[redacted]

From: [redacted]
Sent: 31 January 2024 17:59
To: localplan@york.gov.uk
Subject: CIL Charging Schedule and Sensitivity Test: Representations by Gregory Property Group
Attachments: CYC Revised CIL DCS Consultation 2024 - Gregory Property Group (CBRE 31.01.24).pdf; Yfir2401.cli.gh.pdf

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Dear Local Plans,

On behalf of the Gregory property Group, I am attaching a copy of our representations on the CIL Charging Schedule and Sensitivity Test which is currently out to consultation.

The representations comprise:

- Covering letter from O'Neill Associates
- Technical Report from CBRE

We look forward to hearing from you regarding the next stage of the consultation process

Regards

[redacted]
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Our ref: Yfir2401.cli.gh
Date: 31 January 2024
Email: [redacted]

Dear Sir / Madam

CONSULTATION ON THE REVISED COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE FOR THE CITY OF YORK: RESPONSE ON BEHALF OF THE GREGORY PROPERTY GROUP

Introduction

These representations are submitted on behalf of the Gregory Property Group. They relate to City of York Council's consultation on the revised Community Infrastructure Levy Draft Charging Schedule (as amended on the 21 December 2023), the CIL Sensitivity Test Viability Report (November 2023) and the Errata Addendum (21 December 2023).

A copy of this letter along with the enclosed Technical Representation prepared by CBRE (January 2024) has been sent via email to localplan@york.gov.uk. Our contact details are provided within the footer and we hereby accept the privacy policy as set out in the Council's Consultation Privacy Notice. At the outset, we would like to set out our request to be notified about:

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

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

Representations

The Gregory Property Group is a well-established developer in North Yorkshire, working across a range of property sectors including commercial and industrial developments, residential use and PBSA, retail and leisure. They are currently promoting the redevelopment of land at 15 Foss Islands Road (ref: 23/01647/FULM) for student housing, comprising 133 no. bedspaces with access, car parking and landscaping.

The application is a resubmission of previous application 22/01795/FULM, which proposed a similar level of development but was refused for 2 reasons, the second of which related to the limited room sizes within the development (min 20 sqm), a lack of communal space on all levels, under-provision of lifts (1) and the number of accessible car parking spaces. The revised proposals have sought to address the development management issues but as a knock on effect, the efficiency of the building (net to gross useable area) has been reduced. In addition, a contribution towards affordable housing of circa £800,000 has been requested by the Council in accordance with the formula set out in Draft Local Plan Policy H7. This was not included within the Heads of Terms for the refused application and a combination of these two factors would make the scheme unviable.

Our client's experience at 15 Foss Islands Road offers a real time example of the impact of policy H7 on the viability of off-campus PBSA. The introduction of a mandatory CIL charging regime for this form of development would only further threaten the viability of the scheme. In our view, the impact of the proposed charge being rolled out across the local authority area would be to either:

1. inhibit the development of PBSA for which there is a recognised and long-established need in the City; or
2. compromise the contributions to affordable housing sought through Draft Policy H7 as the only negotiable element of the financial obligations to be imposed on PBSA development.

In setting CIL rates, a charging authority must aim to strike an appropriate balance between the level of funding required to support the development of its area and the potential effects of the imposition of CIL on the economic viability of development. To achieve this for purpose built student accommodation (off-campus), it is considered that the CIL rates should be reduced to £0/m². This is based on Gregory's own experience along with the modelling undertaken by CBRE in their enclosed technical representation. The report concludes that:

"if correcting the errors identified in PPE's evidence…….there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable housing OSFC sought via Policy H7 (as modified) or CIL"

Upon this basis, the Gregory Property Group objects to the proposed changes in the Community Infrastructure Levy Draft Charging Schedule (as amended on the 21 December 2023) for off-campus Purpose Built Student Accommodation. They also challenge the evidence provided in the CIL Sensitivity Test Viability Report (November 2023) and its associated Errata Addendum (December 2023).

We would be grateful if you could consider these representations as part of the current consultation process and look forward to hearing from you regarding the next steps.

Yours sincerely

[redacted]

CBRE

City of York Revised CIL Draft Charging Schedule Consultation

Technical representation prepared by CBRE UK Ltd on behalf of:

Gregory Property Group Limited

January 2024

Contents

Introduction

Procedural Matters

Instruction Purpose

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

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

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

The Consultation

4. CYC published the following documents:

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

5. The consultation ran to 31 January 2024.

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

Gregory Property's Background

7. Gregory Property is a long-standing developer in North Yorkshire, working across a variety of property sectors including commercial, industrial, Purpose Built Student Accommodation ('PBSA'), residential and retail/leisure. Gregory Property intends to bring forward a redevelopment scheme in York city centre and has re-submitted a planning application (ref: 23/01647/FULM) for the redevelopment of land and premises at 15 Foss Islands Road, York.

8. This proposed development scheme comprises the provision of high-quality PBSA containing 133 no. studios with generous communal space including social areas, private dining facilities, gym, study space and 135 no. resident cycle spaces.

Gregory Property's Stance

9. Gregory Property has fundamental concerns regarding CYC's proposal to introduce CIL charging on 'off-campus' purpose built student accommodation ('PBSA') development within the Revised CIL DCS.

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

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

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

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

Request to be Heard and Notification Requests

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

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

Matters of Representation

Purpose

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

Significance of Proposed Revised CIL DCS Rates

17. The CIL rates proposed are amongst the highest, if not the highest, across the entirety of Yorkshire and the Humber, even when allowing for indexation since adoption in other Charging Authorities. CBRE has provided a full schedule of proposed and adopted rates across the region as a comparison within **Enclosure 1**.[1]

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

19. CBRE is aware that other Local Authorities such as Birmingham City Council have halted proposals to revise their CIL Charging Schedules over past 18 months on basis of challenging economic and property market context. CYC's proposition to introduce high charging rates for the first time is contradictory to decisions being made by other major regional cities and district authorities across the north.

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

Illogical Timing

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

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

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

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

Outdated Evidence

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

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

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

27. Moreover, the CIL Viability Addendum documents that the CIL Viability Study overstated the investment yield achievable for Prime Regional PBSA and accordingly adjusted outward the yield from 5.00% to 5.25%. However, CBRE is of the opinion that this does not go far enough in reflecting the softening in yields over the past 18 months. The CIL Viability Addendum does not cite any investment yield evidence to substantiate their conclusion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Technical Deficiencies

Purpose Built Student Housing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. **PBSA Room Sizes:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: CYC / CBRE Data

xii. This is based on the assumption of 65% net to gross, which through the Foss Islands refusal demonstrates that 65% is insufficient to meet CYC planning policy requirements as a result, CBRE has also tested the impact of correcting the PBSA built GIA within each of the typologies at a 60%[7] net to gross efficiency, which is expected to be consistent with CYC's requirements for communal and amenity space within PBSA schemes. This analysis is provided in **Table 2**.

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

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

Source: CYC / CBRE Data

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

xiv. CBRE strongly advocates that CYC review the NIA and GIA of PBSA typologies to be reflective of the York PBSA market and adjust their inputs accordingly.

c. **Construction costs**:

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

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

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

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

(Approved Document Part B), which prudent developers have been told by the Government to design into schemes.

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

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

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

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

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

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

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

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

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

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

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

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

Source: RICS BCIS / CBRE Data

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

Based on corrected gross to net efficiency of 60.0%

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

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

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

Source: RICS BCIS / CBRE Data

d. **Contingency**:

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

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

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

e. **Abnormals:**

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

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

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

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

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

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

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

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

f. **Development Programme**:

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

g. **Site Areas for Typologies**:

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

h. **Benchmark Land Value**:

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

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

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

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

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

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

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

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

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

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

[10] CIL Viability Study Addendum (November 2023)

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

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

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

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

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

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

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

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

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

Results

43. The CIL Viability Study Addendum sets out the results of viability modelling within Table A1.11 on p.13.

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

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

[11] CIL Viability Study (December 2022)

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

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

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

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

48. If correcting the errors identified in PPE's evidence, CBRE's modelling concludes that there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable OSFC sought via Policy H7 (as modified) or CIL.

49. CBRE's appraisals can be provided upon request.

Lack of Transparency

50. There is a lack of transparency in the CIL Viability Study that CBRE deems falls short of the requirements and expectations of PPG CIL (Paragraph: 019 Reference ID: 25-019-20190901), PPG Viability (Paragraph: 010 Reference ID: 10-010-20180724), the NPPF (para. 58), the RICS Guidance[12] and RICS Professional Standards[13], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

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

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

Failure to Strike an Appropriate Balance

53. In setting CIL rates, CYC must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments. In accordance with CIL Regulation 14(1)[14], CYC must be able to demonstrate and explain how the proposed CIL rate(s) will contribute towards the implementation of the Plan and support development across city.

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[12] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note
[13] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition
[14] CIL Regulations 2010 (as amended)

54. As set out in PPG[15], Charging Schedules should be consistent with, and support the implementation of, up-to-date relevant plans.

55. The charging authority must take development costs into account when setting CIL rates, particularly those likely to be incurred on strategic sites or brownfield land. Importantly, development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan.

56. As also clearly set out in the RICS Guidance[16], the impact on viability of a CIL, whether proposed or existing, should be considered alongside the policy requirements of the Plan. In simple terms, a 'policy-on' approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for, and taking precedence over, the introduction of CIL rate setting.

57. Moreover, CBRE concludes that it is illogical and counter-intuitive for CYC to introduce the proposed CIL rates for off campus PBSA and residential use development for the published CIL Viability Study Addendum document does not constitute up-to-date appropriate available evidence to underpin the proposed rates within the Revised CIL DCS.

58. As a result, if submitted to PINS for examination in its present form and with the current evidence base, Gregory Property would strongly contend that the Revised CIL DCS is unsound and should not be endorsed by the Examiner for the above fundamental reasons and further technical deficiencies expanded upon below.

59. If non-compliance could not be rectified via modification(s) prior to submission to PINS or by recommendation from the Examiner, the Examiner would be requested to reject the Revised CIL DCS in accordance with Section 212A(2) of the 2008 Act.

[15] PPG CIL: Paragraph: 011 Reference ID: 25-011-20190901
[16] RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14

Conclusions and Recommendations

61. Gregory Property Group cannot endorse or support the Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study Addendum, as presently published.

62. In fact, for the reasons set out in this document and its enclosures, Gregory Property Group has fundamental doubts regarding the appropriateness of the timing of this consultation on a new Revised CIL DCS.

63. Gregory Property Groupalso has severe reservations regarding the questionable validity and dependability of the published viability evidence base upon which the proposed new charging rates for PBSA use development within the Revised CIL DCS is reliant, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

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

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

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

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

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

69. Should CYC wish to engage directly with Gregory Property on the matter, CBRE will be able to facilitate such arrangements.

Enclosures

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

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

Enclosure 2: Investment Yield Guides – Q1 2024

CBRE

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

Retail
Low volumes continue with few prime opportunities available.

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

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

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

Changes in red/ Last month in brackets

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

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

CBRE

All sectors remain trending weaker as financial indicators improve.

Changes in red/ Last month in brackets

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

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

CBRE

Yields and sentiment unchanged

Residential

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

Changes in red/Last month in brackets

Student

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

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

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

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Prime Yield Guide – January 2024

Knight Frank Intelligence

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

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

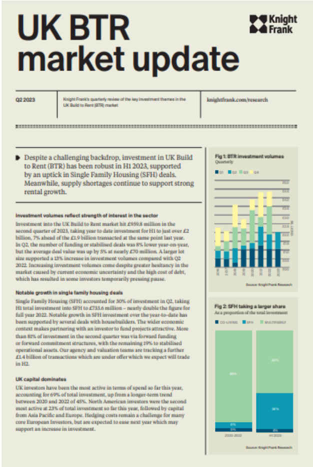
SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%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

Prime Yield Guide – January 2024

Knight Frank Intelligence

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

KEY RESEARCH



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CLICK TO DOWNLOAD BTR

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

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

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- Infrastructure
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- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

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

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

BCIS®

£/M2 STUDY

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

Last updated: 13-Jan-2024 07:26

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

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

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