

Leicester City Council CIL

Student Accommodation – Adjournment Note

IMPORTANT NOTE

This note has been prepared as discussed with the CIL Examiner and for discussion. It is a starting point in which I have tried to set out the issues, as I understand them. Where there is a difference I have (briefly) set out my understanding of the positions – this may well need clarification.

This note is subdivided into several sections. The areas of contention have been highlighted in the shaded boxes – there may be more, and I hope that some of these are not actually contentious.

We look forward to your soonest response.

1. The Leicester City Council CIL Examination commenced on Wednesday 19th August. The CIL Examiner agreed to an adjournment to allow the Council to respond to information submitted in relation to Student Accommodation.
2. Prior to the examination stage little comment had been received in relation to the viability evidence in relation to student housing. The University of Leicester submitted detailed viability evidence as a response to the CIL Examiner's questions and CODE (a private sector developer of student accommodation) submitted evidence in relation to values and land values at the examination. In response to the University's submission HDH had prepared a brief update paper. In preparing that paper an error in the modelling was identified so the modelling was redone from first principles. This note replaces the note prepared prior to the Examination.
3. The University's principal viability points of concern are (the University also has made non-viability points, particularly concerning charitable status):
 - a. Buyers costs have not been 'netted' from the GDV (as a purchase would be an investment purchase).
 - b. Stamp duty had not been allowed for on the purchase price.
 - c. Professional Fees should be calculated on the aggregated costs of construction, infrastructure, abnormals and fees – rather than just the construction costs.
 - d. The developers' competitive return should be calculated on interest as well as costs.
4. CODE made the following points:
 - a. Management costs should be 30%.
 - b. Yields should be 6.5%.
 - c. Land values for student accommodation are in the range of £8,000 per letting room to £12,000 per letting room.

- d. Abnormal costs are not allowed for.
 - e. The modelling should not be based on areas.
5. This paper has been prepared by HDH and the City Council's officers. At the hearing it was agreed that this would be circulated, in draft, to the University and CODE for comment by 28th August with a view to receiving comments back in good time to allow its submission to the CIL Examiner, with any outstanding areas of difference clearly identified by 11th September.
 6. The Council and HDH acknowledge that they are not specialists in the field of student accommodation. To 'check' the value assumptions used, Matthews & Goodman have been consulted. Matthews & Goodman are a firm of Chartered Surveyors who have been involved in the Leicester market, selling several student housing sites. They have not previously acted for the Council. We have attached, at **Appendix 1**, our email to them of 20th August 2015 and an attachment setting out our approach to the valuation. This incorporated a series of questions. We have also attached, at **Appendix 2**, their response of the 24th August 2015.

Development Activity

7. Both the University and CODE consider the development of student accommodation in Leicester to be unviable. The Council reject this contention. It is clear from development activity on the ground that student accommodation is the predominant form of development in the City Centre. This would not be the case if the sector was not viable.
8. The following schemes are under construction:

Table 1 Student Accommodation under construction - August 2015		
APP NO	SITE NAME	BED SPACES
20110288	Bath Lane (Blackfriars site)	601
20121532	Former Southgates bus depot	500
20131845	11-17 Jarrom St	150
20141344	31 Lower Brown St	107
	TOTAL	1,358

Source: LCC August 2015

9. In addition the Council's development management department is currently considering the following planning applications:

Table 2 Student Accommodation planning applications submitted and validated, but not yet determined – August 2015		
APP NO	SITE NAME	BED SPACES
20150338	54-58 London Rd	151
20150795	Oxford St/Newarke St	45*
20151047	22 Grange Lane	266
20151143	52 Western Road	329
20151144	36 Western Road	252
20151355	188 Welford Road	11
	TOTAL	1,009

*net increase of 45 bedspaces on previously approved scheme.

Source: LCC August 2015

10. There is considerable competition between developers for land and some very high prices have been paid. If development in the sector was not viable planning applications would not be being submitted, development would not be taking place and there would not be competition between developers for sites.
11. When considering new student accommodation in Leicester it is necessary to consider where such development is likely to occur. The University's representations made to the Local Plan Issues and Options confirmed that '*the existing accommodation broadly represents the right quantum required to meet its needs*'. We understand that the University also suggests that any strategy that comes forward should seek to consider the legacy of surplus/out dated stock. Such redevelopment may not be subject to CIL, being redevelopment and CIL only being applicable on net new development.

POINT 1

Are the above statements common ground? If student accommodation is not viable what is the explanation for the activity in the sector?

Modelling

12. In the CIL Viability Study Update, the text said:

In the Viability Study the analysis was based on a brownfield site in the City, being the most likely situation for student housing to come forward. We assumed a scheme of 175 student letting rooms at 20m² each, with 35% circulation space on a 0.3ha site.

The total scheme size is therefore 175 rooms x 20m² = 3,500m², plus 35% circulation space of 1,225m² to give a total GIA of 4,725m². This area has formed the basis of our costing.

13. At the time of the original study student accommodation tended to be based on the Cluster Flat model. Cluster Flats are groups of rooms (en-suite or not) sharing living space and a

kitchen. Since then there has been a shift to the provision of Studio Flats which are slightly larger rooms, but including a kitchenette. This change has had a significant impact on the circulation space. This is illustrated in the following table:

Site Name		Site (ha)	Beds	Circulation (%)	Type
11-17 Jarrom	New build	0.08	140	26%	Studio
The Summit, Jarrom St	New build	0.38	369	17%	Studio
Upperton Road	New build	1.1	536	24%	Studio
136 New Walk	Conversion	0.05	30	27%	Studio
Southgates bus depot	New build	0.72	500	32%	40% studios
Albion Street	Conversion	0.05	54	30%	
Brookland Road	New build	0.19	215	32%	25% studios
55 Oxford Street	New build	0.05	90	30%	Studio

Source: LCC

14. Based on this it is appropriate to model the two forms separately. We have assumed that the typical Cluster Flat is 15m² and the typical Studio Flat 23m². We have assumed 26% circulation space in studio flatted development and 35% in the Cluster Flats. We have run appraisals based on the following range of schemes, based on discussions with officers on the expected development to be forthcoming in the future:

		Cluster Flats			Studios		
Rooms		60	175	500	60	175	500
Room size	m ²	15	15	15	23	23	23
Lettable Area	m²	900	2,625	7,500	1,380	4,025	11,500
Circulation	%	35%	35%	35%	26%	26%	26%
	m ²	485	1,413	4,038	485	1,414	4,041
GIA	m²	1,385	4,038	11,538	1,865	5,439	15,541
Site	ha	0.05	0.25	0.75	0.05	0.25	0.75

Source: HDH

POINT 2

Is it correct to base the modelling on recent planning applications, if not what should be used? Should different modelling assumptions be used?

15. In this regard Matthews & Goodman commented that '*the definition of Circulation space includes general communal areas (not within the Clusters), especially at Ground floor.....*'.
16. In our modelling we have counted circulation space as everything that is not within a 'room' this was because we know the number of rooms, the size of the rooms and the rents for the rooms – so the gross income from the building can be calculated. It is then necessary to add in the rest of the space, including that within the cluster flats to derive the GIA of the building.

Values

17. In the original (January 2013) CIL Viability Study we assumed that, for student accommodation, a gross annual rental income of £5,000/ room. We adjusted this to reflect the services provided by the provider and assumed a net income of £3,000/room. This was capitalised at 6.5% to give a value of £2,225/m².
18. We have refreshed the survey of student accommodation costs. This is set out in full in the attached **Appendix 3**. It is necessary to consider the 'rent' and the length of the letting period (the length of the letting year) as between these the gross annual rent can be derived. This information was gathered in the week of the A Level results (starting 13th August 2015), and was described by one operator as 'the busiest week of the year'. On the whole the information was taken from the operators' website and where information on the length of the letting year was not always available. Some agents / developers were unwilling or unable to provide information on the length of the letting year. The results of this survey are summarised as follows:

Table 5 Student Accommodation Costs £/year			
	Studio Flat	Cluster flat	Unspecified
Minimum	4,752	2,835	3,450
Maximum	9,360	6,318	6,069
Mean	6,826	4,685	4,762
Median	6,760	4,615	4,389

Source: Operators

19. The costs vary considerably with newer, better located accommodation, achieving a premium and being at the top end of the range. We have used a value of £6,800/studio flat and £4,750/cluster flat in this study.
20. Matthews & Goodman have confirmed that the gross rents '*are reasonable in the current market*'.

POINT 3

The University has not commented on these assumptions – are these rents agreed? If not what alternative evidence is there that different income levels should be used.

CODE has suggested that the average charged over the 660 unit Western Road (which was voted the UK's best student accommodation in 2013-14) was £5,904/room. It is suggested that this is the norm – if so why should the examples set out in Appendix 3 not form the basis of the analysis?

21. In the earlier work consideration was given to the ongoing management costs and the yield on such investments.
22. To derive the net rent we have considered the costs of management. We have investigated this further and initially reduced the gross rent by 30% for Cluster Flats and 25% on Studio Flats (where there is less circulation space). As shown in **Appendix 3** many of the rooms are subject to additional costs for services.
23. Having consulted Matthews & Goodman we have applied 25% to both Studio Flats and Cluster Flats. We consider this to be a cautious assumption bearing in mind their comment that *'traditionally deductions of 20% to 25% are industry standard'*.

POINT 4

Is this approach (25%) agreed – if not what alternative approach should be taken?

Would it be preferable to consider gross rents – see Point 5 below.

24. We have reviewed the yield assumptions used to capitalise the net rents. A yield of 6.5% was used in the earlier (2013) work. There has been a notable improvement in the market. This is summarised in the Savills Spotlight: UK Student Housing Market (8 June 2015) that says:

Investment into the purpose-built student accommodation market only just fell short of our forecast for last year with £2.45 billion of assets traded, a 23% increase on 2013 levels. This figure has already been surpassed in the first five months of 2015 with £4.2 billion invested (on both a standing investment and site acquisition basis), a record high that is already 70% above last year's level and 40% above the previous peak in 2012.

With increased investment activity, we have seen yield compression across all sub-markets. This has particularly been the case for investments in prime London where direct let net initial yields are now below 5%. For 2015, we forecast total returns of 14%. This is comprised of average blended yields compressing by 25 basis points and rental growth of 3.5%. Current 2015 yields are at the levels shown in the table below.

	Lease	Nomination Agreement	Direct Lease
Prime London	3.75%	4.50%	4.75%
Super Prime Regional	4.25%	4.75%	5.50%
Prime Regional	4.50%	5.25%	6.00%
Secondary Regional	5.00%	5.75%	5.75%

25. CBRE say similar things in their Student Housing, H1 2015 Market View & Advisory Insight Paper:

In London, yields have now reached the previous peak of 4.75% in 2007. Regional assets have tended to lag behind London by 50bsp, We expect that based on the current demand from investors, the next prime regional deals will show significantly better than the previously established tone of 6%.

Figure 3: University Lease vs. Direct Let Net Initial Yields

2015 Q2 University Leases			
	NIY	Trending	
London Zone 1	4.50%	Stronger	↑
London Zones 2-4	4.50%	Stronger	↑
Superprime Regional	4.50%	Stronger	↑
Prime Regional	4.75%	Stronger	↑
Secondary Regional	5.00%	Stable	→
2015 Q2 Direct Let			
	NIY	Trending	
London Zone 1	4.75%	Stronger	↑
London Zones 2-4	5.25%-5.75%	Stronger	↑
Superprime Regional	5.25%	Stronger	↑
Prime Regional	5.75%	Stronger	↑
Secondary Regional	7.00%	Stable	→

26. In the paper prepared prior to the CIL Examination, to address the University's comments we assumed a 6% yield. Following consulting Matthews & Goodman we amended the yield to 6.25% and the management costs to 25% and have calculated the following values:

		Studios	Cluster Flats
Rent		£6,800	£4,750
Management etc	%	25%	25%
Net Rent		£5,100	£3,563
Yield		6.25%	6.25%
Value per room	£	£81,600	£57,000

Source: HDH

27. We gave consideration as to whether or not it is correct to allow for management before capitalising the room rent? It has been suggested that some operators simply look at the gross income and then capitalise it at a higher yield of 7% to 7.5% or so. This would be preferred because it avoids the need for any debate around management costs. Such an approach would give rise to the following values.

Table 7 Alternative Value of Student Housing			
		Studios	Cluster Flats
Rent		£6,800	£4,750
Management etc	%	0%	0%
Net Rent		£6,800	£4,750
Yield		7.5%	7.5%
Value per room	£	£90,667	£63,333

Source: HDH

28. It is notable that this approach give a value that is not dissimilar (within 5%) to the value calculated using a 6.25% yield and the 'traditional' 20% to 25% management charge referred to above.

29. Matthews & Goodman said with regard to our values when asked if the values are 'in the right ballpark':

Subject to our comments above, I would say yes. The rents appear to be relatively low and the yield applied is at the lower end of our opinion and the market. Overall, we are of the opinion that the final answers are appropriate.

30. **Based on the above we have assumed a value of £81,000 per Studio Flat and £57,000 per Cluster Flat room.**

POINT 5

Are the values of £81,000 per Studio Flat and £57,000 per Cluster Flat appropriate? If not what alternative value should be used and why?

Do you wish to comment of the gross approach and the net approach – clearly a building is worth what it is worth and the method of getting to the value is mainly of interest to valuers....

CODE suggested an approach based on 'height and density' but did not elaborate – do you want to elaborate now?

Buyer's costs

31. The University have suggested that the value of the development must be discounted by the costs of the buyer of the completed scheme. This approach is common when considering investment purchases where Stamp Duty (at 4%) and agent's costs (which would vary depending on the scale of the deal) would be deducted.

32. As set out, in the viability study, it is not the purpose of the viability assessment to replicate a particular developer's business model. The purpose is to assess the 'effect' of CIL as required by CIL Regulation 14. It is not possible or necessary to replicate a business model of acquiring

land for development, developing it and then selling the specific building as an investment. Other models exist, such as those developing for operational reasons as in the case of the operators based in the City.

33. This is particularly well illustrated by the University’s position. At the CIL Examination a discussion took place around the University’s charitable status. The University sought clarification as to whether or not student accommodation developed by the University would be subject to CIL. The Council confirmed that this would need to be determined at the time of an application but if the accommodation was developed as part of the University meeting its charitable objectives that is likely to qualify for relief from CIL.
34. It was clear from the University’s representations that, should it undertake development that it would be with the purpose of accommodating students, rather than for the sake of making a profit from property development. We do not follow the logic of the University of seeking to incorporate an allowance for an investment sale in the appraisals.
35. We have run alternative set of appraisals incorporating the investment purchaser’s costs, but after the initial appraisals have not included these costs in the analysis.

POINT 6

Is this a correct understanding of the representation?

Development Costs

36. The costs section of the appraisal is broken into a number of headings. These are covered below:

Construction Costs

37. In this updated work we have used the most recent BCIS costs. These are as follows:

£/m2 study							
Description: Rate per m2 gross internal floor area for the building Cost including prelims.							
Last updated: 08-Aug-2015 12:20							
Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Students' residences, halls of residence, etc (15)	1,526	962	1,214	1,525	1,719	2,475	43

38. We have used the median cost. This compares to £1,281 at the time of the Update (23rd August 2014) and £1,179 at the time of the original work. This amounts to a nearly 30% increase.

Strategic Promotion

39. This heading is to cover the costs of promoting sites through the Local Plan process. Land is not allocated for Student housing in the Local Plan so it is not appropriate to include a cost under this heading.

Planning

40. These are the costs incurred by the developer, prior to those incurred in preparing a full planning application. We have applied an amount of £10,000 for each modelled type.

Infrastructure

41. This heading includes the 'non-building' site costs to include services and landscaping. Bearing in mind the city centre locations and the generally small sites without significant external areas, we have used an assumption of 5%.

Abnormal costs

42. We have made an allowance of 5% to cover the site clearance costs. This is a cautious assumption and recognises that the majority of sites in the city centre, that are likely to come forward are brownfield sites that have either been cleared already or only have modest buildings on them.
43. It is useful to consider abnormals in light of the NPPF. The NPPF says (with our emphasis) at Paragraph 174:

... To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable...

44. Abnormal costs will be reflected in land value. Those sites that are less expensive to develop will command a premium price over and above those that have exceptional or abnormal costs. It is not the purpose of a study of this type to standardise land prices across an area.
45. The treatment of abnormals was considered at Gedling Council's Examination in Public. There is an argument, as set out in Gedling¹, is that it may not be appropriate for abnormals to be built into appraisals in a high level study of this type. The councils should not plan for the worst case scenario – rather for the norm. For example if two similar sites were offered to the market and one was previously in industrial use with significant contamination, and one was 'clean' then the landowner of the contaminated site would have to take a lower land receipt for the same form of development due to the condition of the land. The Inspector said:

... demolition, abnormal costs and off site works are excluded from the VA, as the threshold land values assume sites are ready to develop, with no significant off site secondary infrastructure required. While

¹ REPORT TO GEDLING BOROUGH COUNCIL, THE PLANNING INSPECTORATE REF PINS/N3020/429/4, MAY 2015

there may be some sites where there are significant abnormal construction costs, these are unlikely to be typical and this would, in any case, be reflected in a lower threshold land value for a specific site. In addition such costs could, at least to some degree, be covered by the sum allowed for contingencies.

46. We have made allowance for the abnormal costs associated with brownfield sites. In some cases where the site involves redevelopment of land which was previously developed, there is the potential for abnormal costs to be incurred. Abnormal development costs might include demolition of substantial existing structures; flood prevention measures at waterside locations; remediation of any land contamination; remodelling of land levels; and so on.

47. In the case of brownfield sites we have made an additional allowance of 5% of the BCIS costs.

Fees

48. Fees are based on the 8% assumption used more widely in the Viability Study.

Contingency

49. A 5% assumption is used, as is used elsewhere in the Viability Study.

Finance Costs

50. The interest is calculated assuming an interest rate of 7%.

Sales Costs

51. Sales costs are set at 1% to cover both sales and legal fees. This has been adjusted following the University response.

Developers Return

52. As in the earlier work, the developer's return (as required by the PPG) is assessed as 20% of the total development cost. It has been noted that this had been calculated excluding the interest cost as is the normal convention (so as to avoid artificially inflating returns by calculating returns on returns), however in this case we have calculated the return on the interest charge.

CIL and S106 costs.

53. No allowance has been made for CIL and s106 costs in these appraisals – as the purpose of the appraisal is to assess the 'effect' of CIL.

Stamp duty

54. It was correctly noted that the appraisals omitted stamp duty on the acquisition of the land – this has been calculated on the viability threshold.

Revised Appraisals

55. Based in the revised modelling, refreshed values and the above development assumption we have recalculated the Residual Values as follows. These have been calculated with and without the investment purchaser's costs mentioned above :

**Table 8 Residual Value, Student Accommodation – Revised Assumptions
(with Investor's Costs)**

		Cluster			Studios			
	Rooms		60	175	500	60	175	500
	Room size		15	15	15	23	23	23
	CIL	£/m2	0	0	0	0	0	0
Building		m2	1,385	4,038	11,538	1,865	5,439	15,541
	Circulation Space	%	35%	35%	35%	26%	26%	26%
		m2	485	1,413	4,038	485	1,414	4,041
Income		m2	900	2,625	7,500	1,380	4,025	11,500
	£/Room		57,000	57,000	57,000	81,000	81,000	81,000
	£/m2		3,800	3,800	3,800	3,522	3,522	3,522
	Capital Value		3,420,000	9,975,000	28,500,000	4,860,000	14,175,000	40,500,000
	Investor's costs SDLT	4.00%	136,800	399,000	1,140,000	194,400	567,000	1,620,000
	Investor's costs Agents	0.50%	17,100	49,875	142,500	24,300	70,875	202,500
	Net Receipt		3,266,100	9,526,125	27,217,500	4,641,300	13,537,125	38,677,500
Costs	Land Used	ha	0.050	0.250	0.750	0.050	0.250	0.750
		£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
		Uplift £/ha		0	0	0	0	0
		20.00%	400,000	400,000	400,000	400,000	400,000	400,000
		Site Cost	120,000	600,000	1,800,000	120,000	600,000	1,800,000
	Acquisition SDLT	4.00%	4,800	24,000	72,000	4,800	24,000	72,000
	Acquisition fees	1.50%	1,800	9,000	27,000	1,800	9,000	27,000
	Strategic Promotion			0	0	0	0	0
	Planning		10,000	10,000	10,000	10,000	10,000	10,000
	Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525
		£	2,111,538	6,158,654	17,596,154	2,843,919	8,294,764	23,699,324
	Infrastructure	5.00%	105,577	307,933	879,808	142,196	414,738	1,184,966
	Abnormals	5.00%	105,577	307,933	879,808	142,196	414,738	1,184,966
	Fees	8.00%	185,815	541,962	1,548,462	250,265	729,939	2,085,541
	S106			0	0	0	0	0
	CIL		0	0	0	0	0	0
	Contingency	5.00%	116,135	338,726	967,788	156,416	456,212	1,303,463
	Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000
	Sales	1.00%	34,200	99,750	285,000	48,600	141,750	405,000
	Misc		10,000	10,000	10,000	10,000	10,000	10,000
	Subtotal		2,690,442	7,812,957	22,281,019	3,615,191	10,510,141	29,987,260
	Interest	7.00%	94,165	273,453	779,836	126,532	367,855	1,049,554
	Profit % Costs	20.00%	556,922	1,617,282	4,612,171	748,345	2,175,599	6,207,363
	COSTS		3,341,529	9,703,692	27,673,026	4,490,067	13,053,595	37,244,177
Residual Land Worth	Site		-75,429	-177,567	-455,526	151,233	483,530	1,433,323
	£/ha		-1,508,587	-710,269	-607,368	3,024,650	1,934,119	1,911,097

**Table 9 Residual Value, Student Accommodation – Revised Assumptions
(without Investor’s Costs)**

		Cluster			Studios			
	Rooms		60	175	500	60	175	500
	Room size		15	15	15	23	23	23
	CIL	£/m2	0	0	0	0	0	0
Building		m2	1,385	4,038	11,538	1,865	5,439	15,541
	Circulation Space	%	35%	35%	35%	26%	26%	26%
		m2	485	1,413	4,038	485	1,414	4,041
Income		m2	900	2,625	7,500	1,380	4,025	11,500
	£/Room		57,000	57,000	57,000	81,000	81,000	81,000
	£/m2		3,800	3,800	3,800	3,522	3,522	3,522
	Capital Value		3,420,000	9,975,000	28,500,000	4,860,000	14,175,000	40,500,000
	Investor's costs SDLT		0	0	0	0	0	0
	Investor's costs Agents		0	0	0	0	0	0
	Net Receipt		3,420,000	9,975,000	28,500,000	4,860,000	14,175,000	40,500,000
Costs	Land Used	ha	0.050	0.250	0.750	0.050	0.250	0.750
		£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
		Uplift £/ha		0	0	0	0	0
		20.00%	400,000	400,000	400,000	400,000	400,000	400,000
		Site Cost	120,000	600,000	1,800,000	120,000	600,000	1,800,000
	Acquisition SDLT	4.00%	4,800	24,000	72,000	4,800	24,000	72,000
	Acquisition fees	1.50%	1,800	9,000	27,000	1,800	9,000	27,000
	Strategic Promotion			0	0	0	0	0
	Planning		10,000	10,000	10,000	10,000	10,000	10,000
	Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525
		£	2,111,538	6,158,654	17,596,154	2,843,919	8,294,764	23,699,324
	Infrastructure	5.00%	105,577	307,933	879,808	142,196	414,738	1,184,966
	Abnormals	5.00%	105,577	307,933	879,808	142,196	414,738	1,184,966
	Fees	8.00%	185,815	541,962	1,548,462	250,265	729,939	2,085,541
	S106			0	0	0	0	0
	CIL		0	0	0	0	0	0
	Contingency	5.00%	116,135	338,726	967,788	156,416	456,212	1,303,463
	Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000
	Sales	1.00%	34,200	99,750	285,000	48,600	141,750	405,000
	Misc		10,000	10,000	10,000	10,000	10,000	10,000
	Subtotal		2,690,442	7,812,957	22,281,019	3,615,191	10,510,141	29,987,260
	Interest	7.00%	94,165	273,453	779,836	126,532	367,855	1,049,554
	Profit % Costs	20.00%	556,922	1,617,282	4,612,171	748,345	2,175,599	6,207,363
	COSTS		3,341,529	9,703,692	27,673,026	4,490,067	13,053,595	37,244,177
Residual Land Worth	Site		78,471	271,308	826,974	369,933	1,121,405	3,255,823
	£/ha		1,569,413	1,085,231	1,102,632	7,398,650	4,485,619	4,341,097

56. The Residual Value represents the maximum amount a developer could bid for a piece of land and make a *competitive return*. Under this modelling (without CIL), both Cluster and Studio Flats generate a positive Residual Value without the investors costs, but only Studio Flats do with the investor’s costs. To a large extent this is reflective of the nature of development that is taking place in Leicester – being mostly schemes based around the Studio Flat model.

57. It is important to note that if we had found anything other than the predominant type of Student Accommodation being viable, there would be a strong chance in there being an error in the research and analysis. As set out at the start of this note, it is clear on the ground that Student Accommodation is viable as it is being brought forward.

POINT 7

Are there any comments on the model and inputs to it?

Land Values

58. The methodology for undertaking the CIL Viability Study was agreed through the consultation process. There was a universal consensus that it was appropriate to follow the Harman Guidance and that the '*Existing Use Value plus*' methodology set out in the Harman Guidance should be used.
59. The Existing Use Values (EUV) are set out towards the end of Chapter 6 of CIL Viability Study (2013) and have not been otherwise challenged.
60. When preparing the CIL Viability Study it was assumed that student accommodation was most likely to take place on brownfield sites in Leicester and that the Existing Use Value was most likely to be that of industrial land.
61. The assumptions about the EUV were subject to consultation and were adjusted to £440,000/ha as a result of a consultee's comments and there was a consensus that this was a reasonable figure to apply to industrial land in Leicester. The viability threshold on brownfield sites was taken to be EUV plus 20% - so £528,000/ha.
62. In a study of this type it is necessary to consider what has driven land value for student housing in the market. Is it competition between developers seeking to develop student housing, or is it driven by developers seeking to put the land to other uses? It is clear that the price of land for student accommodation is driven by competition between student housing operators rather than for other uses (such as residential).
63. In the University's response, no specific student accommodation land value comparables are quoted. Reference is made to an approximate £5,000 per room value. Based on the modelling assumptions set out above this approximates to the following land values:

Table 10 Land values at £5,000/room			
Area (ha)	0.05	0.3	0.7
Rooms	60	175	500
£/room	5,000	5,000	5,000
Site Value	300,000	875,000	2,500,000
£/ha	6,000,000	3,500,000	3,333,000

Source: HDH

64. Other representations were made that land for student housing is trading at about double this amount at £8,000 to £11,000 per bedspace which results in very much higher land values.

Table 11 Land values at £10,000/room			
Area (ha)	0.05	0.3	0.7
Rooms	60	175	500
£/room	10,000	10,000	10,000
Site Value	600,000	1,750,000	5,000,000
£/ha	12,000,000	5,833,333	7,142,857

Source: HDH

65. Based on recent transactions in Leicester that are known to the Council's property management department, the values of the larger sites are well in excess of £5,000,000/ha. We have been referred to two specific schemes:

- a) A 0.27ha (0.68 acre) site at Oxford Street with planning for 387 units was recently sold for between £4,500,000 and £4,750,000 which equates to around £11,500,000/ha (about £6,800,000/acre).
- b) Southgates former bus depot is a 0.73ha (1.8 acre) site with consent 500 units (plus some retail space) was recently sold for £5,750,000 which equates to about £7,900,000/ha (about £3,200,000/acre).

66. In this high level viability study we have assumed that land for student housing, in Leicester is generally worth £7,500,000/ha (£3,000,000/acre) to £11,500,000/ha (£6,800,000/acre). It is important to note that this will vary, particularly having regard to the extent of remediation and abnormal works.

POINT 8

Are these values agreed?

67. Above it was noted that the price for land for student accommodation is driven by competition within the sector for land. It is therefore appropriate to consider the 'next best use value' – that is to say the value that a piece of land may be worth in the next most valuable use.

Elsewhere in the Viability Study we found the development of flats and apartments in the City Centre to be generally unviable. It is therefore unlikely that residential developers will be competing for development sites in the city centre. This is supported by the Council's experience through Development Management.

68. There is no suggestion that the Residual Value with CIL needs to exceed the open market value of land in that use before the introduction of CIL. It is inevitable that any additional policy burden will result in a fall in land values. The question for this study is whether or not the increase in land value as a result of the change of use to student housing, is sufficient to induce the owner to release the land for development.
69. The £440,000/ha was agreed through the consultation process and we believe that it is a proper reflection of typical industrial values across the City (and parts of the wider County of Leicestershire). There will of course be higher valued and lower valued areas as well. Having said this we do recognise that there is little evidence to support these values in the areas where student housing may come forward, being the City Centre and areas within walking distance of the universities.
70. In these areas there are several comparable sites:
- a) The Council owns a 0.4ha carpark adjacent to the Leicester Tigers stadium that is let for about £180,000 per year. On this basis the site has a value of about £2,000,000.
 - b) Lewisher Road is a site 4.8 acre (about 2 ha) to the north of the City Centre. We understand that three plots were recently sold for about £220,000/acre (£540,000/ha).
 - c) Ashton Business Park (to the northwest of the City). We understand that the Council sold a site in 2013 for £260,000/acre (£640,000/ha).
 - d) Land off the Melton Road (now known as Newark Road). About 7.6ha, sold for £7,750,000.
71. We have identified the following parcels of brownfield land as being available in the City at the time of this note (August 2015):
- a) 9-13 Woodgate – retail / distribution. Asking price of £1,250,000 for a 0.68ha site.
 - b) Glenfield Bus Depot (by Glenfield Hospital by the Ring Road) – Asking price of £400,000 for a 0.41ha.
72. **Based on the above information, we believe that in the case of city centre development it is appropriate to consider a higher Existing Use Value of £2,000,000/ha.**

POINT 9

Are these values agreed?

Potential for CIL

73. Earlier in this note we identified that Studio Flats generate a positive Residual Value. We have therefore considered the levels of CIL Student Accommodation may be able to bear. In the Draft Charging Schedule a rate of £100/m² was proposed. We have therefore tested levels of CIL up to this amount. We have included full appraisals in **Appendix 4** and summarised the results in the table below:

Table 12 Revised Appraisals – Student Accommodation. Cluster Flats

60 Units

COSTS		3,341,529	3,358,726	3,375,923	3,393,120	3,410,317	3,427,514	3,444,711	3,461,908	3,479,105	3,496,302	3,513,499
Residual Land Worth	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100
	Site	78,471	61,274	44,077	26,880	9,683	-7,514	-24,711	-41,908	-59,105	-76,302	-93,499
	£/ha	1,569,413	1,225,475	881,536	537,598	193,659	-150,279	-494,218	-838,156	-1,182,095	-1,526,033	-1,869,972
Existing Use Value	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Residual Value	£/ha	1,569,413	1,225,475	881,536	537,598	193,659	-150,279	-494,218	-838,156	-1,182,095	-1,526,033	-1,869,972
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	3.9%
CIL as % RV		0.0%	22.6%	62.8%	154.5%	572.0%	-921.4%	-336.2%	-231.3%	-187.4%	-163.3%	-148.1%

175 Units

COSTS		9,703,692	9,753,850	9,804,008	9,854,165	9,904,323	9,954,481	10,004,638	10,054,796	10,104,954	10,155,111	10,205,269
Residual Land Worth	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100
	Site	271,308	221,150	170,992	120,835	70,677	20,519	-29,638	-79,796	-129,954	-180,111	-230,269
	£/ha	1,085,231	884,600	683,969	483,339	282,708	82,077	-118,554	-319,184	-519,815	-720,446	-921,077
Existing Use Value	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Residual Value	£/ha	1,085,231	884,600	683,969	483,339	282,708	82,077	-118,554	-319,184	-519,815	-720,446	-921,077
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%
CIL as % RV		0.0%	18.3%	47.2%	100.3%	228.6%	984.1%	-817.5%	-354.3%	-248.6%	-201.8%	-175.4%

500 Units

COSTS		26,704,310	26,875,310	27,046,310	27,217,310	27,388,310	27,559,310	27,730,310	27,901,310	28,072,310	28,243,310	28,414,310
Residual Land Worth	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100
	Site	1,795,690	1,624,690	1,453,690	1,282,690	1,111,690	940,690	769,690	598,690	427,690	256,690	85,690
	£/ha	2,394,253	2,166,253	1,938,253	1,710,253	1,482,253	1,254,253	1,026,253	798,253	570,253	342,253	114,253
Existing Use Value	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Residual Value	£/ha	2,394,253	2,166,253	1,938,253	1,710,253	1,482,253	1,254,253	1,026,253	798,253	570,253	342,253	114,253
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%
CIL as % Costs		0.0%	0.4%	0.9%	1.3%	1.7%	2.1%	2.5%	2.9%	3.3%	3.7%	4.1%
CIL as % RV		0.0%	7.1%	15.0%	37.0%	61.5%	94.1%	90.0%	124.0%	215.0%	404.5%	1246.5%

Source: HDH (August 2015)

Table 13 Revised Appraisals – Student Accommodation. Studio Flats

60 Units														
	COSTS	4,490,067	4,513,229	4,536,391	4,559,552	4,582,714	4,605,876	4,629,037	4,652,199	4,675,360	4,698,522	4,721,684		
Residual Land Worth	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100		
Site	£/ha	369,933	346,771	323,609	300,448	277,286	254,124	230,963	207,801	184,640	161,478	138,316		
	£/ha	7,398,650	6,935,418	6,472,185	6,008,953	5,545,720	5,082,488	4,619,256	4,156,023	3,692,791	3,229,558	2,766,326		
Existing Use Value £/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000		
Viability Threshold £/ha		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000		
Residual Value £/ha		7,398,650	6,935,418	6,472,185	6,008,953	5,545,720	5,082,488	4,619,256	4,156,023	3,692,791	3,229,558	2,766,326		
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.5%	1.9%	2.3%	2.7%	3.1%	3.5%	3.8%		
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	3.9%		
CIL as % RV		0.0%	5.4%	11.5%	18.6%	26.9%	36.7%	48.4%	62.8%	80.8%	103.9%	134.8%		

175 Units														
	COSTS	13,053,595	13,121,150	13,188,705	13,256,259	13,323,814	13,391,369	13,458,924	13,526,478	13,594,033	13,661,588	13,729,142		
Residual Land Worth	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100		
Site	£/ha	1,121,405	1,053,850	986,295	918,741	851,186	783,631	716,076	648,522	580,967	513,412	445,858		
	£/ha	4,485,619	4,215,400	3,945,181	3,674,963	3,404,744	3,134,525	2,864,306	2,594,087	2,323,868	2,053,649	1,783,430		
Existing Use Value £/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000		
Viability Threshold £/ha		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000		
Residual Value £/ha		4,485,619	4,215,400	3,945,181	3,674,963	3,404,744	3,134,525	2,864,306	2,594,087	2,323,868	2,053,649	1,783,430		
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.5%	1.9%	2.3%	2.7%	3.1%	3.5%	3.8%		
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%		
CIL as % RV		0.0%	5.2%	11.0%	17.8%	25.6%	34.7%	45.6%	58.7%	74.9%	95.3%	122.0%		

500 Units														
	COSTS	37,244,177	37,437,191	37,630,204	37,823,218	38,016,231	38,209,245	38,402,258	38,595,272	38,788,285	38,981,299	39,174,312		
Residual Land Worth	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100		
Site	£/ha	3,255,823	3,062,809	2,869,796	2,676,782	2,483,769	2,290,755	2,097,742	1,904,728	1,711,715	1,518,701	1,325,688		
	£/ha	4,341,097	4,083,746	3,826,395	3,569,043	3,311,692	3,054,340	2,796,989	2,539,638	2,282,286	2,024,935	1,767,584		
Existing Use Value £/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000		
Viability Threshold £/ha		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000		
Residual Value £/ha		4,341,097	4,083,746	3,826,395	3,569,043	3,311,692	3,054,340	2,796,989	2,539,638	2,282,286	2,024,935	1,767,584		
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.5%	1.9%	2.3%	2.7%	3.1%	3.5%	3.8%		
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%		
CIL as % RV		0.0%	5.1%	10.9%	17.4%	25.0%	33.0%	41.4%	50.3%	59.7%	69.6%	79.9%		

Source: HDH (August 2015)

74. It is clear from activity in Leicester City that Student Accommodation is viable. The activity in the sector continues. The analysis shows that the Student Accommodation does have capacity to bear CIL.
75. The analysis shows that the absolute maximum at which CIL could be set (where the Residual Values exceeds the Viability Threshold) would be £90/m². On balance **we recommend setting CIL at £30/m²**, reflecting the future nature of development and to allow for a significant buffer or cushion. CIL set at this level would be less than 25% of the Residual Value and less than 2% of the total development cost.
76. When considering this level of CIL it is necessary to consider whether or not the development plan is put at *serious risk* or development is *threatened* as these are the tests contained within the NPPF and PPG. CIL set at £30/m² would represent about £1,000,000/ha. Land for student accommodation is currently trading in the range of £7,500,000/ha to £11,500,000/ha. The next most valuable for land is in the region of £2,000,000/ha.
77. The question for the assessment is whether an amount £1,000,000 below the current price of land for student housing, which would still be more than three times the value in its existing use (or next best use) provides a competitive return for the willing landowner as required by the NPPF and PPG. The introduction of CIL at the proposed level would result in a fall in land values of between 13% and 8.7% depending on the point in the price range. We are of the firm opinion that it would not impact on sites coming forward.
78. For the sake of clarity no differentiation is proposed between the SRA and the wider City.
79. Landowners, in the current market and whilst Student Housing is 'in vogue' have an expectation to achieve a price that is well above the EUV, CIL set at this level will allow this and still allow a very substantial payment to the landowner over and above the EUV.
80. We have considered whether or not it is necessary to consider differentiating rates of CIL for different types of development. We do not believe that this is necessary nor appropriate. Based on the analysis of the market demand Cluster Flats are unlikely to be coming forward.

POINT 10

Would CIL at £30/m² put the development plan at 'serious risk'?

If so why?

Appendix1

Email to Matthews & Goodman of 20th August 2015

From: [Simon Drummond-Hay](#)
To: ["psilby@matthews-goodman.co.uk"](mailto:psilby@matthews-goodman.co.uk)
Subject: Leicester
Date: 20 August 2015 08:56:00
Attachments: [GDV and Land Assumptions 20.8.15.docx](#)

Philip

As I explained when we spoke yesterday, we act of Leicester City Council in connection with Community Infrastructure Levy and have undertaken a CIL Viability Study to inform the rates of CIL.

Prior to the submission of the Draft CIL Charging Schedule for the independent examination, our assumptions were not challenged by the operators – but in response to the CIL Examiner's questions Leicester University submitted some very detailed evidence and then more evidence was tabled at the hearings. The CIL Examiner has agreed to a short adjournment to allow us to consider those representations.

As a business we undertake Local Plan Viability Studies and CIL Viability Studies and these are our speciality – but we are not experts on the nitty gritty of the student sector. We have spoken to various people engaged in the market and I was happy with the valuations and assumptions – but the University (represented by Derek Nesbit of DTZ) and CODE (a local developer / operator) – have challenged some of the assumptions. We are after some help – to give the inspector confidence in our figures.

The way we do this work is to model some typical schemes and from that make a judgement as to what is 'normal'.

I have attached the income and land value assumptions sections of our note to the CIL examiner. I have incorporated in the note the challenges and questions in the shaded boxes. Would you (or your colleague) be able to review this for us and let us have your observations. We are after a short letter that we can submit to the CIL Examiner (with this note and attachment) – with our report and from which we would either change the assumptions we have used, or not. We want to give the CIL Examiner confidence that the values used are the right numbers.

Clearly on some of these I am sure I know the answer but your support (if appropriate) would be useful. A good example is my question 2 – I can't see any reason to anything that the average rent from our survey.... You may not agree.

We need to submit the paper to the developers – that will hopefully be a statement of common ground in the middle of next week.

The problem that I am struggling with is that one only has to walk around the City and the only development is happening is student accommodation – yet the developers are saying it is unviable (and having met them I just don't think they are doing as a leisure activity and making a loss).

If you are able to help (are you conflicted) what would your fees be? Could you please break this

into two parts. The first being the letter and the second to attend the hearing – I don't think you would need to come to the hearing, but I would like to give this option to the City Council. This would be an appointment through us (i.e. you would be our sub-contractor).

Your soonest response would be appreciated.

Simon

Simon Drummond-Hay MRICS (Director)
07989 975 977 / simon@drummond-hay.co.uk



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Leicester Student Housing – Development and Land Assumptions for Review.

Modelling

In the CIL Viability Study Update, the text said:

In the Viability Study the analysis was based on a brownfield site in the City, being the most likely situation for student housing to come forward. We assumed a scheme of 175 student letting rooms at 20m² each, with 35% circulation space on a 0.3ha site.

The total scheme size is therefore 175 rooms x 20m² = 3,500m², plus 35% circulation space of 1,225m² to give a total GIA of 4,725m². This area has formed the basis of our costing.

At the time of the original study student accommodation tended to be based on the Cluster Flat model. Cluster Flats are groups of rooms (en-suite or not) sharing living space and a kitchen. Since then there has been a shift to the provision of Studio Flats which are slightly larger rooms, but including a kitchenette. This change has had a significant impact on the circulation space (and thus the costs of construction). This is illustrated in the following table:

Table 1 Review of Recent Planning Applications					
Site Name		Site (ha)	Beds	Circulation (%)	Type
11-17 Jarrom	New build	0.08	140	26%	Studio
The Summit, Jarrom St	New build	0.38	369	17%	Studio
Upperton Road	New build	1.1	536	24%	Studio
136 New Walk	Conversion	0.05	30	27%	Studio
Southgates bus depot	New build	0.72	500	32%	40% studios
Albion Street	Conversion	0.05	54	30%	
Brookland Road	New build	0.19	215	32%	25% studios
55 Oxford Street	New build	0.05	90	30%	Studio

Source: LCC

Based on this it is appropriate to model the two forms separately. We have assumed that the typical Cluster Flat is 15m² and the typical Studio Flat 23m². We have assumed 26% circulation space in studio flatted development and 35% in the Cluster Flats. We have run appraisals based on the following range of schemes, based on discussions with officers on the expected development to be forthcoming in the future:

Table 2 Student Accommodation – Revised Modelling							
		Cluster Flats			Studios		
Rooms		60	175	500	60	175	500
Room size	m ²	15	15	15	23	23	23
Lettable Area	m²	900	2,625	7,500	1,380	4,025	11,500
Circulation	%	35%	35%	35%	26%	26%	26%
	m ²	485	1,413	4,038	485	1,414	4,041
GIA	m²	1,385	4,038	11,538	1,865	5,439	15,541
Site	ha	0.05	0.25	0.75	0.05	0.25	0.75

Source: HDH

Question 1:- Do you have any comments on the amount of circulation space – do you consider this to be in the ‘normal’ range? This aspect of the study has not been challenged.

Values

In the original Viability Study we assumed that, for student accommodation a gross annual rental income of £5,000/ room is typical. We adjusted this to reflect the services provided by the provider and assumed a net income of £3,000/room. This has been capitalised at 6.5% to give a value of £2,225/m².

We have refreshed the survey of student accommodation costs. This is set out in full in the attached **Appendix 1**. It is necessary to consider the ‘rent’ and the length of the letting period (the length of the letting year) as between these the gross annual rent can be derived. This information was gathered in the week of the A Level results (starting 13th August 2015), and was described by one operator as ‘the busiest week of the year’. On the whole the information was taken from the operators’ website and where information on the length of the letting year was not always available. Some agents / developers were unwilling or unable to provide information on the length of the letting year. The results of this survey are summarised as follows:

Table 3 Student Accommodation Costs £/year			
	Studio Flat	Cluster flat	Unspecified
Minimum	4,752	2,835	3,450
Maximum	9,360	6,318	6,069
Mean	6,826	4,685	4,762
Median	6,760	4,615	4,389

Source: Operators

The costs vary considerably with newer, better located accommodation, achieving a premium and being at the top end of the range. We have used a value of £6,800/studio flat and £4,750/cluster flat in this study.

Question 2:- Do you have any comments on Rents – do you think this is a sound starting point?

One developer / operator has suggested that the average charged over the 660 unit Western Road (which was voted the UK's best student accommodation in 2013-14) was £5,904/room.

In the earlier work consideration was given to the ongoing management costs and the yield on such investments.

To derive the net rent we have considered the costs of management. We have investigated this further and have reduced the gross rent by 30% for Cluster Flats and 25% on Studio Flats (where there is less circulation space). As shown in **Appendix 1** many of the rooms are subject to additional costs for services.

Question 3:- Do you have any views on the management assumption?

One developer / operator has implied that this should be 30% on studios as well as cluster flats. The reason for reducing the assumptions on Studios was that there is less circulation and shared space – resulting in lower management charges – in addition Studios are more likely to have to pay for their own services (or at least contribute towards them).

We have reviewed the yield assumptions used to capitalise the net rents. A yield of 6.5% was used in the earlier work. There has been a notable improvement in the market. This is summarised in the Savills Spotlight: UK Student Housing Market (8 June 2015) that says:

Investment into the purpose-built student accommodation market only just fell short of our forecast for last year with £2.45 billion of assets traded, a 23% increase on 2013 levels. This figure has already been surpassed in the first five months of 2015 with £4.2 billion invested (on both a standing investment and site acquisition basis), a record high that is already 70% above last year's level and 40% above the previous peak in 2012.

With increased investment activity, we have seen yield compression across all sub-markets. This has particularly been the case for investments in prime London where direct let net initial yields are now below 5%. For 2015, we forecast total returns of 14%. This is comprised of average blended yields compressing by 25 basis points and rental growth of 3.5%. Current 2015 yields are at the levels shown in the table below.

	<i>Lease</i>	<i>Nomination Agreement</i>	<i>Direct Lease</i>
<i>Prime London</i>	3.75%	4.50%	4.75%
<i>Super Prime Regional</i>	4.25%	4.75%	5.50%
<i>Prime Regional</i>	4.50%	5.25%	6.00%
<i>Secondary Regional</i>	5.00%	5.75%	5.75%

CBRE say similar things in their Student Housing, H1 2015 Market View & Advisory Insight Paper:

In London, yields have now reached the previous peak of 4.75% in 2007. Regional assets have tended to lag behind London by 50bsp, We expect that based on the current demand from investors, the next prime regional deals will show significantly better than the previously established tone of 6%.

Figure 3: University Lease vs. Direct Let Net Initial Yields

2015 Q2 University Leases			
	NIY	Trending	
London Zone 1	4.50%	Stronger	↑
London Zones 2-4	4.50%	Stronger	↑
Superprime Regional	4.50%	Stronger	↑
Prime Regional	4.75%	Stronger	↑
Secondary Regional	5.00%	Stable	→
2015 Q2 Direct Let			
	NIY	Trending	
London Zone 1	4.75%	Stronger	↑
London Zones 2-4	5.25%-5.75%	Stronger	↑
Superprime Regional	5.25%	Stronger	↑
Prime Regional	5.75%	Stronger	↑
Secondary Regional	7.00%	Stable	→

Based on the above we have assumed the following values for student housing:

Table 4 Updated Value of Student Housing			
		Studios	Cluster Flats
Rent		£6,800	£4,750
Management etc	%	25%	30%
Net Rent		£5,100	£3,325
Yield		6%	6%
Value per room	£	£85,000	£55,417

Source: HDH

These values are somewhat higher than those used in the earlier work.

Question 4:- One developer has challenged the yield assumption (the other has not) suggesting it should be 6.5%. I have assumed that Leicester is between the Prime and Secondary Regional. The consequence of this change would be:

		Studios	Cluster Flats
Rent		£6,800	£4,750
Management etc %		25%	30%
Net Rent		£5,100	£3,325
Yield		6.5%	6.5%
Value per room	£	£78,462	£51,154

Should we have used a different yield?

As a supplemental should a higher yield be used for the small schemes.

Question 5:- Is it correct to allow for management before capitalising the room rent? It has been suggested at some operators simply look at the gross income and then capitalise at a higher yield of 7% to 7.5% or so.

This gives a higher value than that in Table 4.

		Studios	Cluster Flats
Rent		£6,800	£4,750
Management etc %		0%	0%
Net Rent		£6,800	£4,750
Yield		7.5%	7.5%
Value per room	£	£90,667	£63,333

This would be preferred because it avoids the need for any debate around management costs.

Question 6:- We have taken the values from Table 4 into the appraisals. The University has suggested that it is appropriate to deduct the purchaser's costs on the final disposal (4% Stamp Duty plus 1.5% agents and legal fees of the GDV).

Would you normally make this adjustment?

We have not made this adjustment as we have assumed (rightly or wrongly) that the University will be developing to hold or by a developer to operate – rather than just building it to sell it after a year or so of trading.

What is the 'normal' approach.

Question 7:- are the values in the area you would expect? If not what would you expect.

Development Costs

We are not asking for comments on this section.

Revised Appraisals

We are not asking for comments on this section.

Land Values

The methodology for undertaking the CIL Viability Study was agreed through the consultation process. There was a universal consensus that it was appropriate to follow the Harman Guidance and that the '*Existing Use Value plus*' methodology set out in the Harman Guidance should be used.

The Existing Use Values (EUV) are set out towards the end of Chapter 6 of CIL Viability Study (2013) and have not been otherwise challenged.

When considering new student accommodation in Leicester it is necessary to consider where such development is likely to occur. As the start of this note we summarised the University's representations made to the Local Plan Issues and Options when they confirmed that 'the existing accommodation broadly represents the right quantum required to meet its needs'. We understand that the University also suggests that any strategy that comes forward should seek to consider the legacy of surplus/out dated stock. Such redevelopment would not be subject to CIL, being redevelopment and CIL only being applicable on net new development.

When preparing the CIL Viability Study it was assumed that student accommodation was most likely to take place on brownfield sites in Leicester and that the Existing Use Value was most likely to be that of industrial land.

The assumptions about the EUV were subject to consultation and were adjusted to £440,000/ha as a result of a consultee's comments and there was a consensus that this was a reasonable figure to apply to industrial land in Leicester. The viability threshold on brownfield sites was taken to be EUV plus 20% - so £528,000/ha.

In a study of this type it is necessary to consider what has driven land value for student housing in the market. Is it competition between developers seeking to develop student housing, or is it driven by developers seeking to put the land to other uses? It is clear that the price of land for student accommodation is driven by competition between student housing operators rather than for other uses (such as residential).

In the University's response, no specific student accommodation land value comparables are quoted. Reference is made to an approximate £5,000 per room value. Based on the modelling assumptions set out above this approximates to the following land values:

Table 6 Land values at £5,000/room			
Area (ha)	0.05	0.3	0.7
Rooms	60	175	500
£/room	5,000	5,000	5,000
Site Value	300,000	875,000	2,500,000
£/ha	6,000,000	3,500,000	3,333,000

Source: HDH

Other representations were made that land for student housing is trading at about double this amount at £8,000 to £11,000 per bedspace which results in very much higher land values.

Table 7 Land values at £10,000/room			
Area (ha)	0.05	0.3	0.7
Rooms	60	175	500
£/room	10,000	10,000	10,000
Site Value	600,000	1,750,000	5,000,000
£/ha	12,000,000	5,833,333	7,142,857

Source: HDH

Based on recent transactions in Leicester that are known to the Council's property management department, the values of the larger sites are in the expected range of £2,500,000 to £3,500,000. We have been referred to two specific schemes:

- a) A 0.27ha (0.68 acre) site at Oxford Street with planning for 387 units was recently sold for between £4,500,000 and £4,750,000 which equates to around £11,500,000/ha (about £6,800,000/acre).
- b) Southgates former bus depot is a 0.73ha (1.8 acre) site with consent 500 units (plus some retail space) was recently sold for £5,750,000 which equates to about £7,900,000/ha (about £3,200,000/acre).

In this high level viability study we have assumed that land for student housing, in Leicester is generally worth £7,500,000/ha (£3,000,000/acre) to £11,500,000/ha (£6,800,000/acre). It is important to not that this will vary, particularly having regard to the extent of remediation and abnormal works.

Question 8:- Do you have any comments? Is this the right range?

Above it was noted that the price for land for student accommodation is driven by competition within the sector for land. It is therefore appropriate to consider the 'next best value' – that is to say the value that a piece of land may be worth in the next most valuable use. Elsewhere in the Viability Study we found the development of flats and apartments in the City Centre to be generally be unviable. It is therefore unlikely that residential developers will be competing for development sites in the city centre. This is supported by the Council's experience through Development Management.

Question 9:- Do you agree the price is driven by competition within the sector and that student housing is the only show in town?

There is no suggestion that the Residual Value with CIL needs to exceed the open market value of land in that use before the introduction of CIL. It is inevitable that any additional policy burden will result in a fall in land values. The question for this study is whether or not the increase in land value as a result of the change of use to student housing, is sufficient to induce the owner to release the land for development.

The £440,000/ha was agreed through the consultation process and we believe that it is a proper reflection of typical industrial values across the City (and parts of the wider County of Leicestershire). There will of course be higher valued and lower valued areas as well. Having said this we do recognise that there is little evidence to support these values in the areas where student housing may come forward, being the City Centre and areas within walking distance of the universities.

In these areas there are few comparable sites:

- a) The Council owns a 0.4ha carpark adjacent to the Leicester Tigers stadium that is let for about £180,000 per year. On this basis the site has a value of about £2,000,000.
- b) Lewisher Road is a site 4.8 acre (about 2 ha) to the north of the City Centre. We understand that three plots were recently sold for about £220,000/acre (£540,000/ha).
- c) Ashton Business Park (to the northwest of the City). We understand that the Council sold a site in 2013 for £260,000/acre (£640,000/ha).
- d) Land off the Melton Road (now known as Newark Road). About 7.6ha, sold for £7,750,000.

We have identified the following parcels of brownfield land as being available in the City at the time of this note (August 2015):

- a) 9-13 Woodgate – retail / distribution. Asking price of £1,250,000 for a 0.68ha site.
- b) Glenfield Bus Depot (by Glenfield Hospital by the Ring Road) – Asking price of £400,000 for a 0.41ha.

Based on the above information, we do believe that in the case of city centre development it is appropriate to consider a higher Existing Use Value of £2,000,000/ha.

Question 10:- Do you have any comments? If you don't think you have sufficient local knowledge in this regard please leave this question

APPENDIX 1. Student Housing Market Survey. August 2015

Company		postcode	Number of beds	£/week	Inclusive of services	Letting Year (weeks)	Ensuite	Studio Flat	Cluster flat	Unspecified
SULETS	Brookland Rd	LE2 6BH	4	105	yes	52	n		5,460	
			2	125	yes	52	y	6,500		
			3 to 5	118 - 125	yes	52	y		6,318	
			studio	140	yes	52	y	7,280		
	The Annexe		1	180	y plus £250 energy	52	y	9,360		
	The Summit	LE2 7JD	2		y plus £250 energy	52	y			
	The Tower		studio	145	y plus £250 energy	52	y	7,540		
			studio	118	y plus £250 energy	52	y	6,136		
	Upperton Rd	LE3	studio	109-129	y plus £100 energy	52	y	6,188		
	Eastern Boulevard	LE2 7JD	studio	120	y	52	y	6,240		
			4	110	y	52	y		5,720	
		LE1 6UP	4	90	y plus £295 energy	52	n		4,680	
			5	85	y plus £295 energy	52	n		4,420	
			6	85	y plus £295 energy	52	n		4,420	
		LE1	studio	135	y plus £275	52	y	7,020		
			2 to 6	120-113	y plus £275	52	y		6,058	
		LE2 7DJ	studio	115	y plus £295	52	y	5,980		
			2 to 6	75-100	y plus £295	52	n		4,550	
CODE	Western Rd	LE3 0GH	studio	99	n	48	y	4,752		
City Block	Careys Close		up to 5	97-105	y	50	y		5,050	
			studio	142	y	50	y	7,100		
			superior							
			studio	145.5	y	50	y	7,275		
			upto 5	105-118	y	50	y		5,575	
Westmanor	Clyde Ct	LE1 2AW	studio	120	some bills		y	y		
			1 to 2	105-130			y	y		
		LE1 5XD	2	120	y		y		y	
	The Wool Factory		4 to 5	100	y		n		y	
			5	110	y		y		y	
	Eastbond St	LE1 4SX	studio	130-135	some bills		y	y		
	Millstone Lane	LE1 5JN	3 to 5	65 to 85	some bills		n		y	
	Charlesworth House	LE1 1GS	1	125	n		n		y	
			2 to 3	90-95	n		n		y	
	Zenith	LE1 1QA	2	90			y	y		

	Zone upper Walk	LE1 7QA	studio	150-165	Y									
	Athena	LE2 7EE	studio	126	Y				Y	Y				
			2,3,4	100-102	Y				n				Y	
	Campbell House	LE1 5TT	3,4	120	some				Y				Y	
	Westdale Court	LE3 0GA	3,4,5	100-115	yes				Y				Y	
	Zone Bede Park	LE3 0AE	studio	115		£250			Y	Y				
			2	120		£250			Y	Y				
	Oxford Grange	LE2 7EH	studio	130	Y				Y	Y				
			2,3,4	110-99	Y				Y				Y	
	The Water Mills	LE1 5GW	studio	118	up to £300 inc				Y	Y				
			2 to 3	105	up to £300 inc				Y				Y	
			1	135	up to £300 inc				Y	Y				
	River Building	LE3 0GR	1	132	n				Y	Y				
			2	95	n				Y	Y				
Westmanor	Nelson Court	LE1 1RA	2	100	n				n				Y	
			3	95	n				n				Y	
	The Platform	LE2 0JA	studio	115	n				Y	Y				
			2	100	n				n	n			Y	
			large 2	105	n				n	n			Y	
	Zip Building	LE2 7DS	studio	130	£200 allowance				Y	Y				
			1 bed sml	125	£200 allowance				Y	Y				
			1 bed lge	150	£200 allowance				Y	Y				
			2,3	110	£200 allowance				n	n			Y	
			4	100	£200 allowance				n	n			Y	
Lettings 4 students	Zone de Montfort	LE1 7GD	studio	138-150	plus £250				Y	7488				
	Zone New Walk	LE1 7JA	studio	150-165	Y				Y	8190				
	Jarrom St		studios	130	plus £250					6,760				
Leicester Univ	John Foster Hall	LE2 2LG	single catered	144.2	Y				n					4,326
	and Gilbert Murray Stamford		ensuite catered	198.8	Y				Y					5,964
	and Beaumont Hall	LE2 2NA	s/c	94.5	Y				n				2,835	
	and Digby Hall		single s/c	149.1	Y				Y				4,473	
			1 premium	179.2	Y				Y	5,376				
	Freeman's Common	LE2 6BF	single	94.5	Y				n				3,969	
	and Mary Gee		single	94.5	Y				n				3,686	
	and Nixon Court	LE2 7TG	single	94.5	Y				n				3,969	

					premium single	102.9	y						42	y			4,322	
					premium flat	179.2	y				7,526		42	y				
	Opal Court		LE1 7HA		standard	94.5	y						42	y			3,969	
					premium ens	129.5	y						42	y			5,439	
					premium flat	152.6	y				6,409		42	y				
	Oxford Court		LE1 5XX		single	75	plus £95						46					3,450
					double	80	plus £95						46					3,680
De Montfort Univ																		
	Bede Hall				10	99	y						38	n			3,762	
	Filbert Village		LE2 7FZ		2,4,5,6	104	y						43	n			4,472	
					2	116	y						43	y			4,988	
	The Grange		LE2 7EG		2,4,5,6	89	y						43	n			3,827	
					2,4,5,6	122	y						43	y			5,246	
	Liberty Park		LE2 7FP		4,5	117	y						42	y			4,914	
					double bed	122	y						42	y			5,124	
	New Wharfe Hall		LE2 7BU		4,7,10	99	y						38	n			3,762	
	Newarke Point		LE2 7GZ		5	122	y						43	y			5,246	
					studio	157	y						43	y			6,751	
					5 premium	138	y						43	y			5,934	
	Victoria Hall		LE1 5WN		2,3,4,5,6	104.5	y						42	y				4,389
					deluxe	111.5	y						42	y			4,683	
	Waterway Gardens		LE2 7EB		6	97	y						38	n			3,686	
	Grosvenor House				bronze 3,4,5,6	107	y						51	y				5,457
					silver 3,4,5,6		y						51	y				
					gold 3,4,5,6	119	y						51	y				6,069
					bronze studio	139	y						51	y				
					mini studio	125	y						51	y				
														Minimum			4,752	2,835
														Maximum			9,360	6,318
														Mean			6,826	4,685
														Median			6,760	4,615
																		4,389

Appendix 2

Letter from Matthews & Goodman of 24th August 2015

Our Ref: 01/17349/109033

Simon Drummond-Hay
HDH Planning and Development Ltd
Clapham Woods Farm,
Keasden, Nr Clapham,
Lancaster, LA2 8ET.

24 August 2015

Dear Simon,

RE: LEICESTER STUDENT HOUSING CIL VIABILITY STUDY

In accordance with your instructions we have reviewed the development and land assumption review document that you have prepared in relation to a Student Housing CIL Viability Study on behalf of Leicester City Council.

We now set out the salient issues that affect the viability of future student housing development schemes within Leicester and provide responses to each of the ten questions outlined in your review document.

Question 1 – Circulation

We believe that the definition of Circulation space includes general communal areas (not within the Clusters), especially at Ground floor. This is the basis as to why the Studio style rooms appear to have less circulation space than Cluster flats.

Question 2 – Rents

A summary of comparable rents for existing schemes within Leicester are:

Victoria Hall	2-6 bed clusters Av £108 pw for 42 weeks	£4,536 gross
CityBlock CB1	Clusters and Studios Clusters £97 pw for 50 weeks Studios £141 pw for 50 weeks	£4,850 gross £7,050 gross
Newarke Point	Clusters and Studios Clusters £140 pw for 43 weeks Studios £169 av for 43 weeks	£6,020 gross £7,267 gross
Liberty Park	Clusters 42 and 51 wks 42 weeks £122 pw 51 weeks £112 av	£5,124 gross £5,712 gross

In summary it is our opinion that the Gross rents are reasonable in the current market.

Question 3 – Management Costs

We would regard a 40% deduction for Gross to Net as excessive. Traditionally deductions of 20% to 25% are industry standard. Increases in services provided, such as free broadband and contents insurance, as well as the increasing costs of utilities etc, pushes costs up. Given the services outlined we would recommend a deduction in the order of 25% would be appropriate.

For valuation purposes it is acknowledged that more overheads can be recovered from Studios, but we would look through how each individual operator deals with this issue and see if there is a balance of one or the other. The all inclusive nature of services is commonly reflected in the rent as a general practice, which needs to be borne in mind.

Question 4 – Yield

The Student Housing Investment Market has attracted a lot of interest which has generally resulted in lower yields as the market has become more established. There have been various changes such as student tuition fees, which have affected investors perception of how rents and values may alter over time. Yields are largely based on location, the passing rents and completion. The last sales in Leicester that we have been involved in, were based on 6.75%, and this puts the city well behind other prime locations. The main reason for that is the high concentration of purpose built rooms in the city compared to other university locations, and the difficulty therefore in attracting experienced operators into the town. The recent sales at 6.75% were sales to secondary operators on relatively new schemes without much track record. It is also our opinion that if a national operator were to sell one an established asset with a lease-back, the yield could be sub 6%. As a capitalisation yield to reflect the whole market we would recommend a yield of 6.25%.

We would however note that for smaller schemes, which by definition attract more secondary operators, a yield in the order of 7.00% would be more appropriate.

Question 5 – Deduction of Management Costs

Yields tend by definition to be applied to net income as standard valuation practice, but there is an attraction in this sector (as with HMOs and similar) to valuing the gross income. Doing so denies the more efficient operator the premium value that his efficiencies might deserve, but it seems that the gross valuation thought process is becoming more established.

Question 6 – Deduction of Purchasers Costs

It is standard valuation and appraisal practice to deduct notional Purchasers Costs. This is because the theory of Valuation is that the property will be sold, and those costs will be incurred. Not deducting costs would give a figure of “worth” rather than value.

Question 7 – Are values in the right ballpark

Subject to our comments above, I would say yes. The rents appear to be relatively low and the yield applied is at the lower end of our opinion and the market. Overall, we are of the opinion that the final answers are appropriate.

Question 8 – Land Values

Land values are difficult measures, as they don't readily reflect the density of each development. The rate per room is a more effective measure of site value. The recent sales by Matthews & Goodman reflected circa £11,000 per room, which may have been at the upper end of the scale, but is a more readily comparable metric. If there are economies of scale in development (which we believe there are) then larger sites ought to attract a higher rate per room, unless there are other constraints on density.

Question 9 – Student development is the only show in town

The office and residential markets are lagging behind the student residential sector in terms of viability for new schemes.

Question 10 – Existing Use Land Values

The current state of the market for office, residential, retail and other uses makes it difficult to put spot values on existing land values. An interesting case study is Enterprise House, which we believe sold for about £2m. The property had a lapsed consent for a mixed use scheme including a large element of student housing, without which it would have a negative value! Given this recent sale we are of the opinion that a value in the region of £2m per hectare would therefore be a realistic value in the city centre.

I trust that this letter covers each of your points sufficiently, but if you require any clarification please do not hesitate to contact me.

Yours sincerely



Ben Hartley BSc (Hons) MRICS

For and on behalf of
Matthews & Goodman LLP

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APPENDIX 3. Student Housing Market Survey. August 2015

Company		postcode	Number of beds	£/week	Inclusive of services	Letting Year (weeks)	Ensuite	Studio Flat	Cluster flat	Unspecified
SULETS	Brookland Rd	LE2 6BH	4	105	yes	52	n		5,460	
			2	125	yes	52	y	6,500		
			3 to 5	118 - 125	yes	52	y		6,318	
			studio	140	yes	52	y	7,280		
	The Annexe		1	180	y plus £250 energy	52	y	9,360		
	The Summit	LE2 7JD	2		y plus £250 energy	52	y			
	The Tower		studio	145	y plus £250 energy	52	y	7,540		
			studio	118	y plus £250 energy	52	y	6,136		
	Upperton Rd	LE3	studio	109-129	y plus £100 energy	52	y	6,188		
	Eastern Boulevard	LE2 7JD	studio	120	y	52	y	6,240		
CODE	Regents Court	LE1 6UP	4	110	y	52	y		5,720	
			4	90	y plus £295 energy	52	n		4,680	
			5	85	y plus £295 energy	52	n		4,420	
			6	85	y plus £295 energy	52	n		4,420	
	Newark St	LE1	studio	135	y plus £275	52	y	7,020		
			2 to 6	120-113	y plus £275	52	y		6,058	
	Queens Ct	LE2 7DJ	studio	115	y plus £295	52	y	5,980		
			2 to 6	75-100	y plus £295	52	n		4,550	
	Western Rd	LE3 0GH	studio	99	n	48	y	4,752		
	Careys Close		up to 5	97-105	y	50	y		5,050	
Westmanor			studio	142	y	50	y	7,100		
			superior studio							
			upto 5	145.5	y	50	y	7,275		
			studio	105-118	y	50	y			
	Clyde Ct	LE1 2AW	studio	120	some bills		y	y		
			1 to 2	105-130			y	y		
	The Wool Factory	LE1 5XD	2	120	y		y		y	
			4 to 5	100	y		n		y	
			5	110	y		y		y	
	Eastbond St	LE1 4SX	studio	130-135	some bills		y	y		
Millstone Lane	LE1 5JN	3 to 5	65 to 85	some bills		n		y		
Charlesworth House	LE1 1GS	1	125	n		n		y		
Zenith	LE1 1QA	2 to 3	90-95	n		n		y		
		2	90			y	y			

		Zone upper Walk	LE1 7QA	studio	150-165	Y											
		Athena	LE2 7EE	studio	126	Y											
				2,3,4	100-102	Y											
		Campbell House	LE1 5TT	3,4	120	some											Y
		Westdale Court	LE3 0GA	3,4,5	100-115	yes											Y
		Zone Bede Park	LE3 0AE	studio	115		£250										Y
				2	120		£250										Y
		Oxford Grange	LE2 7EH	studio	130	Y											Y
				2,3,4	110-99	Y											Y
		The Water Mills	LE1 5GW	studio	118	up to £300 inc											Y
				2 to 3	105	up to £300 inc											Y
				1	135	up to £300 inc											Y
		River Building	LE3 0GR	1	132	n											Y
				2	95	n											Y
		Nelson Court	LE1 1RA	2	100	n											Y
				3	95	n											Y
		The Platform	LE2 0JA	studio	115	n											Y
				2	100	n											Y
		Zip Building	LE2 7DS	large 2	105	n											Y
				studio	130	£200 allowance											Y
				1 bed sml	125	£200 allowance											Y
				1 bed lge	150	£200 allowance											Y
				2,3	110	£200 allowance											Y
				4	100	£200 allowance											Y
	Lettings 4																
	students	Zone de Montfort	LE1 7GD	studio	138-150	plus £250					52	Y				7488	
		Zone New Walk	LE1 7JA	studio	150-165	Y					52	Y				8190	
		Jarrom St		studios	130	plus £250					52	Y				6,760	
		John Foster Hall	LE2 2LG	single catered	144.2	Y					30	n					4,326
				ensuite catered	198.8	Y					30	Y					5,964
		and Gilbert Murray Stamford															
		and Beaumont Hall	LE2 2NA	s/c	94.5	Y					30	n					2,835
		and Digby Hall		single s/c	149.1	Y					30	Y					4,473
				1 premium	179.2	Y					30	Y				5,376	
		Freeman's Common	LE2 6BF	single	94.5	Y					42	n					3,969
		and Mary Gee		single	94.5	Y					39	n					3,686
		and Nixon Court	LE2 7TG	single	94.5	Y					42	n					3,969

						102.9	y			42	y			4,322	
			premium single												
			premium flat			179.2	y			42	y		7,526		
		Opal Court	standard	LE1 7HA		94.5	y			42	y			3,969	
			premium ens			129.5	y			42	y			5,439	
			premium flat			152.6	y			42	y		6,409		
		Oxford Court	single	LE1 5XX		75	plus £95			46					3,450
			double			80	plus £95			46					3,680
De Montfort Univ															
		Bede Hall	10			99	y			38	n			3,762	
		Filbert Village	2,4,5,6	LE2 7FZ		104	y			43	n			4,472	
			2			116	y			43	y			4,988	
		The Grange	2,4,5,6	LE2 7EG		89	y			43	n			3,827	
			2,4,5,6			122	y			43	y			5,246	
		Liberty Park	4,5	LE2 7FP		117	y			42	y			4,914	
			double bed			122	y			42	y			5,124	
		New Wharfe Hall	4,7,10	LE2 7BU		99	y			38	n			3,762	
		Newark Point	5	LE2 7GZ		122	y			43	y			5,246	
			studio			157	y			43	y		6,751		
			5 premium			138	y			43	y			5,934	
		Victoria Hall	2,3,4,5,6	LE1 5WN		104.5	y			42	y				4,389
			deluxe			111.5	y			42	y			4,683	
		Waterway Gardens	6	LE2 7EB		97	y			38	n			3,686	
			bronze 3,4,5,6			107	y			51	y				5,457
		Grosvenor House	silver 3,4,5,6												
			gold 3,4,5,6			119	y			51	y				6,069
			bronze studio			139	y			51	y		7,089		
			mini studio			125	y			51	y		6,375		
														2,835	3,450
														6,318	6,069
														4,685	4,762
														4,615	4,389

APPENDIX 4 Revised Appraisals

Cluster Flats - 60 Unit Scheme

Rooms	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Room size	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Building	0	10	20	30	40	50	60	70	80	90	100							
CIL	£/m2	£/m2	£/m2	£/m2	£/m2	£/m2	£/m2	£/m2	£/m2	£/m2	£/m2							
Circulation Space	m2	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385							
%		35%	35%	35%	35%	35%	35%	35%	35%	35%	35%							
m2		485	485	485	485	485	485	485	485	485	485							
£/Room		57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000							
£/m2		3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800							
Capital Value		3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000							
Investor's costs SDLT		0	0	0	0	0	0	0	0	0	0							
Investor's costs Agents		0	0	0	0	0	0	0	0	0	0							
Net Receipt		3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000	3,420,000							
Costs																		
Land Used	ha	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050							
£/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000							
Uplift	£/ha	0	0	0	0	0	0	0	0	0	0							
20.00%		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000							
Site Cost		120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000							
Acquisition SDLT	4.00%	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800							
Acquisition fees	1.50%	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800							
Strategic Promotion		0	0	0	0	0	0	0	0	0	0							
Planning		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000							
Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525							
£		2,111,538	2,111,538	2,111,538	2,111,538	2,111,538	2,111,538	2,111,538	2,111,538	2,111,538	2,111,538							
Infrastructure	5.00%	105,577	105,577	105,577	105,577	105,577	105,577	105,577	105,577	105,577	105,577							
Abnormals	5.00%	105,577	105,577	105,577	105,577	105,577	105,577	105,577	105,577	105,577	105,577							
Fees	8.00%	185,815	185,815	185,815	185,815	185,815	185,815	185,815	185,815	185,815	185,815							
S106		0	0	0	0	0	0	0	0	0	0							
CIL		0	13,846	27,692	41,538	55,385	69,231	83,077	96,923	110,769	124,615							
Contingency	5.00%	116,135	116,135	116,135	116,135	116,135	116,135	116,135	116,135	116,135	116,135							
Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000							
Sales	1.00%	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200							
Misc		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000							
Subtotal		2,690,442	2,704,288	2,718,135	2,731,981	2,745,827	2,759,673	2,773,519	2,787,365	2,801,212	2,815,058							
Interest	7.00%	94,165	94,650	95,135	95,619	96,104	96,589	97,073	97,558	98,042	98,527							
Profit % Costs	20.00%	556,922	559,788	562,654	565,520	568,386	571,252	574,118	576,985	579,851	582,717							
COSTS		3,341,529	3,358,726	3,375,923	3,393,120	3,410,317	3,427,514	3,444,711	3,461,908	3,479,105	3,496,302							
Residual Land Worth		0	10	20	30	40	50	60	70	80	90							
Site	£/ha	78,471	61,274	44,077	26,880	9,683	-7,514	-24,711	-41,908	-59,105	-76,302							
£/ha		1,569,413	1,225,475	881,536	537,598	193,659	-150,279	-494,218	-838,156	-1,182,095	-1,526,033							
Existing Use Value	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000							
Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000							
Residual Value	£/ha	1,569,413	1,225,475	881,536	537,598	193,659	-150,279	-494,218	-838,156	-1,182,095	-1,526,033							
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%							
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%							
CIL as % RV		0.0%	22.6%	62.8%	154.5%	572.0%	-921.4%	-336.2%	-231.3%	-187.4%	-163.1%							

Cluster Flats - 175 Unit Scheme

Rooms	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Room size	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
	0	10	20	30	40	50	60	70	80	90	100						
Building	CIL	£/m2															
Circulation Space	m2	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038
	%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Income	m2	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413
	m2	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625
	£/Room	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
	£/m2	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Capital Value		9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000
Investor's costs	SDLT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor's costs	Agents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Receipt		9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000	9,975,000
Costs	Land Used	ha	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	Uplift £/ha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Site Cost	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Acquisition	SDLT	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Acquisition	fees	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Strategic	Promotion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525
	£	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654	6,158,654
Infrastructure	5.00%	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933
Abnormals	5.00%	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933	307,933
Fees	8.00%	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962	541,962
S106		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CIL		0	40,385	80,769	121,154	161,538	201,923	242,308	282,692	323,077	363,462	403,846					
Contingency	5.00%	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726	338,726
Finance	Costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sales	1.00%	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750	99,750
Misc		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Subtotal		7,812,957	7,853,341	7,893,726	7,934,111	7,974,495	8,014,880	8,055,264	8,095,649	8,136,034	8,176,418	8,216,803					
Interest	7.00%	273,453	274,867	276,280	277,694	279,107	280,521	281,934	283,348	284,761	286,175	287,588					
Profit %	Costs	1,617,282	1,625,642	1,634,001	1,642,361	1,650,721	1,659,080	1,667,440	1,675,799	1,684,159	1,692,519	1,700,878					
COSTS		9,705,692	9,753,850	9,804,008	9,854,165	9,904,323	9,954,481	10,004,638	10,054,796	10,104,954	10,155,111	10,205,269					
Residual Land Worth	CIL	£/m2	0	10	20	30	40	50	60	70	80	90	100				
	Site	£/ha	271,308	221,150	170,992	120,835	70,677	20,519	-29,638	-79,796	-129,954	-180,111	-230,269				
			1,085,231	884,600	683,969	483,339	282,708	82,077	-118,554	-319,184	-519,815	-720,446	-921,077				
Existing Use	Value £/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Viability	Threshold £/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Residual	Value £/ha	1,085,231	884,600	683,969	483,339	282,708	82,077	-118,554	-319,184	-519,815	-720,446	-921,077					
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%					
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%					
CIL as % RV		0.0%	18.3%	47.2%	100.3%	228.6%	484.1%	898.4%	-817.5%	-354.3%	-248.6%	-201.8%	-175.4%				

Cluster Flats - 500 Unit Scheme

Rooms	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500			
Room size	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15		
	0	10	20	30	40	50	60	70	80	90	100												
CIL	£/m2																						
Building	m2	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538												
Circulation Space	%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%												
Income	m2	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038	4,038												
£/Room	m2	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500												
£/m2		57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000												
Capital Value	£/m2	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800												
Investor's costs SDLT		0	0	0	0	0	0	0	0	0	0												
Investor's costs Agents		0	0	0	0	0	0	0	0	0	0												
Net Receipt		28,500,000	28,500,000	28,500,000	28,500,000	28,500,000	28,500,000	28,500,000	28,500,000	28,500,000	28,500,000												
Costs																							
Land Used	ha	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750												
£/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000												
Uplift £/ha		0	0	0	0	0	0	0	0	0	0												
Site Cost		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000												
Acquisition SDLT	4.00%	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000												
Acquisition fees	1.50%	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000												
Strategic Promotion		0	0	0	0	0	0	0	0	0	0												
Planning		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000												
Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525												
£		17,596,154	17,596,154	17,596,154	17,596,154	17,596,154	17,596,154	17,596,154	17,596,154	17,596,154	17,596,154												
Infrastructure	5.00%	879,808	879,808	879,808	879,808	879,808	879,808	879,808	879,808	879,808	879,808												
Abnormals	5.00%	879,808	879,808	879,808	879,808	879,808	879,808	879,808	879,808	879,808	879,808												
Fees	8.00%	1,548,462	1,548,462	1,548,462	1,548,462	1,548,462	1,548,462	1,548,462	1,548,462	1,548,462	1,548,462												
S106		0	0	0	0	0	0	0	0	0	0												
CIL		0	115,385	230,769	346,154	461,538	576,923	692,308	807,692	923,077	1,038,462												
Contingency	5.00%	309,692	332,769	355,846	378,923	402,000	425,077	448,154	471,231	494,308	517,385												
Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000												
Sales	1.00%	285,000	285,000	285,000	285,000	285,000	285,000	285,000	285,000	285,000	285,000												
Misc		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000												
Subtotal		21,622,923	21,761,385	21,899,846	22,038,308	22,176,769	22,315,231	22,453,692	22,592,154	22,730,615	22,869,077												
Interest	7.00%	756,802	761,648	766,495	771,341	776,187	781,033	785,879	790,725	795,572	800,418												
Profit % Costs	20.00%	4,324,585	4,352,277	4,379,969	4,407,662	4,435,354	4,463,046	4,490,738	4,518,431	4,546,123	4,573,815												
COSTS		26,704,310	26,875,310	27,046,310	27,217,310	27,388,310	27,559,310	27,730,310	27,901,310	28,072,310	28,243,310												
Residual Land Worth		1,795,690	1,624,690	1,453,690	1,282,690	1,111,690	940,690	769,690	598,690	427,690	256,690												
Site	£/ha	2,394,253	2,166,253	1,938,253	1,710,253	1,482,253	1,254,253	1,026,253	798,253	570,253	342,253												
Existing Use Value £/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000												
Viability Threshold £/ha		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000												
Residual Value £/ha		2,394,253	2,166,253	1,938,253	1,710,253	1,482,253	1,254,253	1,026,253	798,253	570,253	342,253												
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%												
CIL as % Costs		0.0%	0.9%	1.3%	1.7%	2.1%	2.5%	2.9%	3.3%	3.7%	4.1%												
CIL as % RV		0.0%	7.1%	15.9%	27.0%	41.5%	61.3%	89.9%	134.9%	215.8%	404.6%												

Studio Flats - 60 Unit Scheme

		60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Rooms		23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23
Room size	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100						
Building																		
	m2	1,865	1,865	1,865	1,865	1,865	1,865	1,865	1,865	1,865	1,865	1,865						
	%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%						
	m2	485	485	485	485	485	485	485	485	485	485	485						
	m2	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380						
Income	£/Room	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000						
	£/m2	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522						
Capital Value		4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000						
Investor's costs	SDLT	0	0	0	0	0	0	0	0	0	0	0						
Investor's costs	Agents	0	0	0	0	0	0	0	0	0	0	0						
Net Receipt		4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000	4,860,000						
Costs	Land Used	ha	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050						
	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000						
	Uplift £/ha	0	0	0	0	0	0	0	0	0	0	0						
	Site Cost	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000						
Acquisition	SDLT	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800						
Acquisition	fees	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800						
Strategic	Promotion	0	0	0	0	0	0	0	0	0	0	0						
Planning		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000						
Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525						
	£	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919	2,843,919						
Infrastructure	5.00%	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196						
Abnormals	5.00%	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196	142,196						
Fees	8.00%	250,265	250,265	250,265	250,265	250,265	250,265	250,265	250,265	250,265	250,265	250,265						
S106		0	0	0	0	0	0	0	0	0	0	0						
CIL		0	18,649	37,297	55,946	74,595	93,243	111,892	130,541	149,189	167,838	186,486						
Contingency	5.00%	156,416	156,416	156,416	156,416	156,416	156,416	156,416	156,416	156,416	156,416	156,416						
Finance	Costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000						
Sales	1.00%	48,600	48,600	48,600	48,600	48,600	48,600	48,600	48,600	48,600	48,600	48,600						
Misc		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000						
Subtotal		3,615,191	3,633,840	3,652,489	3,671,137	3,689,786	3,708,434	3,727,083	3,745,732	3,764,380	3,783,029	3,801,678						
Interest	7.00%	126,532	127,184	127,837	128,490	129,143	129,795	130,448	131,101	131,753	132,406	133,059						
Profit %	Costs	748,345	752,205	756,065	759,925	763,786	767,646	771,506	775,366	779,227	783,087	786,947						
COSTS		4,490,067	4,513,229	4,536,391	4,559,552	4,582,714	4,605,876	4,629,037	4,652,199	4,675,360	4,698,522	4,721,684						
Residual Land Worth		369,933	346,771	323,609	300,448	277,286	254,124	230,963	207,801	184,640	161,478	138,316						
	Site	7,398,650	6,935,418	6,472,185	6,008,953	5,545,720	5,082,488	4,619,256	4,156,023	3,692,791	3,229,558	2,766,326						
	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000						
	Existing Use Value	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000						
	Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000						
	Residual Value	£/ha	7,398,650	6,935,418	6,472,185	6,008,953	5,545,720	5,082,488	4,619,256	4,156,023	3,692,791	3,229,558						
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.5%	1.9%	2.3%	2.7%	3.1%	3.5%	3.8%						
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	3.9%						
CIL as % RV		0.0%	5.4%	11.5%	18.6%	26.9%	36.7%	48.4%	62.8%	80.8%	103.9%	134.8%						

Studio Flats - 175 Unit Scheme

		175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	
Rooms		23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	
Room size	CIL £/m2	0	10	20	30	40	50	60	70	80	90	100								
Building																				
Circulation Space	m2	5,439	5,439	5,439	5,439	5,439	5,439	5,439	5,439	5,439	5,439	5,439								
	%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%								
Income	m2	1,414	1,414	1,414	1,414	1,414	1,414	1,414	1,414	1,414	1,414	1,414								
	m2	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025								
£/Room		81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000								
£/m2		3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522								
Capital Value		14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000								
Investor's costs SDLT		0	0	0	0	0	0	0	0	0	0	0								
Investor's costs Agents		0	0	0	0	0	0	0	0	0	0	0								
Net Redept		14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000	14,175,000								
Costs																				
Land Used	ha	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250								
	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000								
	Uplift £/ha	0	0	0	0	0	0	0	0	0	0	0								
	20.00%	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000								
	Site Cost	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000								
Acquisition SDLT	4.00%	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000								
Acquisition fees	1.50%	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000								
Strategic Promotion		0	0	0	0	0	0	0	0	0	0	0								
Planning		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000								
Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525								
	£	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764	8,294,764								
Infrastructure	5.00%	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738								
Abnormals	5.00%	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738	414,738								
Fees	8.00%	729,939	729,939	729,939	729,939	729,939	729,939	729,939	729,939	729,939	729,939	729,939								
S106		0	0	0	0	0	0	0	0	0	0	0								
CIL		0	54,392	108,784	163,176	217,568	271,959	326,351	380,743	435,135	489,527	543,919								
Contingency	5.00%	456,212	456,212	456,212	456,212	456,212	456,212	456,212	456,212	456,212	456,212	456,212								
Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000								
Sales	1.00%	141,750	141,750	141,750	141,750	141,750	141,750	141,750	141,750	141,750	141,750	141,750								
Misc		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000								
Subtotal		10,510,141	10,564,533	10,618,925	10,673,317	10,727,709	10,782,101	10,836,492	10,890,884	10,945,276	10,999,668	11,054,060								
Interest	7.00%	367,855	369,759	371,662	373,566	375,470	377,374	379,277	381,181	383,085	384,988	386,892								
Profit % Costs	20.00%	2,175,599	2,186,858	2,198,117	2,209,377	2,220,636	2,231,895	2,243,154	2,254,413	2,265,672	2,276,931	2,288,190								
COSTS		13,053,595	13,121,150	13,188,705	13,256,259	13,323,814	13,391,369	13,458,924	13,526,478	13,594,033	13,661,588	13,729,142								
Residual Land Worth		0	1,121,405	2,242,810	3,364,215	4,485,630	5,607,035	6,728,440	7,849,845	8,971,250	10,092,655	11,214,060								
	Site																			
	£/ha	4,485,619	4,215,400	3,945,181	3,674,963	3,404,744	3,134,525	2,864,306	2,594,087	2,323,868	2,053,649	1,783,430								
Existing Use Value	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000								
Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000								
Residual Value	£/ha	4,485,619	4,215,400	3,945,181	3,674,963	3,404,744	3,134,525	2,864,306	2,594,087	2,323,868	2,053,649	1,783,430								
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.5%	1.9%	2.3%	2.7%	3.1%	3.5%	3.8%								
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%								
CIL as % RV		0.0%	5.2%	11.0%	17.8%	25.6%	34.7%	45.6%	58.7%	74.9%	95.3%	122.0%								

Studio Flats - 500 Unit Scheme

Rooms	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	
Room size	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	
CIL	£/m2	0	10	20	30	40	50	60	70	80	90	100							
Building																			
Circulation Space	m2	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	26%	26%	26%	26%	26%	26%	26%
	%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
Income	m2	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	11,500	11,500	11,500	11,500	11,500	11,500	11,500
	m2	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
£/Room		81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
£/m2		3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522	3,522
Capital Value		40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Investor's costs SDLT		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor's costs Agents		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Receipt		40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Costs																			
Land Used	ha	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750
£/ha		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Uplift £/ha		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	20,000%	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Site Cost		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Acquisition SDLT	4.00%	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Acquisition fees	1.50%	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Strategic Promotion		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Construction	/m2	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525
£		23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324	23,699,324
Infrastructure	5.00%	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966
Abnormals	5.00%	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966	1,184,966
Fees	8.00%	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541	2,085,541
S106		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CIL		0	155,405	310,811	466,216	621,622	777,027	932,432	1,087,838	1,243,243	1,398,649	1,554,054							
Contingency	5.00%	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463	1,303,463
Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sales	1.00%	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000
Misc		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Subtotal		29,987,260	30,142,666	30,298,071	30,453,476	30,608,882	30,764,287	30,919,693	31,075,098	31,230,503	31,385,909	31,541,314							
Interest	7.00%	1,049,554	1,054,993	1,060,432	1,065,872	1,071,311	1,076,750	1,082,189	1,087,628	1,093,068	1,098,507	1,103,946							
Profit % Costs	20.00%	6,207,363	6,239,532	6,271,701	6,303,870	6,336,039	6,368,207	6,400,376	6,432,545	6,464,714	6,496,883	6,529,052							
COSTS		37,244,177	37,437,191	37,630,204	37,823,218	38,016,231	38,209,245	38,402,258	38,595,272	38,788,285	38,981,299	39,174,312							
Residual Land Worth		3,255,823	3,062,809	2,869,796	2,676,782	2,483,769	2,290,755	2,097,742	1,904,728	1,711,715	1,518,701	1,325,688							
	£/ha	4,341,097	4,083,746	3,826,395	3,569,043	3,311,692	3,054,340	2,796,989	2,539,638	2,282,286	2,024,935	1,767,584							
Existing Use Value	£/ha	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000							
Viability Threshold	£/ha	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000							
Residual Value	£/ha	4,341,097	4,083,746	3,826,395	3,569,043	3,311,692	3,054,340	2,796,989	2,539,638	2,282,286	2,024,935	1,767,584							
CIL as % GDV		0.0%	0.4%	0.8%	1.2%	1.5%	1.9%	2.3%	2.7%	3.1%	3.5%	3.8%							
CIL as % Costs		0.0%	0.4%	0.8%	1.2%	1.6%	2.0%	2.4%	2.8%	3.2%	3.6%	4.0%							
CIL as % RV		0.0%	5.1%	10.8%	17.4%	25.0%	33.9%	44.4%	51.1%	57.6%	64.1%	71.2%							