

Community Infrastructure Levy Consultation 2023

QUESTION SUMMARIES

DATA TRENDS

INDIVIDUAL RESPONSES

All Pages –

Respondent #52 –

“

”

INCOMPLETE

Started: Monday, March 27, 2023 4:35:37 PM

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IP Address:

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Page 1: Survey Information

Q1

Do you confirm that you have read and understood the privacy notice? You must select 'Yes' in order to take the survey.

Yes

Page 2: Register for consultation

Q2

Your name:

Ziyad Thomas

Contact details:

Organisation (optional)

Planning Issues Ltd. on behalf of Churchill Retirement Living Ltd.

Address

[REDACTED]

Address 2

[REDACTED]

City/town

[REDACTED]

Post code

[REDACTED]

Email address

[REDACTED]

Q4

Do you wish to notified of future updates to CIL by the council? If yes we will use contact details provided above

Yes

Q5

Do you wish to participate in the CIL examination? If yes we will use contact details provided above

Yes

Page 3: Your response

Q6

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?

Respondent skipped this question

Q8

2a. Do the proposed levy rates set out in the draft CIL Charging Schedule appropriately reflect the conclusions of the CIL Viability Study?

Respondent skipped this question

Q10

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?

Respondent skipped this question

Q12

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?

Respondent skipped this question

Q14

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.

Respondent skipped this question

Page 4: Your response

Q16

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?

Respondent skipped this question

Q18

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?

Respondent skipped this question

Q20

8a. Do you have any other comments on the draft CIL Charging Schedule?

Respondent skipped this question

Q22

9a. Do you have any other comments on the CIL evidence base?

Respondent skipped this question

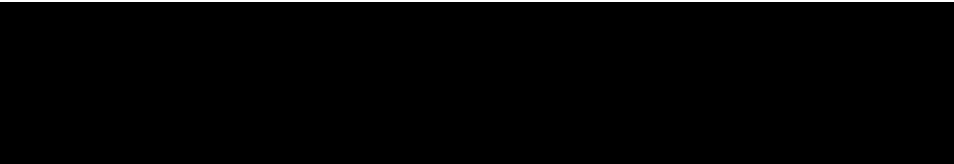
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From: [REDACTED]
Sent: 27 March 2023 16:38
To: localplan@york.gov.uk
Cc: [REDACTED]
Subject: Representation to the York City Council Draft CIL Consultation
Attachments: Appendix 1.pdf; Appendix 2.pdf; Appendix 3.pdf; York CIL Viability Review - Mar23.pdf

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 Planning Policy Team
Please find attached a representation on behalf of Churchill Retirement Living to the above-mentioned consultation. In the event the recommendations in this report are not implemented, the respondent would like to present their argument at the forthcoming Hearings for the Examination in Public.
Thank you for the opportunity for comment.
Kind regards
[REDACTED]



Churchill House, Parkside, Ringwood, Hampshire, BH24 3SG. Tel: 01425 462100 Fax: 01425 462101

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House Sales - Sales Progress Report (Active/Forthcoming)
Churchill Retirement Living Ltd



Movement Calculated From: 04/03/23 To: 10/03/23

Development		Plots						Budget v Actual						Forward Sales in Hand				Movement This Period				Movement Year to Date				Visitors				Enquiries												
Site Name	First Occ	Total Saleable Units	Opening Stock	UnRes 1 Bed	UnRes 2 Bed	Total UnRes TP	Year End Stock F'cast	Budget	Sales F'cast This Year	Res to Achieve F'cast	Comp TP	Comp YTD	Budget Comp YTD	Comp Var YTD	Exch	Current Res SSTC	Current Res OPOM	Total F'ward Sales	Temp Hold	Res (Gross) TP	Cancelled TP	Res (Net) TP	Res (Gross) YTD	Cancelled YTD	Res (Net) YTD	WD Rate	First Time Visits TP	First Time Visits YTD	Conv Rate 1st Visit to Res	Re-Visits TP	Sub Visits TP	Re-Visits YTD	Sub Visits YTD	Conv Rate 2nd Visit to Res	Revisits % of 1st Visits	Enq TP	Enq YTD	Conv Rate Enq to 1st Visit	Rate of Sale To Date	Rate of Sale This Year		
Penrith	28/02/20	54	26	8	4	12	14	12	12	-2	7	9	9	-2	0	3	4	7	0	1	1	14	2	12	14.3%	6	49	28.6%	1	22	12	41.2%	69.4%	1	116	42.2%	0.92	0.78				
Kendal		64	64	37	19	56	54	10	10	2	0	0	0	0	2	6	8	3		0	8	0	8	0.0%	6	69	11.6%	3	15	15	53.3%	21.7%	7	179	38.5%	0.00	0.00					
Region: Northern		118	90	45	23	68	68	22	22	0	7	9	9	-2	0	5	10	15	3	1	1	22	2	20		6	118		4	37	12		8	295								
Sales Status Active																														0.00%			18.64%			44.90%	41.53%			40.00%	0.92	0.78
Conversion Rate Year to Date																														0.00%			18.64%			44.90%	41.53%			40.00%	0.92	0.78
Conversion Rate This Period																														0.00%			18.64%			25.00%	66.67%			75.00%		
Forthcoming																														0.00%			18.64%			25.00%	66.67%			75.00%		
Name	First Occ	Total Saleable Units	Opening Stock	UnRes 1 Bed	UnRes 2 Bed	Total UnRes TP	Year End Stock F'cast	Budget	Sales F'cast This Year	Res to Achieve F'cast	Comp TP	Comp YTD	Budget Comp YTD	Comp Variance YTD	Exch	Current Res SSTC	Current Res OPOM	Total F'ward Sales	Temp Hold	Res (Gross) TP	Cancelled TP	Res (Net) TP	Res (Gross) YTD	Cancelled YTD	Res (Net) YTD	WD Rate	First Time Visits TP	First Time Visits YTD	Conv Rate 1st Visit to Res	Re-Visits TP	Sub Visits TP	Re-Visits YTD	Sub Visits YTD	Conv Rate 2nd Visit to Res	Revisits % of 1st Visits	Enq TP	Enq YTD	Conv Rate Enq to 1st Visit	Rate of Sale To Date	Rate of Sale This Year		
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Region: Northern		118	90	45	23	68	68	22	22	0	7	9	9	-2	0	5	10	15	3	1	0	1	22	2	20		6	118		4	0	37	12		8	295						
Active + Forthcoming																														0.00%			18.64%			44.90%	41.53%			40.00%	0.92	0.78
Conversion Rate Year to Date																														0.00%			18.64%			44.90%	41.53%			40.00%	0.92	0.78
Conversion Rate This Period																														0.00%			18.64%			25.00%	66.67%			75.00%		

House Sales - Sales Progress Report (Active/Forthcoming)
Churchill Retirement Living Ltd

Movement Calculated From: 04/03/23 To: 10/03/23

Region: Northern Active																																								
Development				Plots				Budget v Actual						Forward Sales in Hand				Movement This Period				Movement Year to Date				Visitors				Enquiries										
Site Name	First Occ	Total Saleable Units	Opening Stock	UnRes 1 Bed	UnRes 2 Bed	Total UnRes TP	Year End Stock F'cast	Budget	Sales F'cast This Year	Res to Achieve F'cast	Comp TP	Comp YTD	Budget Comp YTD	Comp Var YTD	Exch	Current Res SSTC	Current Res OPOM	Total F'ward Sales	Temp Hold	Res (Gross) TP	Cancel'd TP	Res (Net) TP	Res (Gross) YTD	Cancel'd YTD	Res (Net) YTD	WD Rate	First Time Visits TP	First Time Visits YTD	Conv Rate 1st Visit to Res	Re-Visits TP	Sub Visits TP	Re-Visits YTD	Sub Visits YTD	Conv Rate 2nd Visit to Res	% of 1st Visits	Enq TP	Enq YTD	Conv Rate Enq to 1st Visit	Rate of Sale To Date	Rate of Sale This Year
Group Active Total																																								
3,111 1,495 751 336 1,087 795 700 700 292 5 213 411 -198 7 94 94 195 25 19 4 15 429 90 339 98 3,620 30 16 938 806 295 10,311																																								
Conversion Rate Year to Date																																								
20.98% 11.85% 24.60% 48.18% 35.11% 0.67 0.42																																								
Conversion Rate This Period																																								
21.05% 19.39% 41.30% 46.94% 34.39%																																								
Group Forthcoming																																								
94 94 63 31 94 94 0 1 0 0 0 0 0 0 0 12 448																																								
Group Total																																								
3,205 1,589 814 367 1,181 889 700 700 292 5 213 411 -198 7 94 94 195 25 19 4 15 429 90 339 98 3,621 30 16 938 806 297 10,751																																								
Active + Forthcoming																																								
Conversion Rate Year to Date 20.98% 11.85% 24.60% 48.16% 33.68% 0.67 0.42																																								
Conversion Rate This Period 21.05% 19.39% 41.30% 46.94% 33.00%																																								
Ideal Conversion Rates																																								
75% 8% 25.00 35.00 55%																																								

100% Open Market Retirement Living
York Draft CIL Charging Schedule

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Development Pro Forma
CRL
March 27, 2023

**100% Open Market Retirement Living
York Draft CIL Charging Schedule**

Project Pro Forma for Phase 1 Retirement Housing

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
1 Bed Flats	36	1,980.00	4,454.00	244,970	8,818,920
2 Bed Flats	<u>24</u>	<u>1,800.00</u>	4,600.00	345,000	<u>8,280,000</u>
Totals	60	3,780.00			17,098,920

TOTAL PROJECT REVENUE 17,098,920

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price			122,926		122,926
Agent Fee		1.00%	1,229		
Legal Fee		0.75%	922		
					2,151

CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost
1 Bed Flats	2,640.00	1,690.00	4,461,600
2 Bed Flats	<u>2,400.00</u>	1,690.00	<u>4,056,000</u>
Totals	5,040.00 m²		8,517,600
Developers Contingency		5.00%	468,468
Site Works			200,000
s106	60.00 un	4,200.00 /un	252,000
Interim Future Homes Standard	60.00 un	2,260.00 /un	135,600
Biodiversity	60.00 un	231.00 /un	13,860

**100% Open Market Retirement Living
York Draft CIL Charging Schedule**

EV Charging			5,422	
SAC Mitigation	60.00 un	500.00 /un	30,000	9,622,950
Other Construction Costs				
External Costs		10.00%	851,760	851,760
PROFESSIONAL FEES				
Architect		10.00%	956,936	956,936
MARKETING & LEASING				
Marketing		3.00%	512,968	512,968
DISPOSAL FEES				
Sales Agent Fee		2.00%	341,978	
Sales Legal Fee	60.00 un	600.00 /un	36,000	377,978
Unsold Unit Fees				
1 Bed Flats			194,895	
2 Bed Flats			125,745	320,640
TOTAL COSTS BEFORE FINANCE				12,768,309
FINANCE				
Debit Rate 7.50%, Credit Rate 0.50% (Nominal)				
Land			17,380	
Construction			495,673	
Other			397,774	
Total Finance Cost				910,827
TOTAL COSTS				13,679,136

**100% Open Market Retirement Living
York Draft CIL Charging Schedule****PROFIT****3,419,784****Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR% (without Interest)	22.62%

100% Open Market Retirement Living
York Draft CIL Charging Schedule

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Development Pro Forma
CRL
March 27, 2023

SENSITIVITY ANALYSIS REPORT**CRL****100% Open Market Retirement Living
York Draft CIL Charging Schedule****Table of Land Cost and Land Cost**

Construction: Rate /m ²	Sales: Rate /m ²						
	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-10.000%	(£20,141)	(£288,867)	(£557,593)	(£826,319)	(£1,095,045)	(£1,363,770)	(£1,632,496)
1,521.00 /m ²	(£20,141)	(£288,867)	(£557,593)	(£826,319)	(£1,095,045)	(£1,363,770)	(£1,632,496)
-7.500%	£236,147	(£45,837)	(£314,563)	(£583,289)	(£852,015)	(£1,120,741)	(£1,389,467)
1,563.25 /m ²	£236,147	(£45,837)	(£314,563)	(£583,289)	(£852,015)	(£1,120,741)	(£1,389,467)
-5.000%	£493,634	£208,923	(£71,533)	(£340,259)	(£608,985)	(£877,711)	(£1,146,437)
1,605.50 /m ²	£493,634	£208,923	(£71,533)	(£340,259)	(£608,985)	(£877,711)	(£1,146,437)
-2.500%	£751,120	£466,409	£181,698	(£97,230)	(£365,955)	(£634,681)	(£903,407)
1,647.75 /m ²	£751,120	£466,409	£181,698	(£97,230)	(£365,955)	(£634,681)	(£903,407)
0.000%	£1,009,624	£723,895	£439,184	£154,473	(£122,926)	(£391,652)	(£660,377)
1,690.00 /m ²	£1,009,624	£723,895	£439,184	£154,473	(£122,926)	(£391,652)	(£660,377)
+2.500%	£1,268,603	£982,215	£696,671	£411,960	£127,248	(£148,622)	(£417,348)
1,732.25 /m ²	£1,268,603	£982,215	£696,671	£411,960	£127,248	(£148,622)	(£417,348)
+5.000%	£1,528,970	£1,241,175	£954,805	£669,446	£384,735	£100,024	(£174,318)
1,774.50 /m ²	£1,528,970	£1,241,175	£954,805	£669,446	£384,735	£100,024	(£174,318)
+7.500%	£1,789,336	£1,501,317	£1,213,766	£927,396	£642,221	£357,510	£72,799
1,816.75 /m ²	£1,789,336	£1,501,317	£1,213,766	£927,396	£642,221	£357,510	£72,799
+10.000%	£2,050,038	£1,761,683	£1,473,664	£1,186,357	£899,987	£614,997	£330,286
1,859.00 /m ²	£2,050,038	£1,761,683	£1,473,664	£1,186,357	£899,987	£614,997	£330,286
+12.500%	£2,311,742	£2,022,052	£1,734,030	£1,446,011	£1,158,947	£872,577	£587,772
1,901.25 /m ²	£2,311,742	£2,022,052	£1,734,030	£1,446,011	£1,158,947	£872,577	£587,772

Sensitivity Analysis : Assumptions for Calculation**Sales: Rate /m²**

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
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**100% Open Market Retirement Living
York Draft CIL Charging Schedule**

1 Bed Flats	1	£4,454.00	4.50 Up & Down
2 Bed Flats	1	£4,600.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
1 Bed Flats	1	£1,690.00	4.50 Up & Down
2 Bed Flats	1	£1,690.00	4.50 Up & Down

**100% Open Market Retirement Living
York Draft CIL Charging Schedule**

+7.500%	+10.000%	+12.500%
(£1,901,222)	(£2,169,948)	(£2,438,674)
(£1,901,222)	(£2,169,948)	(£2,438,674)
(£1,658,192)	(£1,926,918)	(£2,195,644)
(£1,658,192)	(£1,926,918)	(£2,195,644)
(£1,415,163)	(£1,683,889)	(£1,952,614)
(£1,415,163)	(£1,683,889)	(£1,952,614)
(£1,172,133)	(£1,440,859)	(£1,709,585)
(£1,172,133)	(£1,440,859)	(£1,709,585)
(£929,103)	(£1,197,829)	(£1,466,555)
(£929,103)	(£1,197,829)	(£1,466,555)
(£686,074)	(£954,799)	(£1,223,525)
(£686,074)	(£954,799)	(£1,223,525)
(£443,044)	(£711,770)	(£980,496)
(£443,044)	(£711,770)	(£980,496)
(£200,014)	(£468,740)	(£737,466)
(£200,014)	(£468,740)	(£737,466)
£45,574	(£225,710)	(£494,436)
£45,574	(£225,710)	(£494,436)
£303,061	£18,350	(£251,406)
£303,061	£18,350	(£251,406)

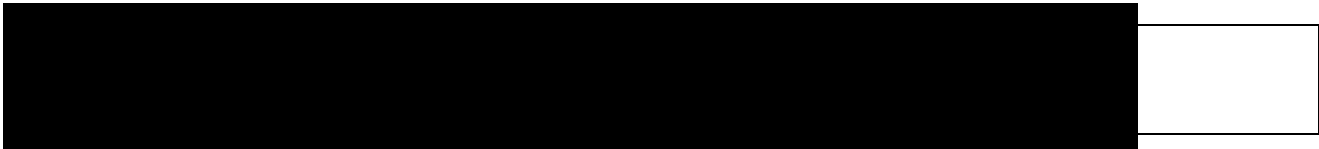
REVIEW OF CIL VIABILITY ASSESSMENT FOR RETIREMENT LIVING HOUSING

YORK CITY COUNCIL

MARCH 2023

Contents

- 1. Introduction..... 3
- 2. Review of Proposed CIL rates 3
- 2.2 Older Persons’ Housing Typologies 3
- 3. Viability Appraisal Inputs 2
- 3.1 Introduction 2
- 3.2 Unit Sizes 2
- 3.3 Sales Values 2
- 3.4 Unit Mix 2
- 3.5 Base Build Cost..... 2
- 3.6 Sales Rate..... 3
- 3.7 Gross to Net..... 3
- 3.8 Benchmark Land Value 3
- 3.9 Profit..... 4
- 3.10 Empty Property Costs..... 4
- 3.11 Sales & Marketing Costs 5
- 3.12 Interest Rates 5
- Comparison of Viability Inputs 6
- 4. Commentary on LPVS Results 7
- 5. Results 8
- 5.1 Older Persons’ Housing Typologies 8
- 5.2 Sensitivity Testing..... 8
- 6. Conclusion 9



1. Introduction

- 1.1.1 This supporting statement has been prepared on behalf of Churchill Retirement Living, an independent housebuilder specialising in housing for older people.
- 1.1.2 In this statement we critically appraise the evidence underpinning the proposed Community Infrastructure Levy (CIL) rates in the York City Council Draft Charging Schedule consultation.
- 1.1.3 This Statement is a focused document which, in the interest of brevity, does not comprehensively detail Government policy on CIL or viability more generally, nor does it detail the residual land appraisal methodology at length. These matters are comprehensively covered in the Council's *CIL Viability Study*.

2. Review of Proposed CIL rates

- 2.1.1 The proposed Community Infrastructure Levy (CIL) rates in the York City Council Draft Charging Schedule consultation are as follows:

Development type	CIL rate per sqm
Residential dwellings within the City of York	£200
Residential dwellings within the City of York Local Plan strategic sites ST7, ST8, ST9, ST14 and ST15	£0
Residential dwellings within the remaining City of York Local Plan strategic sites	£100
Sheltered / Retirement accommodation	£100
Extra care accommodation on Brownfield sites	£100
Extra care accommodation on Greenfield sites	£0
Purpose Built Student Housing without an affordable housing contribution	£150
Purpose Built Student Housing with 100 or fewer student bedrooms and an affordable housing contribution	£50
Convenience ¹ retail with up to 450 sqm gross internal area	£100
Comparison ² retail built outside the City Centre boundary	£100
Comparison retail built inside of the City Centre boundary	£0
All other development	£0

- 2.1.2 There is a Borough-wide bespoke CIL rates for Sheltered / Retirement Housing of £100 per m².

2.2 Older Persons' Housing Typologies

- 2.2.1 The proposed Community Infrastructure Levy (CIL) rates in the York City Council Draft Charging Schedule consultation are informed by the *CIL Viability Assessment (CVA)* by Porter Planning Economics (December 2022).
- 2.2.2 We note that the CVA has assessed the viability of older persons' housing typologies, which is welcomed.
- 2.2.3 In reviewing the methodology for assessing specialist older persons' housing, we note that many of the inputs align with the methodology detailed in the Briefing Note on Viability Prepared for the Retirement Housing Group (hereafter referred to as the RHG Briefing Note) by Three Dragons, although a number do not. Our concerns are that the CIL Viability Assessment has overplayed the viability of older persons' housing.
- 2.2.4 Mindful of the guidance in the PPG that is the responsibility of site owners and developers to engage in the Plan making process. Churchill Retirement Living have provided commentary and supplemental evidence on the viability assumptions used in the viability appraisals for retirement living housing typologies in the VA.

3. Viability Appraisal Inputs

3.1 Introduction

- 3.1.1 Churchill Retirement Living have considered the inputs and assumptions used in the financial viability appraisals for older persons' housing in the *CIL Viability Assessment (CVA)* by Porter Planning Economics (December 2022). A summary table has been provided in the table entitled: *Comparison of Appraisal Inputs* on page 6 of this report.
- 3.1.2 Many of the inputs used in our appraisal of Retirement Living housing typologies align with the methodology detailed in the *Briefing Note on Viability Prepared for the Retirement Housing Group* (hereafter referred to as the RHG Briefing Note) by Three Dragons. Where they differ is clearly stated in this report.

3.2 Unit Sizes

- 3.2.1 Apartments for specialist older persons' housing tend to be larger than 'general needs' open market housing. The 1-bed unit sizes used in the CVA (50m²) do however differ from those recommended in the RHG Briefing Note and no justification has been given for this deviation.

RHG Briefing Note Recommended Unit Sizes

	1 bed	2 bed
Sheltered	55 m ²	75 m ²

3.3 Sales Values

- 3.3.1 The CVA concludes that sales values for retirement living housing is £4,788 per m², which is determined using the RHG methodology.
- 3.3.2 Churchill Retirement Living recently had an application at No.11, The Village, Wigginton in which a Financial Viability Appraisal was submitted and reviewed by an independent surveyor acting on behalf of the Council. Sales Values were agreed as:
- £245k for a 1 bed (£4,454 per m²)
 - £345k for a 2 bed (£4,600 per m²)
- 3.3.3 These sales values have been applied to the appraisal. It must however be noted that Wigginton is one of the highest value areas in the Authority, with the *Figure 3.7* of the CVA concluding as such. It should not therefore be presumed that the aforementioned sales values can be achieved across the Authority.

3.4 Unit Mix

- 3.4.1 The RHG briefing note recommends a 60:40 split for 1bed:2 beds. We have used the recommended mix.

3.5 Base Build Cost

- 3.5.1 Build costs are covered in Chapter 4 of the CVA which advocates the use of the appropriate BCIS 'Median Generally' costs as a base rate.

£/m2 study

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

Last updated: 11-Mar-2023 05:56

> Rebased to York (97; sample 19)

Maximum age of results: 10 years

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
843. Supported housing							
Generally (10)	1,813	928	1,465	1,690	2,112	3,527	76
Single storey (10)	1,987	1,624	1,744	2,072	2,164	2,400	7
2-storey (10)	1,831	1,121	1,477	1,623	2,207	3,190	27
3-storey (10)	1,637	928	1,372	1,609	1,868	2,508	25
4-storey or above (10)	1,969	1,139	1,490	1,821	2,322	3,527	17
843.1 Supported housing with shops, restaurants or the like (10)	1,737	1,087	1,440	1,636	1,832	2,907	21

3.5.2 The respondents have based their appraisal on the March 2023 Median 'generally' BCIS rates for supported housing, re-based to York which are £1,690 per m².

3.6 Sales Rate

3.6.1 The sales rate utilised in the CVA for retirement living housing are unknown.

3.6.2 A rate of sale of one unit per month, as per the RHG's best practice methodology, is considered by Churchill Retirement Living to be, broadly speaking, an appropriate reflection of their sales rate nationally, albeit the rate of sale nationally is lower presently.

3.6.3 York is located in the respondent's Northern region, where the rate for all selling sites is 0.92 sales per month, which reflects the current uncertainty in the market. Evidence of this sales rate is provided in **Appendix 1**.

3.7 Gross to Net

3.7.1 The RHG note stipulates a range of communal floor space between 20-30% of GIA for Sheltered and 35-40% of GIA for Extra Care.

3.7.2 Our experience is that this percentage should be at least 25% of the proposed total area for retirement living housing in order to cater for communal lounges, lodge manager office and guest rooms. Para. 4.13 advises that communal floorspace provision tested was 25%.

3.8 Benchmark Land Value

3.8.1 A 60-unit retirement living development built at 125dph is presumed to have a Gross site area of 0.5ha in the CVA. Benchmark Land Values.

Table 4.15 Tested Benchmark Land Values for Greenfield and Brownfield sites, £ per hectare

Existing land use	EUV per gross site area		Additional premium on the net area	EUV+ per net ha
City centre/extension	£1,700,000	Plus	0%	£1,700,000
Urban & suburban	£930,000		24%	£1,120,000
Village /rural	£750,000		24%	£900,000
Agricultural/ Greenfield	£20,000		2150%	£450,000

3.8.2 The respondents do not ordinarily develop greenfield land, with a typical site being within 0.5 miles of a town or local centre, to best facilitate the independence of the intended residents. We have no comments on the value of greenfield sites accordingly.

3.8.3 It is also more likely that in the edge-of-centre locations typically developed by the respondents, development opportunities are likely to be commercial / office units, former health care facilities such as care homes or site assemblies comprising one or more residential properties. The PDL City Centre / Extension and Urban & Suburban Residential Benchmark Land Values have been tested accordingly.

3.9 Profit

3.9.1 The *CIL Viability Study* allows for a 20% profit margin, which conform with the recommendations of the RHG Briefing note. The Planning Inspectorate has also consistently concluded that an acceptable return for risk in respect of retirement living proposals is not less than 20% of gross development value. Examples include:

- McCarthy and Stone proposal at Redditch (Appeal Ref: 3166677)
- Churchill Retirement Living proposal at Cheam (Appeal Ref: 3159137)
- Churchill Retirement Living scheme at West Bridgford (Appeal Ref: 3229412)

3.10 Empty Property Costs

3.10.1 Empty property costs are a function of council tax payable on finished unsold and empty property as well as the service charge which must be paid owing to longer than average sales periods for this type of proposal.

3.10.2 York Council applies the Council Tax Empty Property Premium. Council Tax rises to 100% if the property has been empty for longer than two years, 200% for over five years, and 300% if it remains empty for longer than ten years

3.10.3 A typical 50-unit scheme will take over 4 years to sell out and as such substantial monies will be paid in Council Tax over this period.

3.10.4 Residents of specialist older persons' housing are also required to pay a service charge to pay for the upkeep of communal facilities and for staff costs. Service charges are higher for Extra Care accommodation because of the enhanced level of communal facilities and the increased staffing associated with on-site care. Staff and facilities need to be on-site and functional from when the first resident arrives and accordingly the companies subsidise the service charges of empty apartments while they are being sold. McCarthy Stone list their typical services charges on their website as follow:

McCarthy Stone – Typical Service Charge

	1 bed per week	2 bed per week
Sheltered	£48.93	£138.27
Extra Care	£73.36	£184.31

3.10.5 Empty property costs as a result of Council Tax and Service Charge payments are therefore a substantial cost for older persons' housing. We have applied Empty Property Costs of £3k per unit retirement living unit.

3.11 Sales & Marketing Costs

- 3.11.1 Sales and marketing allowances for specialist housing proposals for older people are widely acknowledged to differ substantially from mainstream housing. This is due to the restricted occupancy and longer than average sales periods often extending over several years.
- 3.11.2 Sales and marketing activities in respect of this type of proposal are considerably more intensive and long running than mainstream housing and necessitate a sustained campaign with permanent sales staff on site over the course of typically years rather than months for mainstream housing.
- 3.11.3 The RHG Briefing Note advises that “*Marketing costs are typically 6% of revenue compared with 3% of revenue for general needs houses and flats.*” This has been supported by a recent appeal decision in Redditch Appeal Ref: 3166677.

3.12 Interest Rates

- 3.12.1 We note that the appraisals assume 7.75% per annum for total debit balances (to include interest and associated fees).
- 3.12.2 Without accurately cash flowing all aspects of the development timeframe (i.e. pre-construction / construction / sales) It is impossible to accurately assess the finance costs of a retirement living or extra care project.

Comparison of Viability Inputs

	Retirement Living	
	PE	CRL
Sales Values	£4,788 per m ²	£245 for a 1 bed (£4,454 per m ²) £345k for a 2 bed (£4,600 per m ²)
Unit Size	1bed- 50m ²	1bed – 55 m ²
	2 bed -75m ²	2 bed – 75 m ²
Benchmark Land Value	£850K City Centre / Extension £560K Urban & Suburban	£850K City Centre / Extension £560K Urban & Suburban
Dwellings per hectare	120dph	125dph
Dwelling Mix	Unknown	60% 1-bed 40% 2-beds
No. of units	60	60
Site size	0.5 Hectares (Gross)	0.5 Hectares (Gross)
Build Period	24 months	18 months
Sales Period	Unknown	50 Months
Base Build Costs	£1,600 per m ² .	£ 1,690 per m ² .
Site Costs	£400kper ha	£400kper ha
% Communal floorspace	25%	25%
Biodiversity Net Gain	£231 per unit	£231 per unit
Contingencies	4% of build costs	5% of build costs
Professional Fees	8% of build costs	10% of build costs
Interim Future Homes Standards	£2,260 per units	£2,260 per units
Future Homes Standard	£9k per flat	£9k per flat
EV Charging	£976 per unit	£5,422 based on 1:3 parking provision
S106 Costs	£4,200k per unit	£4,200k per unit
M4(3)	£7,750 per flat	£7,750 per flat
SAC Contributions	£500 per dwelling	£500 per dwelling
Finance Costs	7.75% per annum	7.5%
Profit	20%	20%
Agents Fee % of site value	1.5%	1.5%
Sales & Marketing	3%	6%
Legal Fees (% of site value)	0.75%	0.75%
Empty Property Costs	Unknown	£3,000 per unit

4. Commentary on LPVS Results

4.1.1 Churchill Retirement Living find the basis on which the proposed Community Infrastructure Levy rates for retirement living to be unjustified.

4.1.2 The results of the viability modelling for sheltered housing are provided in Table 6.3. which is detailed below:

Table 6.3 Viability of sites in CYC and their psm CIL liable floorspace headroom

ID	Typology		Headroom per CIL liable sqm
OP 3	60 unit Retirement home - Greenfield	Urban	£85
OP 4	60 unit Retirement home - Brownfield	Urban	£266
OP 7	60 unit Retirement home - Greenfield	Village/Rural	£116
OP 8	60 unit Retirement home - Brownfield	Village/Rural	£293
OP 11	50 unit Extracare home - Greenfield	Urban	-£39
OP 12	50 unit Extracare home - Brownfield	Urban	£139
OP 15	50 unit Extracare home - Greenfield	Village/Rural	-£10
OP 16	50 unit Extracare home - Brownfield	Village/Rural	£164

4.1.3 It concludes that retirement living housing can deliver policy compliant levels of affordable housing and CIL contributions well in excess of those proposed in the Draft Charging Schedule.

4.1.4 The respondents' have significant reservations over both the methodology and assumptions used in the CIL Viability Assessment which appears to substantially overstates the viability of these forms of accommodation.

4.1.5 Our review of the CIL Viability Assessment notes that the proposed Build Costs are too low, with the proposed sales values being too high. Of particular concern is the omission of any information on cashflow, notably sales rates and empty property costs.

4.1.6 It is the respondents view that the cumulative impact of differences in viability assumptions used in the LPVA presents an assessment of the viability of retirement living housing that is not credible.

5. Results

5.1 Older Persons' Housing Typologies

- 5.1.1 The outputs of the viability appraisals for older persons' housing typologies are summarised below for ease of reference. This FVA does not include any affordable housing or CIL as part of the appraisal and is therefore undertaken based on a 100% private proposal. A summary is provided in **Appendix B**.
- 5.1.2 The residual land value is £122,926 which results in a negative residual land value against the Benchmark Land Value for City Centre / Extension sites (£850K) and Urban & Suburban sites (£560k).
- 5.1.3 Retirement Living housing is therefore unable to contribute towards either affordable housing or CIL.
- 5.1.4 Specialist older persons' housing providers are already heavily reliant on factors that reduce the cost of development in order to bring specialist older persons' housing coming forward such as achieving efficiencies in the build cost or achieving a lower level of profit.
- 5.1.5 The respondents' however have significant reservations over aspects of the *CIL Viability Assessment* (CVA which overstates the viability of this forms of accommodation. For example, it is presumed that sales rate used in the CVA was higher than the 1 unit per month which, generally, reflects the respondent's experience.
- 5.1.6 It is the respondent's view that the cumulative impact of other differences in viability assumptions used in the VA presents an overly optimistic assessment of the viability of older persons' housing.

5.2 Sensitivity Testing

- 5.2.1 The Argus Developer sensitivity function has been applied to test the impact of variations within proposed sales values and build costs for the appraisal assuming 0% affordable housing and nil CIL. The output in **Appendix 3**.
- 5.2.2 Looking across the next 5 years, BCIS tender prices are forecast to increase at a rate of circa 9% over 2021/22 and from thereon 5%, 4% and 3% or in excess of 25% over the next 6 years.

Table 7: BCIS forecast of tender prices

Period	Forecast
2Q2021 to 2Q2022	+9.1%
2Q2022 to 2Q2023	+5.5%
2Q2023 to 2Q2024	+4.7%
2Q2024 to 2Q2025	+3.8%
2Q2025 to 2Q2026	+2.7%
2Q2026 to 2Q2027	+2.4%

Source: BCIS

- 5.2.3 In terms of sales value growth over the same period, there is much uncertainty regarding the property market at present given the Bank of England changes to base lending rates in September 2022 and forecast further increases in 2023 to curb rates of inflation. It is forecast that the knock-on impact on mortgage affordability and wider cost of living issues at present will put an end to the inflation seen in house price growth seen over the last few years. In general, market commentators are forecasting house price reductions across the market during 2023¹.
- 5.2.4 The RICS Market Survey (Oct 22)² concludes:

1.1.1

¹ [UK housebuilders' shares tumble on gloomy house price predictions | Financial Times \(ft.com\)](#)

² [10. web -october 2022 rics uk residential market survey final.pdf](#)

Looking ahead, the net balance for the twelve-month price expectations series sank to -42% in the latest findings, falling from a reading of -18% last time. When viewed at the regional/country level, respondents across all parts of the UK are now (on balance) of the opinion that prices will see some degree of decline over the year ahead.

5.2.5 Savills at November 2022³ forecast the following 5 year mainstream housing performance.

UK mainstream house price forecasts

	2023	2024	2025	2026	2027	5-year
UK mainstream house prices	-10.0%	1.0%	3.5%	7.0%	5.5%	6.2%

Source: Savills Research

5.2.6 The immediate outlook therefore is for costs to continue to inflate with some uncertainty in relation to open market sales values beyond 2022.

6. Conclusion

6.1.1 Churchill Retirement Living are strongly of the view that it would be more appropriate to set a nil CIL rate for retirement living housing, at the very least on brownfield sites.

6.1.2 This approach accords with the guidance of the PPG which states that:

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. Differential rates should not be used as a means to deliver policy objectives.

Differential rates may be appropriate in relation to

- *geographical zones within the charging authority's boundary;*
- *types of development; and/or*
- *scales of development.*

(PPG Paragraph: 022 Reference ID: 25-022-20230104)

6.1.3 In the event the abovementioned amendment is not implemented prior to submission for Examination in Public, Churchill Retirement living request the opportunity to present their case at Examination in Public.

1.1.1

³ [Savills UK | Mainstream residential market forecast 2023-27](#)