£196	£9,996
Average			47	£177	£8,291

Appendix 3

Development Appraisals of PBSAs with a 2.5% affordable housing OSFC per student room (equivalent to c.10% affordable housing OSFC per cluster flat)

Technical Note

25-bed PBSA Brownfield site Development Appraisal at Full Policy including a 2.5% affordable housing OSFC per student room (equivalent to c.10% affordable housing OSFC per cluster flat)

25-bed PBSA		VA1	25 Units		TECHNICAL CHECKS:		DVA SUMMARY:		TIMING		
Gross		0.05	Private Affordable		Sqm/ha	-	RLV	£331,898			
Net		0.05	Nr of rooms		Dwgs/ha	500	BLV	£75,000			
Land type:		Brownfield	25	-	Units/pa	33	Viable?	Yes			
LV description		City Centre	Intermediate	0	AH rate	0.0%	Headroom	£256,898			
			Affordable rent	0	GDV=Total costs	-					
					Profit/total GDV	13.7%					
1.0	Site Acquisition								Start	Finish	
1.1	Net site value (residual land value)								£331,898	Jan-21	Oct-21
1.2	Stamp Duty Land Tax								£0	Jan-21	Oct-21
	Category: Commercial land								£6,095	Jan-21	Oct-21
1.3	Purchaser costs								£5,974	Jan-21	Oct-21
	1.80% on land costs										
	Total Site Acquisition Costs								£343,967		
2.0	Developer's Profit										
2.1	Developer return on Student Housing								£383,419	May-23	Jul-23
	20.0% of Total Development Cost										
	Total Developer's Profit								£383,419		
3.0	Development Value										
3.1	Private units										
3.1.1	Student Accommodation (NIA)		Nr of units/beds	sqm (NIA)	£ per annum	Yield	Total Value				
			25	431	£5,615	5.0%	£2,807,500		Aug-22	May-23	
	Gross Development Value								£2,807,500		
4.0	Development Costs										
4.1	Sales Cost										
4.1.1	Private units								£56,150	Aug-22	May-23
	2.00% on OM GDV										
	Total Sales Costs								£56,150		
4.2	Build Costs										
4.2.1	Private units										
4.2.1.1	Flats (GIA)		Nr of units	Total sqm	£psm	Total Cost					
			25	663	£2,018	£1,337,934		Apr-21	Aug-22		
	Total Build Costs								£1,337,934		
4.3	Extra-Over Construction Costs										
4.3.1.2	Externals (for flats)								£133,793	Apr-21	Aug-22
	10% extra-over on build cost for flats										
4.3.2	Site abnormalities (remediation/demolition)								£19,050	Jan-21	Oct-21
	£381,000 per net ha										
4.3.3	Site opening costs								£0	Jan-21	Oct-21
	£0 per unit										
	Total Extra-Over Construction Costs								£152,843		
4.4	Professional Fees										
4.4.1	on build costs (incl. externals)								£117,738	Jan-21	Aug-22
	8%										
	Total Professional Fees								£117,738		
4.5	Contingency										
4.4.1	on build costs (incl. externals)								£58,869	Jan-21	Aug-22
	4%										
	Total Contingency								£58,869		
4.6	Other Planning Obligations										
4.6.1	S106								£26,250	Jan-21	Oct-21
	£1,050 per unit										
4.6.2	Policy H10 AH OSFC payment								£130,288	Jan-21	Oct-21
	£5,212 per room										
4.6.7.2	Policy CC1, CC2 & CC3								£31,250	Apr-21	Aug-22
	£1,250 per room										
4.6.8	Policy G12 Biodiversity Net Gain								£5,775	Apr-21	Aug-22
	£231 per unit										
	Total Developer Contributions								£193,563		
5.0	TOTAL DEVELOPMENT COSTS								£1,917,097		
6.0	TOTAL PROJECT COSTS [EXCLUDING INTEREST]								£2,644,484		
7.0	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]								£163,016		
8.0	Finance Costs										
8.1	Finance								-£163,016		
	APR 6.50% on net costs										
	PCM 0.526%										
9.0	TOTAL PROJECT COSTS [INCLUDING INTEREST]								£2,807,500		

This appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to assess the impact of planning policies on site viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards UK January 2014 (revised April 2015)) valuation and should not be relied upon as such.

Technical Note

100-bed PBSA Brownfield site Development Appraisal at Full Policy including a 2.5% affordable housing OSFC per student room (equivalent to c.10% affordable housing OSFC per cluster flat)

100-bed PBSA		VA1	100 Units		TECHNICAL CHECKS:		DVA SUMMARY:		TIMING	
Gross	0.17	Nr of rooms	Private Affordable		Sqm/ha	-	RLV	£870,052	Start	Finish
Net	0.17		100	-	Dwgs/ha	588	BLV	£255,000		
Land type:	Brownfield		Intermediate	-	Units/pa	133	Viable?	Yes		
LV description	City Centre	Affordable rent	-	AH rate	0.0%	Headroom	£615,052			
				GDV=Total costs	-					
				Profit/total GDV	14.2%					
1.0 Site Acquisition										
1.1	Net site value (residual land value)							£870,052	Jan-21	Jan-22
1.2	Stamp Duty Land Tax		Category: Commercial land			£0	Jan-21	Jan-22		
						£33,003	Jan-21	Jan-22		
1.3	Purchaser costs		1.80% on land costs			£15,661	Jan-21	Jan-22		
Total Site Acquisition Costs							£918,716			
2.0 Developer's Profit										
2.1	Developer return on Student Housing		20.0% of Total Development Cost			£1,592,386	Oct-23	Nov-23		
Total Developer's Profit							£1,592,386			
3.0 Development Value										
3.1	Private units		Nr of units/beds al sqm (NIA)		£ per annum	Yield	Total Value			
3.1.1	Student Accommodation (NIA)		100	1725	£5,615	5.0%	£11,230,000	Jan-23	Oct-23	
Gross Development Value							£11,230,000			
4.0 Development Costs										
4.1 Sales Cost										
4.1.1	Private units		2.00% on OM GDV			£224,600	Jan-23	Oct-23		
Total Sales Costs							£224,600			
4.2 Build Costs										
4.2.1	Private units		Nr of units		Total sqm	Epsm	Total Cost			
4.2.1.1	Flats (GIA)		100		2,654	£2,018	£5,355,772	Apr-21	Jan-23	
Total Build Costs							£5,355,772			
4.3 Extra-Over Construction Costs										
4.3.1.2	Externals (for flats)		10% extra-over on build cost for flats			£535,577	Apr-21	Jan-23		
4.3.2	Site abnormals (remediation/demolition)		£381,000 per net ha			£64,770	Jan-21	Jan-22		
4.3.3	Site opening costs		£0 per unit			£0	Jan-21	Jan-22		
Total Extra-Over Construction Costs							£600,347			
4.4 Professional Fees										
4.4.1	on build costs (incl: externals)		8%			£471,308	Jan-21	Jan-23		
Total Professional Fees							£471,308			
4.5 Contingency										
4.4.1	on build costs (incl: externals)		4%			£235,654	Jan-21	Jan-23		
Total Contingency							£235,654			
4.6 Other Planning Obligations										
4.6.1	S106		£1,050 per unit			£105,000	Jan-21	Jan-22		
4.6.2	Polcy H10 AH OSFC payment		£5,212 per room			£521,150	Jan-21	Jan-22		
4.6.7.2	Policy CC1, CC2 & CC3		£1,250 per room			£125,000	Apr-21	Jan-23		
4.6.8	Policy G12 Biodiversity Net Gain		£231 per unit			£23,100	Apr-21	Jan-23		
Total Developer Contributions							£1,074,250			
5.0 TOTAL DEVELOPMENT COSTS							£7,961,931			
6.0 TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£10,473,033			
7.0 TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£756,967			
8.0 Finance Costs										
8.1	Finance		APR 6.50% on net costs		PCM 0.526%	£-756,967				
9.0 TOTAL PROJECT COSTS [INCLUDING INTEREST]							£11,230,000			

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Technical Note

200-bed PBSA - low density Brownfield site Development Appraisal at Full Policy including a 2.5% affordable housing OSFC per student room (equivalent to c.10% affordable housing OSFC per cluster flat)

200-bed PBSA		VA1	200 Units		TECHNICAL CHECKS:		DVA SUMMARY:		TIMING		
Gross		0.46		Private	Affordable	Sqm/ha	-	RLV	£1,765,862		
Net		0.46	Nr of rooms	200	-	Dwgs/ha	435	BLV	£690,000		
Land type:		Brownfield		Intermediate	0	Units/pa	267	Viable?	Yes		
LV description		City Centre		Affordable rent	0	AH rate	0.0%	Headroom	£1,075,862		
						GDV=Total costs	-				
						Profit/total GDV	14.0%				
										Start	Finish
1.0	Site Acquisition										
1.1	Net site value (residual land value)								£1,765,862	Jan-21	Mar-22
1.2	Stamp Duty Land Tax							Category: Commercial land	£0	Jan-21	Mar-22
									£77,793	Jan-21	Mar-22
1.3	Purchaser costs							1.80% on land costs	£31,786	Jan-21	Mar-22
	Total Site Acquisition Costs								£1,875,441		
2.0	Developer's Profit										
2.1	Developer return on Student Housing							20.0% of Total Development Cost	£3,133,916	Mar-24	Apr-24
	Total Developer's Profit								£3,133,916		
3.0	Development Value										
3.1	Private units		Nr of units/beds	sqm (NIA)	£ per annum	Yield	Total Value				
3.1.1	Student Accommodation (NIA)		200	3450	£5,615	5.0%	£22,460,000		Jun-23	Mar-24	
	Gross Development Value								£22,460,000		
4.0	Development Costs										
4.1	Sales Cost										
4.1.1	Private units							2.00% on OM GDV	£449,200	Jun-23	Mar-24
	Total Sales Costs								£449,200		
4.2	Build Costs										
4.2.1	Private units		Nr of units	Total sqm	£psm	Total Cost					
4.2.1.1	Flats (GIA)		200	5,308	£2,018	£10,711,544			Apr-21	Jun-23	
	Total Build Costs								£10,711,544		
4.3	Extra-Over Construction Costs										
4.3.1.2	Externals (for flats)							10% extra-over on build cost for flats	£1,071,154	Apr-21	Jun-23
4.3.2	Site abnormalities (remediation/demolition)							£381,000 per net ha	£175,260	Jan-21	Mar-22
4.3.3	Site opening costs							£0 per unit	£0	Jan-21	Mar-22
	Total Extra-Over Construction Costs								£1,246,414		
4.4	Professional Fees										
4.4.1	on build costs (incl: externals)							8%	£942,616	Jan-21	Jun-23
	Total Professional Fees								£942,616		
4.5	Contingency										
4.4.1	on build costs (incl: externals)							4%	£471,308	Jan-21	Jun-23
	Total Contingency								£471,308		
4.6	Other Planning Obligations										
4.6.1	S106							£1,050 per unit	£210,000	Jan-21	Mar-22
4.6.2	Policy H10 AH OSFC payment							£5,212 per room	£1,042,300	Jan-21	Mar-22
4.6.7.2	Policy CC1, CC2 & CC3							£1,250 per room	£250,000	Apr-21	Jun-23
4.6.8	Policy G12 Biodiversity Net Gain							£231 per unit	£46,200	Apr-21	Jun-23
	Total Developer Contributions								£1,848,500		
5.0	TOTAL DEVELOPMENT COSTS										£15,669,582
6.0	TOTAL PROJECT COSTS [EXCLUDING INTEREST]										£20,678,940
7.0	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]										£1,781,060
8.0	Finance Costs										
8.1	Finance		APR	6.50%	on net costs	PCM	0.526%				
9.0	TOTAL PROJECT COSTS [INCLUDING INTEREST]										£22,460,000

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Technical Note

350-bed PBSA Brownfield site Development Appraisal at Full Policy including a 2.5% affordable housing OSFC per student room (equivalent to c.10% affordable housing OSFC per cluster flat)

350-bed PBSA		VA1	350 Units		TECHNICAL CHECKS:		DVA SUMMARY:		TIMING		
Gross		0.76	Nr of rooms	Private	Affordable	Sqm/ha	-	RLV	£3,025,131	Start	Finish
Net		0.76		350	-	Dwgs/ha	461	BLV	£1,140,000		
Land type:	Brownfield		Intermediate	0	Units/pa	467	Viable?	Yes			
LV description	City Centre		Affordable rent	0	AH rate	0.0%	Headroom	£1,885,131			
					GDV=Total costs	-					
					Profit/total GDV	13.8%					
1.0 Site Acquisition											
1.1	Net site value (residual land value)								£3,025,131	Jan-21	May-22
1.2	Stamp Duty Land Tax							Category: commercial land	£0	Jan-21	May-22
								£140,757	Jan-21	May-22	
1.3	Purchaser costs							1.80% on land costs	£54,452	Jan-21	May-22
Total Site Acquisition Costs											
									£3,220,340		
2.0 Developer's Profit											
2.1	Developer return on Student Housing							20.0% of Total Development Cost	£5,435,428	Jul-24	Aug-24
Total Developer's Profit											
									£5,435,428		
3.0 Development Value											
3.1	Private units		Nr of units/beds	sqm (NIA)	£ per annum	Yield	Total Value				
3.1.1	Student Accommodation (NIA)		350	6038	£5,615	5.0%	£39,305,000	Oct-23	Jul-24		
Gross Development Value											
									£39,305,000		
4.0 Development Costs											
4.1 Sales Cost											
4.1.1	Private units		2.00%	on OM GDV			£786,100	Oct-23	Jul-24		
Total Sales Costs											
									£786,100		
4.2 Build Costs											
4.2.1	Private units		Nr of units	Total sqm	£psm	Total Cost					
4.2.1.1	Flats (GIA)		350	9,288	£2,018	£18,743,184	Apr-21	Oct-23			
Total Build Costs											
									£18,743,184		
4.3 Extra-Over Construction Costs											
4.3.1.2	Externals (for flats)		10%	extra-over on build cost for flats			£1,874,318	Apr-21	Oct-23		
4.3.2	Site abnormalities (remediation/demolition)		£381,000	per net ha			£289,560	Jan-21	May-22		
4.3.3	Site opening costs		£0	per unit			£0	Jan-21	May-22		
Total Extra-Over Construction Costs											
									£2,163,878		
4.4 Professional Fees											
4.4.1	on build costs (incl: externals)							8%	£1,649,400	Jan-21	Oct-23
Total Professional Fees											
									£1,649,400		
4.5 Contingency											
4.4.1	on build costs (incl: externals)							4%	£824,700	Jan-21	Oct-23
Total Contingency											
									£824,700		
4.6 Other Planning Obligations											
4.6.1	S106		£1,050	per unit			£367,500	Jan-21	May-22		
4.6.2	Policy H10 AH OSFC payment		£5,212	per room			£1,824,025	Jan-21	May-22		
4.6.7.2	Policy CC1, CC2 & CC3		£1,250	per room			£437,500	Apr-21	Oct-23		
4.6.8	Policy G12 Biodiversity Net Gain		£231	per unit			£80,850	Apr-21	Oct-23		
Total Developer Contributions											
									£3,009,875		
5.0 TOTAL DEVELOPMENT COSTS											
									£27,177,138		
6.0 TOTAL PROJECT COSTS [EXCLUDING INTEREST]											
									£35,832,905		
7.0 TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]											
									£3,472,095		
8.0 Finance Costs											
8.1	Finance		APR	6.50%	on net costs	PCM	0.526%	£-3,472,095			
9.0 TOTAL PROJECT COSTS [INCLUDING INTEREST]											
									£39,305,000		

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Technical Note

600-bed PBSA Brownfields site Development Appraisal at Full Policy including a 2.5% affordable housing OSFC per student room (equivalent to c.10% affordable housing OSFC per cluster flat)

600-bed PBSA		VA1	600 Units		TECHNICAL CHECKS:		DVA SUMMARY:		TIMING	
Gross	1.63	Nr of rooms	Private	Affordable	Sqm/ha	-	RLV	£4,311,330	Start	Finish
Net	1.63		600	-	Dwgs/ha	368	BLV	£2,445,000		
Land type:	Brownfield	Intermediate	0	Units/pa	800	Viable?	Yes			
LV description	City Centre	Affordable rent	0	AH rate	0.0%	Headroom	£1,866,330			
				GDV=Total costs	-					
				Profit/total GDV	13.8%					
1.0	Site Acquisition									
1.1	Net site value (residual land value)						£4,311,330	Jan-21	Aug-22	
1.2	Stamp Duty Land Tax						£0	Jan-21	Aug-22	
	Category: Commercial land						£205,066	Jan-21	Aug-22	
1.3	Purchaser costs						£77,604	Jan-21	Aug-22	
	1.80% on land costs									
	Total Site Acquisition Costs						£4,594,000			
2.0	Developer's Profit									
2.1	Developer return on Student Housing						£9,330,302	Jan-25	Feb-25	
	20.0% of Total Development Cost									
	Total Developer's Profit						£9,330,302			
3.0	Development Value									
3.1	Private units	Nr of units/beds/sqm (NIA)		£ per annum	Yield	Total Value				
3.1.1	Student Accommodation (NIA)	600	10350	£5,615	5.0%	£67,380,000	Apr-24	Jan-25		
	Gross Development Value						£67,380,000			
4.0	Development Costs									
4.1	Sales Cost									
4.1.1	Private units						£1,347,600	Apr-24	Jan-25	
	2.00% on OM GDV									
	Total Sales Costs						£1,347,600			
4.2	Build Costs									
4.2.1	Private units	Nr of units		Total sqm	£psm	Total Cost				
4.2.1.1	Flats (GIA)	600		15,923	£2,018	£32,132,614	Apr-21	Apr-24		
	Total Build Costs						£32,132,614			
4.3	Extra-Over Construction Costs									
4.3.1.2	Externals (for flats)						£3,213,261	Apr-21	Apr-24	
	10% extra-over on build cost for flats									
4.3.2	Site abnormalities (remediation/demolition)						£621,030	Jan-21	Aug-22	
	£381,000 per net ha									
4.3.3	Site opening costs						£0	Jan-21	Aug-22	
	£0 per unit									
	Total Extra-Over Construction Costs						£3,834,291			
4.4	Professional Fees									
4.4.1	on build costs (incl: externals)						£2,827,670	Jan-21	Apr-24	
	8%									
	Total Professional Fees						£2,827,670			
4.5	Contingency									
4.4.1	on build costs (incl: externals)						£1,413,835	Jan-21	Apr-24	
	4%									
	Total Contingency						£1,413,835			
4.6	Other Planning Obligations									
4.6.1	S106						£630,000	Jan-21	Aug-22	
	£1,050 per unit									
4.6.2	Policy H10 AH OSFC payment						£3,126,900	Jan-21	Aug-22	
	£5,212 per room									
4.6.7.2	Policy CC1, CC2 & CC3						£750,000	Apr-21	Apr-24	
	£1,250 per room									
4.6.8	Policy G12 Biodiversity Net Gain						£138,600	Apr-21	Apr-24	
	£231 per unit									
	Total Developer Contributions						£5,095,500			
5.0	TOTAL DEVELOPMENT COSTS						£46,651,510			
6.0	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£60,575,813			
7.0	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£6,804,187			
8.0	Finance Costs									
8.1	Finance						£-6,804,187			
	APR 6.50% on net costs									
	PCM 0.526%									
9.0	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£67,380,000			

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