Brighton & Hove City Council
Community Infrastructure Levy
Draft Charging Schedule Representations
Response Form

Wednesday 28 March 2018 until
Wednesday 13 June 2018 (midnight)

Summary:
Representations are invited on this Draft Charging Schedule within a consultation period starting
Wednesday 28 March 2018 (00.00 am) and ending Wednesday 13 June 2018 (midnight). The
charging area covers the administrative area of Brighton and Hove City Council excluding the South
Downs National Park area. The charging authority and the collecting authority is Brighton & Hove
City Council.

The Draft Charging Schedule and relevant evidence is published in accordance with regulation 16
of the Community Infrastructure Levy Regulations 2010 (as amended).

Representations:
You can view the Draft Charging Schedule and relevant evidence and respond online using the
Consultation Portal: www.brighton-hove.gov.uk/DCS-consultation

If you wish to submit a written representation by email or by post, please use this form.

The Draft Charging Schedule and relevant evidence can be inspected and downloaded from
www.brighton-hove.gov.uk/content/planning/planning-policy/developer-contributions

If you are commenting on multiple sections of the Draft Charging Schedule and relevant evidence
you will need to complete a separate copy of Part B of this form for each representation.
This form may be scanned in and returned via email to PlanningPolicy@brighton-hove.gov.uk or
sent to: Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ

Accessibility If you would like further support in accessing this consultation please see our
guidance on our Accessibility webpage. Paper copies of documents are available to inspect in our
Customer Service Centres and all Brighton & Hove City Council Libraries during the consultation.

Guidance:
This form has four parts: Part A – Personal Details
Part B – Your Representation(s)
Part C –Request to be heard by the CIL Examiner
Part D –Request to be notified in accordance with reg. 16 (e)

- Please use this response form as it will help the council to keep accurate and consistent
  records of all the comments on the Draft Charging Schedule; alternatively compete online at
  www.brighton-hove.gov.uk/DCS-consultation
- Please use a separate copy of Part B (and Part C if required) of this form for each representation you wish to make about the Draft Charging Schedule.
- It is important that you include your name and address as anonymous forms cannot be accepted. If your address details change, please inform us in writing via email or letter.
- All representations should be received by midnight of the evening of Wednesday 13 June 2018.
- You may withdraw your representation at any time; please inform us in writing via email or letter.

**Part A: Personal Contact Details**
Data Protection Notice: Personal Information given on this form will be used by Brighton & Hove City Council, the Examiner and the Programme Officer in connection with statutory functions of the CIL Regulations 2010 (as amended) to bring in a CIL Charging Schedule. It will not be used for any other purpose. Representations will not be treated as confidential and will be published on our website and in any subsequent statements; however, personal details such as address, phone number or email address will not be published on the website.

If you have any questions or concerns about how your personal data is to be used in this process, you can contact the Data Protection Team on data.protection@brighton-hove.gov.uk or 01273 295959

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All comments must be received by Wednesday 13 June 2018 (midnight). Late representations will not be accepted.
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to: Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ
Alternatively you may use the consultation portal to make representations.
Part B: Your Representation

Please use the space below to provide detailed comments (please use a separate section of Part B for each representation you make and attach extra sheets as necessary)

A separate representation document is attached.

All comments must be received by Wednesday 13 June 2018 (midnight)
Late representations will not be accepted.
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to:
Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ
Alternatively you may use the consultation portal to make representations
**Part C: Request to be heard by the CIL Examiner**

Regulation 18 identifies that persons making representations may request the right to be heard by the CIL Examiner.

Do you wish to request the right to be heard by the CIL Examiner? *YES*

If you wish to request this right, please outline why you consider this to be necessary:

*YES. FOR THE REASONS SET OUT IN THIS REPRESENTATION.*

Please note that it is for the Examiner to decide how the hearing is to be conducted.

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Please also see following page - part D – requests to be notified in accordance with regulation 16 (below)

All comments must be received by Wednesday 13 June 2018 (midnight)  
Late representations will not be accepted.  
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to:  
Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ  
Alternatively you may use the consultation portal to make representations
Part D – Requests to be notified

Regulation 16 allows that representations may be accompanied by a request to be notified, at a specified postal address, of any of the following:

- That the draft charging schedule has been submitted to the examiner in accordance with section 212 of the Planning Act 2008,

I/O request to be notified of the above at this address in accordance with regulation 16

Address

Postcode
Email Address

A person who has made representations about the Draft Charging Schedule may withdraw those representations at any time by giving notice in writing to the charging authority.

All comments must be received by Wednesday 13 June 2018 (midnight)
Late representations will not be accepted.
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to:
Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ
Alternatively you may use the consultation portal to make representations.
Brighton and Hove Community Infrastructure Levy (CIL) Draft Charging Schedule (DCS) Consultation
June 2018

Response by Moda Living Limited

Moda Living is a specialist investor, developer and operator of best-in-class, professional build to rent communities. Creating the UK’s leading rental brand, with a growing pipeline of nearly 7,000 apartments located in high profile city centre locations, it is leading the way. Since inception it continues to push the boundaries using style, service and innovation to craft considered, inclusive residential communities. Focusing on unparalleled customer service and best-in-class institutional grade design, Moda Living promotes long-term healthy, social, connected living for its residents and is pioneering positive change to the UK rental landscape.

www.modaliving.com

Introduction

1.1 MODA Living (“MODA”) has recently secured a major development interest within a prominent area of Hove, which has been a longstanding target for regeneration by Brighton and Hove City Council (“B&HCC”). We have a direct interest in planning and development policies which enable and support high-quality, sustainable development which adds to the success and attractiveness of Brighton and Hove as a place to do business and as a place to live.

1.2 As part of the due diligence process MODA has carefully reviewed the B&HCC CIL DCS, which has been published for statutory consultation until Wednesday 13th June 2018.

1.3 The purpose of this written representation is to highlight to B&HCC a number of significant technical concerns and compliance issues in relation to the proposed CIL charges set out in the CIL DCS and the technical viability evidence utilised to inform and underpin the CIL DCS.

1.4 Based on our experience of CIL Examinations elsewhere, it is essential that a number of major technical issues in the CIL DCS are addressed by B&HCC prior to its submission to the Planning Inspectorate (PINS) for Examination. If submitted in its present form by B&HCC, it is highly likely that the approach will be found unsound which benefits no parties. Furthermore, if submitted without further work and revisions, MODA would be forced to pursue a detailed challenge to the adoption of the CIL DCS via the Examination process which it would ideally like to avoid via collaborative working with B&HCC.

1.5 The primary point of challenge is the failure to demonstrate that the CIL DCS has met the essential requirements of CIL Regulation 14. Specifically, MODA contend that the rates within the CIL DCS will prevent or delay development of key sites within strategic locations and will pose a threat to the
delivery of the Brighton and Hove City Plan Part One adopted in March 2016 (“the Local Plan”). Resultantly, the CIL DCS will not “strike an appropriate balance” between funding infrastructure and economic viability across the charging area. As currently drafted, the CIL DCS will not support the viability of development and contribute positively towards the delivery of the Local Plan.

1.6 In addition, we are of the clear view that the CIL DCS in its current form faces significant risk of being found unsound at Examination on the basis that it will fail to reflect adopted national planning policy and published guidance at the point at which it is tested before the Examiner.

1.7 Our main concerns and objections to the CIL DCS are set out below, and are intended to help shape and inform further dialogue with B&HCC which Moda would ideally like to pursue with officers.

**Matters of Representation**

**Role of MODA Living in Delivering the Local Plan**

1.8 Policy CP1A of the Local Plan identifies a requirement for the Local Plan to deliver at least 13,200 new homes to be built over the plan period 2010 – 2030.

1.9 The Local Plan sets out that the majority of new housing, employment and retail development required will be located on brownfield (“previously developed”) sites within the city’s built up area and directed to eight specific development areas (DA1– 8).

1.10 The Local Plan identifies Development Area 6 (“DA6”) entitled the “Hove Station Area” as a mixed-use regeneration area with the capacity to deliver significant contributions to the residential and employment requirements of the city. The Local Plan specifically targets the delivery of a minimum of 525 homes and 1,000m² of new employment floorspace within the plan period. Regeneration of DA6 therefore represents a key component of the success (or failure) of the Local Plan.

1.11 MODA has recently secured an interest in a substantial brownfield site located off Sackville Road¹ (“the subject site”) within DA6. The potential mixed-use capacity of the subject site is significant; equating to approximately 5,000m² of mixed-use/employment floorspace and circa 800 dwellings. MODA is currently preparing a planning application and has already entered into pre-application discussions with B&HCC with respect to the subject site.

1.12 The subject site would clearly provide a major catalytic contribution to the delivery of the ambitions of the Local Plan for the DA6 Hove Station Area, as well as representing a significant scale of growth, regeneration and investment at the overall city-scale (in excess of 5% of the minimum identified housing requirement in the Local Plan). Its importance to the successful delivery of the Local Plan cannot, and should not, be understated or ignored.

1.13 The subject site is also seen as integral to the local, community driven vision for the regeneration of the area through the emerging Hove Station Neighbourhood Plan.

¹ The Sackville Road Trading Estate and coal-yard site
Strategic Site Viability Assessment & CIL Rates

1.14 The subject site has been identified within B&HCC’s published CIL DCS as attracting a proposed CIL liability of £150/m² (GIA) on C3 residential development. This is the spatial ‘Zone 2’ rate. Retail uses (high street or convenience) will also be liable for a £50/m² (GIA) CIL rate (city wide). Supermarket or retail warehouse development will be liable for a CIL rate of £100/m² (GIA) where over 100m² (GIA).

1.15 The CIL Viability Study (2017) concludes that B1 office floorspace would not attract a CIL rate, and this employment use is therefore liable for a CIL rate of £0/m² (GIA) under the ‘All other development uses’ category. The CIL Viability Study (2017) is clear that B1 office development is of marginal viability, with its delivery placed further at risk by the imposition of a CIL liability.

1.16 On the basis that the subject site represents a mixed-use/employment/commercial and residential proposition, including approximately 5,000m² of mixed-use/employment floorspace, this highlights the prospective challenges posed to delivering a viable overall scheme. There will be a necessity for a degree of cross-subsidy between uses to facilitate delivery of a mixed-use proposition in accordance with the ambitions of the Local Plan. If the planning policy costs, including CIL, are imposed at a level that deters delivery of the residential component, this will undermine the opportunity to deliver employment uses.

1.17 As a result, MODA is highly concerned that the proposed CIL rates (in particular the ‘Zone 2’ residential CIL rate) will render the subject site unviable for development when taking into account Local Plan affordable housing policy² and the suite of costs relating to Section 106 planning obligations in addition to the costs of assembling, remediating and redeveloping a complex brownfield site for a high specification mixed use development scheme.

1.18 The Government’s current Planning Practice Guidance (NPPG) for CIL confirms that the Charging Authority must take into account the cumulative impact of such costs when setting its levy rate or rates, particularly those likely to be incurred on strategic sites or brownfield land³.

1.19 MODA notes that the published CIL DCS includes a specific ‘Strategic Sites’ CIL rate of £0/m² (all uses) for two specified sites (Brighton Marina Inner Harbour and the King Alfred Leisure Centre/RNR site).

1.20 B&HCC has published a CIL DCS Strategic Sites Informative (May 2018) document alongside the CIL DCS. The document confirms that the CIL DCS is predicated on an “area wide approach” viability evidence base, which is not intended or able to reflect potential issues on individual sites of scale.

1.21 The document proceeds to confirm that representations made to the CIL Preliminary DCS (“PDCS”) consultation, and subsequent viability evidence (source unstated) triggered a review of two development sites allocated in the Local Plan, “which can be regarded as strategic in terms of CIL guidance”.

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² Policy CP20 of the Local Plan requires 40% onsite affordable housing provision on sites of 15 or more (net) dwellings
1.22 The level of detailed and evidenced justification for inclusion of the sites at a CIL rate of £0/m² is relatively limited however, the following is clear.

(a) Brighton Marina Inner Harbour: the site is considered strategic due to the scale of residential development proposed. In this case circa 1,000 units. The infrastructure required (podium; sea defences; utilities upgrades) result in abnormal costs that are stated as demonstrating “a significant viability deficit”. In light of representations submitted to the PDCS consultation, and historic viability evidence (dated 2012 and 2014), it is stated that “the Council considers that sufficient appropriate available evidence is already in place to support a nil-rating” for CIL.

(b) King Alfred/RNR Site: the site is considered strategic due to its provision of sports facilities for the city. As with the above, the Council considers that sufficient appropriate evidence is in place to support a nil rating for CIL. This is stated as constituting a “successful recent Housing Investment Fund marginal viability bid of £15.2m as well as previous experience of an unimplemented previous scheme due to viability concerns”, which “indicate significant viability issues with delivery of this development”.

1.23 The “Strategic Allocation” within DA6 is the “Conway Street Industrial Area” is comparatively modest in its scale and ambition to both the above and the Sackville Road site (subject site). The “Conway Street Industrial Area” allocation constitutes the development of 200 residential units, 12,000 m² of retained/replaced employment floorspace, a shift to high quality flexible office/business (B1) floorspace and enhancements to the streetscape.

1.24 As a result, and in this context, MODA is firmly of the view that the subject site represents a proposition of such significant regenerative scale for the city, in alignment with the policies and objectives of the Local Plan, that it meets the criteria of the Government’s Planning Practice Guidance for CIL for consideration by B&HCC as “strategic”. It is clear that the subject site is far more closely representative of the “strategic” scale of development of the Brighton Marina Inner Harbour site.

1.25 Furthermore, informal indications from B&HCC officers are that the subject site is likely to be allocated with a site-specific policy in the emerging Part 2 Local Plan. This would add an additional layer of policy beyond that provided at present by Policy DA6 in the Local Plan referred to above. This suggestion of a proposed site specific policy is welcomed, and serves to underline the strategic importance of the site to B&HCC’s aspirations and objectives for delivering planned growth. This also underlines the importance of CIL facilitating, rather than frustrating, the delivery of this key, strategic site.

1.26 MODA invites, and respectively asks, B&HCC to consider the subject site at Sackville Road as strategic for the purposes of setting CIL rating within the CIL DCS. This is also consistent with the Government’s NPPG for CIL, which confirms that:

“If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in
that area. The same principle should apply where the evidence shows similarly low viability for particular types and/or scales of development.\textsuperscript{4}

1.27 MODA is in the process of undertaking a detailed site viability assessment which will form part of the planning application for the site. We are not presently in a position to submit supporting and appropriate technical viability evidence publicly via the current CIL DCS consultation, but MODA invites collaboration with B&HCC (and it’s appointed CIL viability consultants) in order to provide B&HCC with the necessary level of information to prepare appropriate evidence to inform the CIL DCS. We strongly believe this evidence base will help confirm the validity of applying a “strategic site” CIL rate of £0/m\textsuperscript{2}, or an alternative reduced rate, to enable the subject site to be regenerated as part of the delivery of the Local Plan.

1.28 It is MODA’s view that this evidence is presently absent from the CIL Viability Study (2017) and CIL Viability Addendum Report (February 2018), which means there is no available evidence on which an Exoner could determine whether the CIL DCS rates strike an appropriate balance or conversely risk the viability of large brownfield sites suitable for higher density mixed-use development (such as the subject site).

1.29 The CIL Viability Study (2017) contains only one large residential/residential led development scenario. This is predicated on a scheme of 700 units of which 200 units are 1-bed and 2-bed flats, with the remaining majority representing houses (2-bed to 4-bed). The land area proposed leads to a conclusion that this development scenario is more closely reflective of a lower density greenfield or former industrial brownfield site typically delivered by volume housebuilder(s), with the input assumptions reflecting this. However, as the CIL Viability Study (2017) provides no clear explanation of gross:net efficiency, density, and site coverage it is not possible to definitively confirm this.

1.30 There is very limited discussion of the results of viability testing for the 700 unit development scenario within Section 3.8 of the CIL Viability Study (2017). Moreover, Appendix IIA does not include the full range of residential appraisals for the 700 unit scheme and only presents two appraisal scenarios assuming £4,000/m\textsuperscript{2} and £4,500/m\textsuperscript{2} sales values at the minimum greenfield release benchmark land value (£500,000 per gross hectare). In any event, this site typology is not a useful or relevant example of a mixed-use brownfield site of the scale, complexity and nature planned for and allocated in Brighton and Hove.

1.31 No evidence is provided to assess the implications on propensity to provide CIL where larger developments are brought forward on previously developed sites, which necessitate assembling land out of former / redundant commercial use (e.g. business use), existing commercial use, the reuse of residential / mixed-use sites (including a level of incentive to release the land), or sites with extant planning permission for such uses (e.g. high alternative use values).

1.32 This is a substantial gap in the viability evidence base – particularly as the CIL Viability Study (2017) refers to such scenarios being considered “most likely in the local context”, with benchmark land values at £1.5m/ha to £5m/ha and an upper figure of £10m/ha utilised, and confirms that, “the influences of existing / alternative uses on site value need to be carefully considered”.

\textsuperscript{4} PPG Viability (2014) Paragraph: 021 Reference ID: 25-021-20140612
1.33 In particular, paragraph 3.1.18 states:

“In B&H CC’s case there will continue to be a variety of sites coming forward – including a significant reliance PDL (previously developed land – i.e. brownfield) based opportunities where an established or potential alternative use means that the scope for land value uplift as well as significant planning gain may well be more limited.”

1.34 This is of particular concern to MODA, for analysis of the results tables within Appendix Ila for a relatively small-scale 100 Unit Scheme - Flats (6+ Storey) typology (for sale) demonstrates limited propensity to contribute to CIL at VL1 and VL2 (£4,500 - £5,000/m²) in Zone 2 at mid-range and higher benchmark land values – even before allowing for the 50% “buffer” back from the margins of viability.

1.35 It is anticipated that this issue would be even more acute on a larger scale, higher density urban mixed-use development on the subject site at Sackville Road – particularly given MODA is proposing to deliver a Build to Rent (“BTR”) residential product (rather than a traditional “for sale” flatted scheme).

Compliance with draft NPPF and draft PPG (Viability & Build to Rent)

1.36 The Government’s Planning Practice Guidance (NPPG) for CIL clearly states that CIL charging schedules with differential rates should not have a disproportionate impact on particular sectors or specialist forms of development².

1.37 MODA is highly concerned that the CIL DCS will have a substantial punitive impact on the proposed development of institutional high quality BTR development within the city.

1.38 The CIL DCS presently fails to distinguish between BTR and traditional residential development, which reflects a major shortcoming in the underpinning of the financial viability evidence base. In fact, neither the CIL Viability Study (2017) or the CIL Viability Addendum Report (February 2018) makes any reference whatsoever to BTR as a category of development.

1.39 MODA would draw B&HCC’s attention to the Government’s parallel draft revised NPPF and Planning Practice Guidance and Supporting Housing Development through Developer Contributions consultations, which closed on 10th May 2018.

1.40 The draft revised NPPF contains a strong emphasis on housing delivery. Within this there is a clear recognition that a multi-tenure approach is required in order to meet challenging national (and local) housing targets, with BTR introduced into national policy. It is defined within the draft glossary as:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development scheme comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.”

1.41 The draft Planning Practice Guidance (“NPPG”) includes a specific section on BTR, which requires local authorities to assess the need for homes in the private rented sector as part of the Local Plan evidence base. If a need is identified draft NPPG requires that:

“...authorities should include a plan policy setting out their approach to promoting and accommodating build to rent. This should recognise the circumstances and locations where build to rent developments will be encouraged – for example as part of large sites and/or a town-centre regeneration area.”

1.42 The differences between the BTR investment, delivery and operating model and more traditional forms of housing have been recognised by Government through its exemption from draft paragraph 65 of the draft NPPF.

1.43 Draft NPPG also confirms the Government’s expectation that a viability assessment of BTR development should be undertaken by utilising a model approach that differs to residential build to sell development, in recognition that the development economics of BTR development is fundamentally different (being based on a long-term income stream).

1.44 Plus, draft NPPG proposes to provide flexibility for developers to propose alternatives to Local Plan policies, with respect to the discount and proportions of Affordable Private Rent units across a development, as well as setting triggers for rental reviews (in order to re-base the Affordable Private Rent) over the lifetime of a development. Equally, subject to agreement between a local authority and a developer, the option remains to provide towards affordable housing in the form of a commuted payment secured via Section 106 Agreement or via other forms of affordable housing.

1.45 It is MHCLG’s position that the draft NPPF and draft NPPG will be adopted by the end of July 2018. It is highly unlikely that the drafted text regarding BTR will be significantly amended to dilute the enhanced status of BTR and expectations for its promotion and treatment within the planning system including in the viability assessments for Plan-making and CIL setting purposes.

1.46 Resultantly, unless B&HCC incorporate an assessment of BTR development within the CIL viability evidence base, and appropriately recognise BTR as a distinct asset class when setting rates within the CIL DCS, this will leave the CIL DCS (as presently published) as inconsistent with both national planning policy and guidance. As a result, this would make the current CIL DCS as highly challengeable. It could not possibly be found sound at Examination by PINS.

Other Technical Matters of Representation

1.47 On the basis of the present inapplicability of the published CIL viability evidence base to the proposed development of MODA’s large-scale brownfield land interests (for a high density BTR scheme) at the subject site at Sackville Road, MODA has opted to reserve its position with respect to raising further technical matters of representation on the CIL Viability Study (2017) and CIL Viability Addendum Report (February 2018). Further dialogue is required with B&HCC and its appointed consultants in advance, and MODA is keen to enter into a collaborative dialogue with B&HCC to address the current deficiencies and shortfalls with the CIL DCS.

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6 MHCLG (March 2018) Draft PPG – Build to Rent
Conclusion

1.48 Moda has a direct interest in local policies which will support and enable high-quality, sustainable development in Brighton and Hove, and is preparing a planning application for the regeneration of the Sackville Road Trading Estate and coal-yard site.

1.49 There are a number of significant deficiencies in the CIL DCS, and underpinning viability evidence base, which B&HCC should address and rectify prior to submission for Examination. Specifically, our primary concern is that, as drafted, the approach fails to address the CIL Regulation 14 balance test, and as such will not found sound at Examination.

1.50 With a collaborative approach, MODA believes that B&HCC can address these matters without causing substantial delay to B&HCC’s published timetable for the implementation of the CIL charging regime.

1.51 MODA, and our supporting CIL advisors (Matt Spilsbury at Turley), would welcome the opportunity to meet with B&HCC officers (and its appointed CIL consultants – DSP) to discuss these issues as soon as possible. To arrange a meeting, please contact James Blakey (Planning Director) at Moda Living – jrb@modaliving.com
Dear Sirs

Community Infrastructure Levy (CIL) Draft Charging Schedule Consultation

This letter is submitted on behalf of LaSalle Investment Management (LaSalle) to Brighton & Hove City Council’s (BHCC) consultation regarding the CIL Draft Charging Schedule (DCS).

Sackville Road Trading Estate and adjacent Sackville Goods Yard on Sackville Road in Hove (Sackville Road Site) forms part of the adopted City Plan Policy DA6 Hove Station Area, and LaSalle began pre-application discussions about the redevelopment of the site with BHCC in 2017. With a development partner (Moda Living) now added to the project team, a planning application is being prepared for submission later this year.

This representation should be read alongside the separate representations submitted by Moda Living.

There have been aspirations to redevelop this important urban site for some time, with LaSalle and other partners having been active in trying to bring the site forward for over a decade. Earlier proposals for a retail-led mixed-use scheme were approved in 2010, following a prolonged period of dialogue and joint working with BHCC, but this scheme ultimately fell victim to changes in the wider economy and became unviable and undeliverable. A number of options have been considered over the intervening period; LaSalle is now promoting redevelopment of a more comprehensive approach incorporating the Goods Yard site to the south, adjacent to the railway line. However, the site’s history underlines the challenges and difficulties in bringing forward large brownfield sites and the delicate nature of viability and deliverability.

Both the existing and emerging revised NPPF emphasise the importance of maximising the potential offered by suitable brownfield sites and underutilised land to deliver sustainable development, including through optimising densities. The BHCC City Plan refers to the relative shortage of large brownfield sites (at paragraph 1.19), but also to the importance of delivering a strategy which maximises the opportunities to deliver brownfield redevelopment in highly sustainable locations (e.g. City Plan paragraphs 2.19 and 2.23), such as at Sackville Road, as part of the DA6 development area.

In this context, the proposed introduction of CIL is something which LaSalle is keen to engage with, in part to ensure that achieving the delicate balance between securing infrastructure investment while also enabling and encouraging development is not made impossible. As referred to below, this need for ‘balance’ is at the heart of national policies regarding the introduction of CIL. LaSalle understands the importance of securing appropriate infrastructure delivery as part of the development process. However, it is essential that the level of investment secured is balanced with a range of other factors and considerations related to the successful delivery of development. Infrastructure delivery is one element of an often complex set of sometimes competing priorities and objectives associated with bringing forward large-scale development projects. To ensure delivery of
stalled, underutilised brownfield sites, such as the Sackville Road site, there is a need for a balanced judgement to be taken about the relative priority to be given to various outcomes or aspirations identified for the development process.

A CIL is proposed as a non-negotiable and fixed cost payable as part of the development process for qualifying planning applications. In the absence of negotiation and flexibility in how a CIL is applied once adopted, it is vital that any CIL charge is set based on an appropriate evidence base and on an informed understanding of the specific development costs together with other delivery issues and challenges facing key sites in the City. At present, the proposals for CIL in Brighton & Hove raise significant concerns, as they do not take into account viability considerations in relation to mixed-use brownfield sites. In its current form, the DCS prejudices both the delivery and viability of the Sackville Road site and there are significant questions about the quality and relevance of the evidence base used.

In making these representations, LaSalle has had regard to the Planning Practice Guidance which says:

“Charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London). They will need to draw on the infrastructure planning evidence that underpins the development strategy for their area. Charging authorities should use that evidence to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across their area.” (NPPG, paragraph 008 – emphasis added).

In defining the term ‘appropriate balance’ it goes on to state:

“The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments. This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see regulation 14(1), as amended by the 2014 Regulations), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area.” (NPPG, paragraph 009)

LaSalle has major concerns about the methodology used to prepare the draft charging schedule and feels strongly that further work is required, particularly in relation to brownfield mixed-use sites, before the charging schedule is submitted for examination.

The Council cannot meet the requirement to be able to show how implementation of key sites like the Sackville Road site would be supported by the introduction of the CIL at the levels currently proposed. The 2017 Viability Study considers only one large mixed-use development of 700 units, the majority of which are houses (500, with 200 small flats) and reflects a relatively low density greenfield site scenario. However, we note there is a lack of any clear explanation of density or gross to net ratios for this example site, making it hard to reach definitive conclusions. The Viability Study report includes limited viability testing information for the 700 unit scheme, with selected appraisal scenarios included as an appendix (Appendix IIa). In any event, this large scheme is not a relevant comparison for a mixed-use regeneration project like the Sackville Road site.

Crucially in the context of our intentions to bring the Sackville Road site forward for redevelopment, there is no evidence provided to assess the implications of CIL on larger, previously developed sites and sites where existing uses remain in place. This absence is notable given that the Viability Study recognises that the influence of existing or alternative uses on land value will “need to be carefully considered” (Viability Study, August 2017, paragraph 2.13.20). Furthermore, the Viability Study is also cognisant of the fact that the City will see a range of sites coming forward including “a significant reliance” on previously developed land (brownfield) opportunities and that in this context “an established or potential alternative use means that the scope for land value uplift as well as
significant planning gain may well be more limited than in most greenfield enhancement scenarios” (Viability Study, August 2017, paragraph 3.1.18).

Despite this explicit awareness of these key issues for bringing redevelopment sites forward in Brighton & Hove, the emerging CIL has, it seems, not considered the implications of the proposed charging levels on large brownfield sites. The evidence base assembled, regarding benchmark land values, is based on an inadequate range of example sites. The resulting draft charging schedule does not reflect the actual values or costs facing many landowners or developers looking to deliver large and complicated brownfield sites in the City.

As a result, the emerging proposals for CIL would result in a range of unintentional but serious adverse impacts on the deliverability and viability of a number of brownfield mixed-use sites, including the Sackville Road site. In this regard there are clear tensions with the approach taken with the guidance of the NPPG which states:

“a charging authority should directly sample an appropriate range of types of sites across its area, in order to supplement existing data. This will require support from local developers. The exercise should focus on strategic sites on which the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London) relies, and those sites where the impact of the levy on economic viability is likely to be most significant (such as brownfield sites).” (NPPG, paragraph 019).

In simple terms, an ‘appropriate balance’ cannot be demonstrated, and in our view would not be achieved, by the CIL as proposed. Taking the CIL forward to examination on this basis would present a major risk to BHCC in terms of the likelihood of the approach being found unsound.

The site is now being brought forward by LaSalle, working with Moda Living, to deliver a mixed-use residential led development based around ‘Build to Rent’ (BTR) housing. From the perspective of a developer, owner and operator of the BTR over the longer-term, it is vital that CIL supports delivery of a high-quality, amenity-rich development. Awareness and support for BTR is moving quickly up the planning and housing agendas in the UK, with the emerging revised NPPF providing new and positive guidance regarding the important role it can play in meeting housing needs, including through delivery of affordable rented accommodation. There is no evidence that BHCC has considered the need and opportunities for BTR housing in the City, or the implications of CIL on its delivery. BTR brings different economic and cost issues to traditional residential development and this is recognised in emerging national policy via the draft revised NPPF and NPPG, with the latter requiring the viability of BTR to be assessed by Local Authorities.

However, regardless of the detail of the type of residential development which is brought forward at Sackville Road, the currently proposed CIL charge of £150 per sq.m. for residential development for Zone 2 raises significant viability challenges and concerns for the delivery of a high-quality regeneration of the site. At that level a development, which also delivers a range of employment space, including cultural industries space alongside B1 office development and local retail provision, as well as high-quality green infrastructure and open spaces on-site, will be rendered unviable.

The evidence base has already concluded that office development would attract no CIL charge, highlighting the potential marginal nature of this form of development, and the risks to delivery of adding further costs via CIL. This is set out very clearly in Section 3.13 of the August 2017 Viability Study. As a mixed-use employment and residential site, including in the order of 50,000 sq.ft. of office development as well as ‘creative industries’ accommodation, this is of direct relevance to potential challenges posed by CIL to the Sackville Road site. By implication, there would be a degree of cross-subsidy of the different components of a mixed-use development, and if CIL were to be imposed at a level which deters development of the residential development this would also remove the opportunity to deliver the employment uses sought by BHCC on this site.

The Sackville Road Site is a key, strategic site in the context of Brighton & Hove. It will make a significant and important contribution towards housing land supply over the plan period, as well as delivering regeneration and economic benefits associated with the delivery of new employment and creative industries floorspace. The site is at the heart of the emerging Hove Station Neighbourhood
Plan which contains a broader vision for a mixed-use, high-quality new area within the existing community. Redevelopment will make more efficient and productive use of a highly sustainable location within the City, close to Hove Station, but as a previously developed site it brings a number of additional costs and risks. The site is surrounded by a mixture of extant and ongoing land-uses, including retail, residential and light-industrial, as well as the West Coastway line railway. As referred to above, the CIL charging levels proposed in the CIL DCS will constrain delivery of this site. Therefore, if taken forward as proposed, CIL would not only constrain or prevent delivery of this site but also constrain delivery of the Local Plan Strategy as a whole. Such an approach cannot be considered sound, or in accordance with the core principles and objectives of CIL and its enabling legislation.

Furthermore, informal indications from BHCC officers are that the Sackville Road site is likely to be allocated with a site-specific policy in the emerging Part 2 Local Plan. This would add an additional layer of policy beyond that provided at present by the area wide policy DA6 in the City Plan Part 1 referred to above. This suggestion of a proposed site-specific policy is welcomed and serves to underline the strategic importance of the site to the BHCC’s aspirations and objectives for delivering planned growth. This also underlines the importance of CIL enabling, rather than frustrating, the delivery of this strategically important site.

We note the revisions made to the CIL DCS to make an allowance for key strategic sites where no CIL charge is now proposed (at the Marina and King Alfred sites). The principle established by this amendment to the approach is welcomed. A similar flexibility, with a bespoke approach to reflect the specific issues and challenges facing the strategic site at Sackville Road, should be introduced and a CIL charge substantially below the proposed £150/m2 Zone 2 rate or of nil (in accordance with the sites named above) should be proposed by BHCC. This would reflect the brownfield nature of the site and the need for a high-quality residential and commercial environment.

In summary, if CIL is to be implemented it must be based on a more detailed and accurate understanding of the Brighton and Hove context and market, and of the realities of delivery of large, mixed-use, previously developed sites. As proposed to date, the charging levels raise significant risks to the delivery of the Local Plan by creating potentially significant viability challenges for key strategic development areas and sites. With CIL charges as currently proposed, LaSalle is extremely concerned about the viability and deliverability of mixed-use development at the Sackville Road site.

In response to the concerns raised above, further work is required by BHCC to ensure the evidence base is informed by a wider range of more relevant example sites, and a more reasonable and fair set of assumptions about costs and values which will apply to a larger and more complicated brownfield site, like the Sackville Road site. LaSalle would welcome close collaboration with BHCC, also involving Moda Living, to ensure a CIL Charging Schedule is bought forward which does not threaten the ability to develop viably the sites and scale of development identified in the Plan and which strikes the appropriate balance required by the CIL Regulations and NPPG.

Yours sincerely
Dear Sir/Madam,

**Brighton and Hove City Council Preliminary Draft Charging Schedule Consultation**

**Introduction**

On behalf of our client Vita Brighton 1 Ltd ("Vita"), a wholly owned subsidiary group of Vita Group, I am writing to submit representations on the BHCC Draft Charging Schedule ("DCS"). The representations principally relate to the proposed rate on ‘Purpose Built Student Housing’ ("PBSA") and are made in the context of Vita’s long-held ambition to develop a student facility in Brighton & Hove.

Vita’s representations are submitted in the context of previous representations to the Preliminary Draft Charging Schedule that were submitted by its parent company Select Property Group ("SPG").

Vita’s representations comprise this covering letter (prepared by Deloitte Real Estate), and a note on the assumptions for PBSA in Dixon Searle’s February 2018 Viability Study Addendum (prepared by Vita Group).

The BHCC DCS proposes a slightly reduced rate of £175 per square metre for PBSA. Vita continues to believe that this level of charging rate is extremely likely to inhibit the viability of development of PBSA in the City.

This letter introduces Vita and comments on BHCC’s responses to SPG’s previous representations. Vita’s note comments on the assumptions used by Dixon Searle Partnership ("DSP") in their appraisals of PBSA and challenges the validity of some of its most influential assumptions. In so doing, Vita makes a strong argument that the proposed rate of £175 per square metre will have a significantly larger impact on the viability of PBSA schemes in Brighton and Hove than DSP’s Viability Study Addendum suggests.

Universities operate in an increasingly competitive market, in which it is imperative that they actively seek to attract and retain students. The provision of high-quality PBSA will help to consolidate Brighton & Hove’s existing efforts to attracting students: providing accommodation options for students who require outstanding service and facilities. This will help to maintain Brighton’s reputation as a dynamic and exciting place to study, with resulting economic benefits to the city.

Vita’s PBSA residences provide high-end, self-contained apartments for student living. The company currently has a portfolio of over 3,700 beds and is represented in thirteen cities across the UK.
Vita Student staked its claim as the UK’s first experience-led student accommodation provider. In September 2015, Vita won the “New Product – Loving the Customer” award at the national Customer Experience Awards. In 2016, at the same awards, Vita won the “Insight and Feedback – A Different Perspective” award. Vita Student residents are treated as customers, bringing a level of service to the student accommodation sector that is unparalleled and consequently sustains excellent occupancy rates.

Residents enjoy studio rooms furnished to the highest standard, with their own high-specification kitchen and shower room.

In each Vita Student residency there is a large communal Hub space that is located on the ground floor, which can be up to 1,000sq m. This space provides: 24 hour concierge/reception; large lounge; fully-equipped gym; study rooms, private dining rooms; cinema room; and games and laundry rooms. These facilities are designed to engender a genuine community; they are used to accommodate a busy social calendar, led by full-time locally resourced residence managers.

The developments are managed around the clock by on-site staff and security, mitigating the impact of student accommodation on neighbouring residents’ amenity.

**Proposed CIL rates**

Vita has considered BHCC’s response to SPG’s comments about the proposed CIL rates, particularly about the approach to the Viability Study and the assumptions that are adopted. Vita disagrees that the proposed revised rate of £175 per square metre for PBSA across the city represents an appropriate level for the use.

Vita has undertaken a detailed assessment of DSP’s assumptions within the February 2018 Viability Study Addendum. Its note identifies a series of significant differences that would lead to developments becoming unviable with the addition of such a high level of CIL. The assumptions challenged by Vita include:

- Construction costs; evidence from BCIS indicates that construction costs for student accommodation in Brighton and Hove are significantly higher than DSP assume.
- Rental values; Vita points out that the evidence used by DSP does not relate to Brighton and Hove and is not weighted for the size of the room.
- Differentiation between ‘high’, ‘medium’ and ‘low’ scenarios; Vita reasons that construction costs for the different scenarios need to reflect the variation in fit-out quality.
- Room sizes; Vita highlights that DSP’s own evidence indicates that the appropriate assumption is 20.8 sq m, rather than 25 sq m.
- Efficiency; Vita argues that DSP’s assumption of 70% efficiency is inaccurate, and that 60% is achievable in practice.

The key finding of Vita’s analysis is that land values are significantly lower (than DSP suggest) for PBSA schemes in Brighton and Hove, where a CIL rate of £175 per square metre is taken into account.

In addition, Vita does not accept the implied criticism in BHCC’s responses to SPG’s previous representations that no information was forthcoming from SPG to inform the addendum work. SPG made a clear offer to work with BHCC and DSP in the preparation of the viability study. This offer was not taken up, even though it would be very beneficial to the viability study for it to be informed by the direct knowledge of a very experienced PBSA provider.

In addition to debating (and ideally agreeing) the assumptions to be used in viability appraisals for alternative PBSA scenarios, Vita can inform DSP’s approach to testing the appropriate benchmark land value.
to compare with residual land values that are generated by each appraisal. As demonstrated in Vita’s note, its alternative appraisal includes a more informed set of assumptions which reflect the reality of delivering PBSA. Vita’s appraisal generates a far lower (and unviable) residual land value, which demonstrates that the Council’s proposed CIL rate is much too high.

Vita repeats its offer to work with the Council and its consultants on a revised (and ideally agreed) set of assumptions and viability appraisals, in advance of the examination of the DCS.

**Charging zones**

Set against its comments that the rate for PBSA is much too high for the reasons described above, Vita maintains SPG’s previous position that BHCC should do a more thorough analysis of whether there should be variable charging zones with different CIL rates for PBSA across the city.

Having reflected on BHCC’s response to SPG’s comments, Vita considers that further work should be undertaken to consider the implications of different rates. It considers that it is insufficient to conclude that a single citywide rate "will allow for a less complex charging schedule". Vita’s note challenges the Council’s approach to assessing rental values for different forms of PBSA and identifies the variable nature of rents across cities. It strongly believes that the Council’s proposed citywide approach is too simplistic, and that further work should be undertaken to assess the need for charging zones, particularly given that the Council proposes zones for other types of residential development.

Please let me know if you require any further information, or if the CIL team would like to take up Vita’s offer of working together to agree a set of assumptions for the Viability Study for assessing PBSA.

Yours sincerely
Brighton & Hove City Council is currently working towards putting a Community Infrastructure Levy (CIL) charging schedule in place and have prepared a Draft Charging Schedule (DCS) in accordance with the CIL Regulations 2010 (as amended).

The Council first consulted on a Preliminary Draft Charging Schedule in September 2017 during which Vita submitted a response that focused on a number of inaccuracies contained within the example viability appraisals prepared by Dixon Searle Partnership (DSP). Following this first consultation period the Council instructed DSP to provide an Addendum to their first report that addresses the particular issues raised and thereby supports the revised Draft Charging Schedule that the Council have subsequently issued for consultation.

We have undertaken a detailed review of this DSP Addendum and we believe there are significant errors and inaccuracies that if carried through by the Council would not make Purpose Built Student Accommodation (PBSA) viable in Brighton for the duration of the Charging Schedule.

Within this note we have not directly compared the DSP Addendum to a Vita Student appraisal. As one of many providers of PBSA we would not expect the DCS to completely align with our specific appraisal requirements that are unique to our operation, but we would expect the basis for which the DCS is to be adopted be based on fair, evidentially based assumptions.

Set out below are our comments on the principle assumptions that form the basis of the DSP Addendum. We have then prepared a comparable appraisal using our comments within the assumptions to demonstrate how the proposed PBSA CIL charge will render schemes unviable and therefore further contribute to the shortage of supply of PBSA to meet the housing needs of students within Brighton.

**Construction Cost**
The DSP Addendum assumes a £1,808 per sqm GIA construction costs, which represents £64,571 cost per bed in the provided appraisals on a 150-unit scheme.

There is however no explanation or evidence as to how this construction value was derived and given the significance of this assumption on the overall appraisal we urgently request that this assumption is based on the most reliable information available.
The Building Cost Information Service, known as BCIS, is a provider of cost and price information for the UK construction industry. It is a part of the Royal Institution of Chartered Surveyors and used by professionals and the UK Government for the most reliable cost information. Below is a summary table that has been generated from the BCIS database for student accommodation, this has also been normalised for the Brighton Market to take into account any local considerations to overall construction cost.

<table>
<thead>
<tr>
<th>Building function (Maximum age of projects)</th>
<th>Mean</th>
<th>Lowest</th>
<th>Lower quartiles</th>
<th>Median</th>
<th>Upper quartiles</th>
<th>Highest</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>856 Students' residencies, halls of residence, etc. (16)</td>
<td>2.157</td>
<td>1.419</td>
<td>1.953</td>
<td>2.099</td>
<td>2.341</td>
<td>3.320</td>
<td>46</td>
</tr>
</tbody>
</table>

It can be seen from the table above that the average build cost in Brighton for PBSA is £2,157 per sqm, so it unclear why the value of £1,800 has been used within the DSP. The value currently used is significantly at the lower end of what BCIS estimate the costs to be and therefore means the construction cost is not fairly represented within the DSP Addendum. It should also be noted that these construction costs are for a cleared site ready for development and make no allowance for demolition or land remediation, which in a city like Brighton is unlikely to be the case.

Construction Cost vs Low, Medium and High value example appraisals

There were three scenarios tested within the DSP Addendum, a low, medium and high value PBSA Student Scheme. Whilst we welcome the expansion of the viability assessment for PBSA, there is however a significant oversight within this comparison regarding the construction cost.

DSP assume that for each of the three student schemes, which range in the rent they charge from £191 to £286 per week, that the construction cost for each scheme is the same. This is just not the case. For developers to distinguish themselves from other competitors and to be able to offer slightly higher rents there has to be more on offer within their development, whether this be better quality rooms, more amenity provision or higher quality furnishing, all of which will drive the construction cost up.

Using the same BCIS construction value table as above it would make sense if the construction cost for each of the low, medium and high value PBSA scheme followed the lower quartile, medium and upper quartile construction cost. This therefore would ensure that the construction costs reflected the average construction costs of the lower, medium and higher quality developments.
**Average Rent Assumption**

The evidence that has been used to generate the rent assumptions has been based on research into 5 studio PBSA schemes in Southampton and Portsmouth. Firstly, it is questioned why two very different UK cities, both in terms of local market conditions (competing land values/uses) but also the universities the cities have to offer, are used as an evidential base for Brighton.

It is noted that the average rents used in the DSP Addendum were not weighted based on number of units, this therefore means that the ‘true’ average was not used and instead the average rents were skewed by a smaller number of the more premium units. Please see appendix 1 where we have reworked this same approach to overcome the skewed average rents, a summary table has also been provided below.

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Av Size</th>
<th>Units</th>
<th>Av Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>144-149 High Street</td>
<td>22.7</td>
<td>68</td>
<td>£206</td>
</tr>
<tr>
<td>St James St</td>
<td>16.2</td>
<td>36</td>
<td>£210</td>
</tr>
<tr>
<td>Middle Street</td>
<td>21.6</td>
<td>123</td>
<td>£247</td>
</tr>
<tr>
<td>Earlsdon Street</td>
<td>18.6</td>
<td>36</td>
<td>£202</td>
</tr>
<tr>
<td>Park House</td>
<td>20.8</td>
<td>103</td>
<td>£213</td>
</tr>
<tr>
<td><strong>Total / weighted average</strong></td>
<td><strong>20.8</strong></td>
<td><strong>366</strong></td>
<td><strong>£222</strong></td>
</tr>
</tbody>
</table>

It was concluded that the overall weekly rents for studio flats within the Brighton context should be assumed to be in the range of £191 - £286 for 150 units scheme. However, this assumption is not based on the evidence contained within the statistically accurate table shown above, the range used far exceeds the average rent parameters.

**Studio Room Size**

Across the 5 schemes used as the evidential basis, only 15% of the studios were 25sq m. It is therefore unclear as to why this room size has then been carried forward into the DSP Addendum as the standard room size that is used within the viability assessment.

Using the same table as above it shows that the average rent that is being charged is £222 per unit per week, on an average size of units of 20.8sqm. It is therefore suggested that 20.8sqm average room size is used for analysis.

Across the 3,700 operational Vita Student portfolio our average room size is 21 sqm, which supports the average studio size within the 5 example schemes.

It would be possible to provide an additional 30 rooms into the same design, using DSP’s NIA figure and Vita’s proposed room size. When using this average room size and compare it to the DSP addendum viability assessment keeping the NIA figure the same.

**Non-lettable area (net:gross)**

Within the DSP Addendum the assumption was made for 70% efficiency in the scheme (30% non-lettable area). However, for a PBSA development this level of efficiency cannot be achieved.

All PBSA currently within Brighton and across the UK provides an element of amenity/break space, typically at ground floor, which is classed as non-lettable area. Given this it is therefore impossible to achieve a 70% efficiency across the entire development particularly for a small scheme of 150 units.
Within the Vita Student development portfolio, we see a 60-61% average efficiency across schemes, with average unit sizes of 21sqm. On certain highly efficient schemes net to gross reaches 65%, however, this is only applicable to projects of 300+ units. It is suggested that efficiency of 60% is used for the purposes of this analysis, given the small size of the scheme.

**Comparison Appraisals**

As discussed above this exercise has not been carried out to compare the DSP approach with a Vita Student appraisal but with what we believe are fair assumptions based on available evidence. Included within Appendix 2 we have provided a comparison appraisal that replicates the same form as the DSP Addendum but uses some different assumptions as set out above to show how these change the viability of the PBSA schemes. For avoidance of doubt the changes within our appraisal have been on the following basis:

- **Average Room Size**
  An average room size of 20.8sqm has been used, this has resulted in 30 more rooms being able to be delivered within the same NIA, therefore 180 rooms have been used in the appraisal compared to 150.

- **Building Efficiency**
  Given the small size of the scheme it is considered a building of efficiency of 60% is applicable.

- **Construction Cost**
  Average construction cost has followed the BCIS guidance and used the lower, medium and upper quartile for the respective low, medium and high value PBSA schemes.

- **Average Rent**
  Using the research into the 5-schemes provided in Southampton and Portsmouth it is suggested that the average rent range should be between £191 and £250 with the average being £222. Whilst we strongly believe it is only accurate to compare rents with schemes currently operational in Brighton for the purpose of this comparison we have used our own statistically more accurate rent range from the examples provided by DSP.

- **Finance**
  We have not been able to analyse the detail behind finance costs modelling, therefore we adopted the respective numbers for different scenarios presented in DSP appraisals. However, an allowance in the amount of £300,000 was added to cover such costs as legal, agent, valuation, project monitoring fees that would be typical for development funding of this sort.

**Key Findings**

The appraisal comparison included at Appendix 2, shows a land value per unit of the following:

- Low - £4,500
- Medium - £11,667
- High - £13,556

This is in stark contrast to the land values shown within the DSP Addendum, which in the high value option represents a difference in land value of £36,829 per bed. This just highlights how important/influential the principle assumptions are when generating appraisals such as these and further emphasises the point that they therefore
Conclusion

It can be seen from Appendix 2 that there is a significant difference between DSP Addendum appraisal and the Vita appraisal based on the assumptions set out within this letter. We would therefore urgently ask that the base assumptions from DSP be reviewed or justified with evidential support.

As it currently stands there is a significant risk that these assumptions will render PBSA in Brighton unviable. Within and within a city of a growing student population it is crucial that PBSA is able to come forward to meet this growing demand and take pressure of the traditional housing market and HMO’s.

As mentioned within Deloitte Real Estate’s covering letter to this submission we would repeat our offer to work with the Council and its consultants on a revised set of viability appraisals, in advance of the examination of the DCS.

Kind regards
Yours sincerely
## APPENDIX 1

**Studio Flats (Student Accommodation)**

### 144-149 High Street, Southampton - Consented student accommodation (Savills)

<table>
<thead>
<tr>
<th>Room Size</th>
<th>No. beds</th>
<th>Rent PW</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>36</td>
<td>£210</td>
<td>51</td>
</tr>
<tr>
<td>24</td>
<td>8</td>
<td>£210</td>
<td>51</td>
</tr>
<tr>
<td>18</td>
<td>8</td>
<td>£180</td>
<td>51</td>
</tr>
<tr>
<td>26</td>
<td>6</td>
<td>£220</td>
<td>51</td>
</tr>
<tr>
<td>25</td>
<td>4</td>
<td>£220</td>
<td>51</td>
</tr>
<tr>
<td>20</td>
<td>4</td>
<td>£190</td>
<td>51</td>
</tr>
<tr>
<td>21.5</td>
<td>2</td>
<td>£190</td>
<td>51</td>
</tr>
</tbody>
</table>

**Average** 22.5 **£203**

**Weighted Average** 22.7 **£206**

### St James St, Portsmouth - built in 2012 (The Seaside Student Portfolio)

<table>
<thead>
<tr>
<th>Room Size</th>
<th>No. beds</th>
<th>Rent PW</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>12</td>
<td>£190</td>
<td>51</td>
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<tr>
<td>14</td>
<td>5</td>
<td>£205</td>
<td>51</td>
</tr>
<tr>
<td>14</td>
<td>7</td>
<td>£215</td>
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<td>19</td>
<td>9</td>
<td>£220</td>
<td>51</td>
</tr>
<tr>
<td>25</td>
<td>3</td>
<td>£260</td>
<td>51</td>
</tr>
</tbody>
</table>

**Average** 17.2 **£218**

**Weighted Average** 16.2 **£210**

### Middle Street, Portsmouth (The Seaside Student Portfolio)

<table>
<thead>
<tr>
<th>Room Size</th>
<th>No. beds</th>
<th>Rent PW</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>8</td>
<td>£215</td>
<td>51</td>
</tr>
<tr>
<td>19</td>
<td>49</td>
<td>£225</td>
<td>51</td>
</tr>
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<td>19</td>
<td>23</td>
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<td>25</td>
<td>16</td>
<td>£265</td>
<td>51</td>
</tr>
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<td>25</td>
<td>21</td>
<td>£285</td>
<td>51</td>
</tr>
<tr>
<td>36</td>
<td>6</td>
<td>£305</td>
<td>51</td>
</tr>
</tbody>
</table>

**Average** 23.8 **£256**

**Weighted Average** 21.6 **£247**
### Middle Street, Portsmouth (The Seaside Student Portfolio)

<table>
<thead>
<tr>
<th>Room Size</th>
<th>No. beds</th>
<th>Rent PW</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>8</td>
<td>£215</td>
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<td>£240</td>
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<td>25</td>
<td>16</td>
<td>£265</td>
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<tr>
<td>25</td>
<td>21</td>
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<td>51</td>
</tr>
<tr>
<td>36</td>
<td>6</td>
<td>£305</td>
<td>51</td>
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</table>

Average: **23.8**  
Weighted Average: **£256**

### Earlson Street, Portsmouth (The Seaside Student Portfolio)

<table>
<thead>
<tr>
<th>Room Size</th>
<th>No. beds</th>
<th>Rent PW</th>
<th>Term</th>
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<tbody>
<tr>
<td>19</td>
<td>12</td>
<td>£190</td>
<td>51</td>
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<td>17</td>
<td>19</td>
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<td>21</td>
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<tr>
<td>28</td>
<td>2</td>
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</table>

Average: **21.3**  
Weighted Average: **£216**

### Middle Street, Portsmouth (The Seaside Student Portfolio)

<table>
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<tr>
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<td>18</td>
<td>32</td>
<td>£195</td>
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<td>25</td>
<td>10</td>
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</tr>
<tr>
<td>36</td>
<td>1</td>
<td>£300</td>
<td>51</td>
</tr>
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</table>

Average: **23.3**  
Weighted Average: **£227**
<table>
<thead>
<tr>
<th></th>
<th>LOW VALUE - 150 STUDIOS</th>
<th>MEDIUM VALUE - 150 STUDIOS</th>
<th>HIGH VALUE - 150 STUDIOS</th>
<th>1 - LOW</th>
<th>1 - MEDIUM</th>
<th>1 - HIGH</th>
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<tbody>
<tr>
<td>NIA, m²</td>
<td>3,750</td>
<td>3,750</td>
<td>3,750</td>
<td>3,750</td>
<td>3,750</td>
<td>3,750</td>
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<tr>
<td>Standard Unit Size, m²</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
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<td>25</td>
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<tr>
<td>Number of Units</td>
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<td>150</td>
<td>150</td>
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<td>70.0%</td>
<td>60.0%</td>
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<tr>
<td>Rate m²</td>
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<td></td>
<td></td>
<td>9,741</td>
<td>11,322</td>
<td>12,750</td>
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<td>Initial MRV/Unit/Year</td>
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<td></td>
<td></td>
<td>1,753,380</td>
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<td>191</td>
<td>228</td>
<td>286</td>
<td>291</td>
<td>222</td>
<td>250</td>
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<td>Initial MVF</td>
<td>1,457,927</td>
<td>1,822,281</td>
<td>2,187,146</td>
<td>1,790,727</td>
<td>2,197,400</td>
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<td>Ops as % of Gross</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<tr>
<td>Ops Costs</td>
<td>364,482</td>
<td>455,570</td>
<td>546,787</td>
<td>438,345</td>
<td>509,490</td>
<td>573,750</td>
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<td>Net Rent at Sale</td>
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<td>1,640,360</td>
<td>1,315,035</td>
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<td>1,721,250</td>
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<td>Net Rent /Unit/Year</td>
<td>7,290</td>
<td>9,111</td>
<td>10,936</td>
<td>7,306</td>
<td>8,492</td>
<td>9,563</td>
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<tr>
<td>GAV</td>
<td></td>
<td></td>
<td></td>
<td>22,534,918</td>
<td>26,192,418</td>
<td>29,495,966</td>
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<tr>
<td>Purchasers Costs</td>
<td>1,143,147</td>
<td>1,428,834</td>
<td>1,714,021</td>
<td>1,374,809</td>
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<td>Net Value/Unit</td>
<td>124,918</td>
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<td>Land Value</td>
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<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
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<td>Construction Cost</td>
<td>9,685,714</td>
<td>9,685,714</td>
<td>9,685,714</td>
<td>12,206,250</td>
<td>13,118,750</td>
<td>14,631,250</td>
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<tr>
<td>£/m² GIA</td>
<td>1,808</td>
<td>1,808</td>
<td>1,808</td>
<td>1,808</td>
<td>1,808</td>
<td>1,808</td>
</tr>
<tr>
<td>£/Unit</td>
<td>64,571</td>
<td>64,571</td>
<td>64,571</td>
<td>62,513</td>
<td>655,918</td>
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<td>484,286</td>
<td>484,286</td>
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<td>484,286</td>
<td>460,313</td>
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<td>Professional fees</td>
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<td>968,571</td>
<td>968,571</td>
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<td>16,200</td>
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<td>193,714</td>
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<td>484,286</td>
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<td>731,563</td>
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<td>Land Finance</td>
<td>182,044</td>
<td>626,190</td>
<td>1,070,958</td>
<td>182,044</td>
<td>626,190</td>
<td>1,070,958</td>
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<td>Construction Finance</td>
<td>647,155</td>
<td>655,437</td>
<td>663,731</td>
<td>647,155</td>
<td>655,437</td>
<td>663,731</td>
</tr>
<tr>
<td>Other Finance</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
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<tr>
<td>Total Cost</td>
<td>15,614,730</td>
<td>19,517,045</td>
<td>23,424,826</td>
<td>18,779,465</td>
<td>21,823,571</td>
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<td>£/Unit</td>
<td>104,098</td>
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<td>156,166</td>
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<tr>
<td>Profit on Cost</td>
<td>20.0%</td>
<td>20.0%</td>
<td>20.0%</td>
<td>20.0%</td>
<td>20.0%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>
Brighton & Hove City Council
Community Infrastructure Levy
Draft Charging Schedule Representations
Response Form

Wednesday 28 March 2018 until
Wednesday 13 June 2018 (midnight)

Summary:
Representations are invited on this Draft Charging Schedule within a consultation period starting
Wednesday 28 March 2018 (00.00 am) and ending Wednesday 13 June 2018 (midnight). The
charging area covers the administrative area of Brighton and Hove City Council excluding the South
Downs National Park area. The charging authority and the collecting authority is Brighton & Hove
City Council.

The Draft Charging Schedule and relevant evidence is published in accordance with regulation 16
of the Community Infrastructure Levy Regulations 2010 (as amended).

Representations:
You can view the Draft Charging Schedule and relevant evidence and respond online using the
Consultation Portal: www.brighton-hove.gov.uk/DCS-consultation

If you wish to submit a written representation by email or by post, please use this form.

The Draft Charging Schedule and relevant evidence can be inspected and downloaded from
www.brighton-hove.gov.uk/content/planning/planning-policy/developer-contributions

If you are commenting on multiple sections of the Draft Charging Schedule and relevant evidence
you will need to complete a separate copy of Part B of this form for each representation.
This form may be scanned in and returned via email to PlanningPolicy@brighton-hove.gov.uk or
sent to: Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ

Accessibility If you would like further support in accessing this consultation please see our
guidance on our Accessibility webpage. Paper copies of documents are available to inspect in our
Customer Service Centres and all Brighton & Hove City Council Libraries during the consultation.

Guidance:
This form has four parts: Part A – Personal Details
Part B – Your Representation(s)
Part C – Request to be heard by the CIL Examiner
Part D – Request to be notified in accordance with reg. 16 (e)

* Please use this response form as it will help the council to keep accurate and consistent
records of all the comments on the Draft Charging Schedule; alternatively compete online at
www.brighton-hove.gov.uk/DCS-consultation
• Please use a separate copy of Part B (and Part C if required) of this form for each representation you wish to make about the Draft Charging Schedule
• It is important that you include your name and address as anonymous forms cannot be accepted. If your address details change, please inform us in writing via email or letter.
• All representations should be received by midnight of the evening of Wednesday 13 June 2018
• You may withdraw your representation at any time; please inform us in writing via email or letter.

Part A: Personal Contact Details
Data Protection Notice: Personal Information given on this form will be used by Brighton & Hove City Council, the Examiner and the Programme Officer in connection with statutory functions of the CIL Regulations 2010 (as amended) to bring in a CIL Charging Schedule. It will not be used for any other purpose. Representations will not be treated as confidential and will be published on our website and in any subsequent statements; however, personal details such as address, phone number or email address will not be published on the website.

If you have any questions or concerns about how your personal data is to be used in this process, you can contact the Data Protection Team on data.protection@brighton-hove.gov.uk or 01273 295959

<table>
<thead>
<tr>
<th>1. Your Details</th>
<th>2. Agent Details (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
<td></td>
</tr>
<tr>
<td>Forename</td>
<td></td>
</tr>
<tr>
<td>Surname</td>
<td></td>
</tr>
<tr>
<td>Job Title (if applicable)</td>
<td></td>
</tr>
<tr>
<td><strong>Organisation (if applicable)</strong></td>
<td>TURLEY</td>
</tr>
<tr>
<td>Address</td>
<td></td>
</tr>
<tr>
<td><strong>Postcode</strong></td>
<td></td>
</tr>
<tr>
<td>Email Address</td>
<td></td>
</tr>
<tr>
<td>Telephone No.</td>
<td></td>
</tr>
<tr>
<td>Mobile No.</td>
<td></td>
</tr>
</tbody>
</table>

All comments must be received by Wednesday 13 June 2018 (midnight) Late representations will not be accepted. Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to: Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ Alternatively you may use the consultation portal to make representations
Part B: Your Representation
Please use the space below to provide detailed comments (please use a separate section of Part B for each representation you make and attach extra sheets as necessary)

A separate representation document is attached.

All comments must be received by Wednesday 13 June 2018 (midnight)
Late representations will not be accepted.
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to:
Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ
Alternatively you may use the consultation portal to make representations
Part C: Request to be heard by the CIL Examiner

Regulation 16 identifies that persons making representations may request the right to be heard by the CIL Examiner.

Do you wish to request the right to be heard by the CIL Examiner? YES

If you wish to request this right, please outline why you consider this to be necessary:

YES. FOR THE REASONS SET OUT IN THIS REPRESENTATION.

Please note that it is for the Examiner to decide how the hearing is to be conducted.

Signed/typed*: ____________________________

Dated*: 06-06-18

Please also see following page - part D - requests to be notified in accordance with regulation 16 (below)

All comments must be received by Wednesday 13 June 2018 (midnight)
Late representations will not be accepted.
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to:
Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ
Alternatively you may use the consultation portal to make representations
Part D - Requests to be notified

Regulation 16 allows that representations may be accompanied by a request to be notified, at a specified postal address, of any of the following:

- That the draft charging schedule has been submitted to the examiner in accordance with section 212 of the Planning Act 2008,

| We request to be notified of the above at this address in accordance with regulation 16 |
|---|---|
| **Address** |  |
| **Postcode** |  |
| **Email Address** |  |

| We request to be notified of the above at this address in accordance with regulation 16 |
|---|---|
| **Address** |  |
| **Postcode** |  |
| **Email Address** |  |

| We request to be notified of the above at this address in accordance with regulation 16 |
|---|---|
| **Address** |  |
| **Postcode** |  |
| **Email Address** |  |

A person who has made representations about the Draft Charging Schedule may withdraw those representations at any time by giving notice in writing to the charging authority.

All comments must be received by Wednesday 13 June 2018 (midnight)
Late representations will not be accepted.
Please email forms to PlanningPolicy@brighton-hove.gov.uk or post to:
Policy, Projects and Heritage Team; First Floor, Hove Town Hall, Norton Road BN3 3BQ
Alternatively you may use the consultation portal to make representations
Brighton and Hove Community Infrastructure Levy Draft Charging Schedule Consultation:

Representation Document

Prepared on behalf of:

Turley

June 2018
1. Representations 1
1. **Representations**

**Introduction**

1.1 Turley has prepared the following written representation to the Brighton and Hove City Council (‘the Council’) Community Infrastructure Levy (CIL) Draft Charging Schedule (‘DCS’), which has been published for consultation until Wednesday 13th June 2018.

1.2 Turley acts for a range of Care Home operators and developers on a national basis and has particular concern with the CIL rates proposed in the CIL DCS for C2 Use Class development.

1.3 The rates, which are consistent with those proposed for C3 Use Class residential development, are considered to be highly punitive to C2 (Residential Institutions) Use Class nursing and care home development and will risk rendering the sector uncompetitive in securing land for development across the city.

1.4 This, in turn, will undermine the policy objectives of the Brighton and Hove City Plan Part One adopted in March 2016 (‘the Local Plan’). Specifically, Policy CP19 Housing Mix, states that B&HCC’s approach to delivery will seek to ensure developments respond to the accommodation requirements of specific groups within the city – including older and disabled people.

1.5 The necessity to prioritise provision of housing to meet the needs of older and disabled people in the community is highlighted as a key issue that the Local Plan must address.

**Technical Analysis**

1.6 Turley has amassed significant experience of conducting market analysis and financial viability appraisal for the elderly living sector – including nursing and care homes; extra-care and retirement housing.

1.7 Upon review of the viability evidence base underpinning the CIL DCS and its proposed CIL rates for C2 Use Class development, Turley has identified what appear to constitute errors in the methodology and assumptions used in the CIL viability evidence base in its assessment of the financial viability of the elderly care development typology.

1.8 Unless otherwise stated, the focus of commentary is directed to the CIL Viability Study (2017) and the CIL Viability Addendum Report (2018). Comments are set out under relevant sub-headings.

**Results**

1.9 The results for C2 Residential Institution development are set out within Tables 2a-f (Residual Land Value Results by Use Class, Scheme Type, Value Level & CIL Rate) of Appendix IIb to the CIL Viability Study (2017). Testing is run with investment yields ranging from 5.0% to 7.5%.

1.10 The results generate extremely high residual land values (RLVs) for nursing care / care home development, which sit at odds with our understanding of the market. The RLV's
are of such a scale that C2 development appears to generate returns consistent with (and in fact higher than in many cases) C3 residential development or any other uses (with the possible exception of student accommodation and some retail formats). This is simply counter-intuitive. If it were the case, nursing care / care home schemes would be the development typology of choice for the majority of sites being brought forward.

1.11 This, and the relatively limited narrative within the CIL Viability Study (2017) to act as a commercial ‘sense check’ of the results, leads us to a hypothesis (prior to interrogating the appraisal methodology itself) that the input assumptions or methodology applied in the viability appraisals are flawed in some way.

1.12 Paragraph 3.7.5 of the CIL Viability Study (2017) simply puts the elevated viability results for Nursing Care / Care Home schemes down to the exclusion of this typology from a requirement to meet the Local Plan’s affordable housing policy requirements. This is a vast oversimplification and fails to recognise the considerable differences in construction costs and fit-out, design efficiency and operating model of C2 development, which differs considerably from traditional C3 residential schemes.

**Viability Appraisals**

1.13 The appraisal methodology adopted for the C2 nursing care / care home scheme differs from the industry approach, which normally adopts the profits method of valuation.

1.14 We would expect to calculate an (unadjusted) capital value per room (mature trading) by capitalising the operator’s profit margin (or earnings before interest, tax, depreciation and amortisation, rent and management: ‘EBITDARM’) at an appropriate YP multiplier.

1.15 The resultant capital value would be adjusted to allow for the period of non-stabilised trading, which reflects the timescale required for the asset (in this case the Care Home) to build its occupancy base.

1.16 Purchaser’s costs would be deducted from the adjusted capital value to arrive at a net development value (NDV).

1.17 Development and associated costs would be deducted from the NDV, with the residual balance reflecting the sum available to acquire the site for the proposed development (i.e. the residual land value: ‘RLV’).

1.18 An alternative (or shorthand) approach may be to conduct an investment appraisal on the basis of the rent cover ratio (to stabilised operating profit margin) generated by the operator as tenant (at the rate required by investors), assuming a long-leasehold arrangement is entered into with the developer/landlord.

1.19 It appears that the methodology in the CIL Viability Study (2017) – as set out in the appraisals within Appendix IIb – accords more closely with the latter methodology. We have commented on the basis of this methodology.

**Built Efficiency**

1.20 The CIL Viability Study (2017) utilises a gross internal area (GIA) of 1,900m², with a net saleable area (NSA) of 1,710m². This reflects a net:gross efficiency of 90%, which is extremely high for a care home development. Due to the presence of communal and
healthcare areas and enlarged circulation areas (in comparison with a C3 apartment scheme), it would be expected that the minimum net:gross would be equivalent to approximately 80%. This would necessitate the GIA increasing to 2,150m², which would provide 53.75m² (GIA) per resident (assuming 1 resident per room), which is reflective of reasonable minimum industry benchmarks for purpose built new build schemes.

Revenue

1.21 It is unclear what evidence has been utilised to justify the annual rental values (£/m² NSA) of £250/m² ('low'), £350/m² ('medium') and £400/m² ('high') utilised within the C2 nursing care / care home scheme appraisals.

1.22 We would note that institutional investors are seeking a ratio of stabilised operating profit to rent (i.e. rent cover) of circa 1.8 for high quality purpose build care homes on the south coast in the current market (depending on the strength of the operator covenant and location).

1.23 Reflecting on current occupancy rates, average weekly fees (AWF) and competitive EBITDARM performance based on our industry knowledge of specific new build schemes on the south coast, the annual rental values utilised in the CIL Viability Study (2017) are far too high. Achieving such rental levels would necessitate institutional investors accepting substantially higher risk, by reducing rent cover to ratios of 1.3 and below (for the proposed ‘medium’ and ‘high’ values), which is commercially unrealistic.

Investment Yield

1.24 The C2 nursing care / care home scheme appraisals included in Appendix IIb of the CIL Viability Study (2017) adopt a 5.00% investment yield, with an allowance of 12 month rent free period (and/or letting void). This effectively equates to an investment yield – in this case expected to be a net initial yield (NIY) of 5.25%.

1.25 NIY’s generally increase in accordance with the level of patient care. As a result, for a nursing care / care home scheme appraisal, if assuming acquisition by a UK institutional investor in the current market we would expect current NIY’s to be at circa 5.5%-6.5% for a prime specification and well-located asset with an operator backed by a strong covenant (primarily targeting the self-funder occupier market). Yields would soften for non-prime assets, locations or weaker covenants (i.e. >6.5%).

1.26 On this basis, for the purpose of CIL viability testing across the Brighton and Hove market, the investment yield range adopted within the CIL Viability Study (2017) is overly compressed, which will undoubtedly be inappropriately inflating the NDV.

Development Costs

1.27 Having based commentary regarding revenue and investment yield assumptions in the current Q2 2018 market, Turley considers that the base construction cost applied within the C2 nursing care / Care Home scheme appraisals included in Appendix IIb of the CIL Viability Study (2017) are now too low to be representative of the current market.

1.28 It will be necessary to adjust any appraisals, which seek to resolve the issues identified, to reflect current market construction costs.
1.29 Turley has drawn the construction costs for ‘Care homes for the Elderly’ from RICS BCIS and presented this visually in Table 1.1.

1.30 RICS BCIS last updated the costs on 26th May 2018. The costs have been rebased to East Sussex and the maximum age of results has been restricted to the last 5 years, which is reasonable practice to avoid dated development projects unduly skewing the results. The data confirms that the median cost of such developments ‘generally’ equates to £1,879/m$^2$.

1.31 In contrast, the rate included in Appendix IIb of the CIL Viability Study (2017) is £1,601, which is £278/m$^2$ higher. This demonstrates a 17.4% increase. It both calls into question the validity of the original build costs adopted in the CIL Viability Study (2017), for which a base date is not clearly stated, and demonstrates the necessity to update the appraisals to test the implications on financial viability of substantially higher build costs incurred in constructing such developments in the current market.

Table 1.1 RICS BCIS Costs – Care Homes for the Elderly (May 2018)

Source: RICS BCIS, June 2018
Conclusions

1.32 Whilst Turley does not necessarily endorse the viability appraisal methodology adopted for the C2 use nursing care / care home development typology within the CIL Viability Study (2017), we have sought to provide constructive and necessary feedback without seeking complete overhaul of the appraisal framework – recognising that this may necessarily differ from a site-specific appraisal at the point of application (i.e. adjustment to a profits based method of valuation).

1.33 Nevertheless, Turley has identified a series of fundamental concerns with respect to the input assumptions to the appraisals for this use, which call into question the validity of the outturn results.

1.34 As a result, it is Turley’s firm position that the proposed CIL rates for C2 use nursing care / care home development set out within the CIL DCS are not supported by robust appropriate evidence, and will place at risk the delivery of this development typology across the city.

1.35 Should the viability appraisals be revisited, and the fundamental points identified be rectified, it is Turley’s professional view that the propensity for C2 use Nursing Care / Care Home development to pay CIL liability will be required to be very substantially reduced from the current proposed rates.

1.36 It is therefore Turley’s request, and recommendation, that B&HCC review the CIL rates proposed for C2 use Nursing Care / Care Home development within the CIL DCS and modify this accordingly to include a discrete single city-wide rate (at a reduced level, which is to be determined).

1.37 The modified CIL DCS should be formally consulted upon, including any additional supporting viability evidence (justifying the modifications), prior to B&HCC submitting the CIL DCS to PINS for Examination.