Bristol City Council

Community Infrastructure Levy

Council's response to representations to the CIL Draft Charging Schedule

10 May 2012

Background

The Council received 14 representations to its CIL Draft Charging Schedule. In general the Council is happy for them to be taken as read, however there are a number of areas where the Council wishes to respond and provide clarification, comfort or a rebuttal to elements of the representations.

This paper provides the Council's responses and includes the following sections:

General responses relating to the residential appraisals	Page 2
Impact of CIL on viable residential development	Page 2
Unviable residential development	Page 2
Impact of CIL on unviable residential development	Page 3
Impact of CIL on the delivery of affordable housing	Page 4
Response to Savills viability appraisal	Page 5
Use of lower residential sales rates	Page 5
Inclusion of a cost for abnormals	Page 6
Gross to net floorspace ratio for flats	Page 9
Savills appraisal approach	Page 10
Savills conclusion	Page 11
Council's summary response to Savills representation	Page 12
General responses to the student accommodation appraisals	Page 13
Charitable exemption for Universities	Page 13
Viability of student accommodation schemes	Page 13
Appendix A	Page 15
Appendix B	Page 19

General responses relating to the residential appraisals

There are a number of general points the Council wishes to make in relation to Responses 5 (Tetlow King) and 11 (Savills) regarding the rationale behind the CIL residential appraisals, and these are as follows:

Impact of CIL on viable residential development

The main purpose of the appraisals was **to ascertain the levels of CIL that could be afforded by development that is currently viable, taking account of the Council's Core Strategy policies, particularly the affordable housing requirements set out in policy BCS17**. The appraisals have identified that development that is currently viable with 30% or 40% affordable housing (depending on the area of the city) could afford a maximum CIL rate of £130/m^2 in the Inner Area and £90/m^2 in the Outer Area. The Council has decided to propose a rate of £70/m^2 in the Inner Area and £50/m^2 in the Outer Area. This provides a buffer of just under 50% to allow for site-specific circumstances or market changes, and the Council considers the rates will not make policy compliant development that is currently viable, unviable.

The imposition of CIL on residential development that falls below the affordable housing threshold of 15 dwellings will not materially affect the viability of such development. This is because the appraisals show it to be significantly more viable than development that is required to make provision for affordable housing.

Unviable residential development

Savills representation implies that development that is currently not viable, taking account of the affordable housing requirements set out in Core Strategy Policy BCS17, will not come forward.

This is not the case.

It is useful to refer to the wording contained in Core Strategy Policy BCS17. This states that the 30% or 40% affordable housing percentage will be *"sought through negotiation"*. It does not state it will be required irrespective of viability. Indeed the policy goes on to state, *"Where scheme viability may be affected, developers will be expected to provide full development appraisals to demonstrate an alternative affordable housing provision"*. This clarifies that where it can be demonstrated that residential proposals would be unviable if the full percentage of affordable housing was required, the Council would consider accepting a reduced level of affordable housing.

Appendix A identifies two recent examples of planning consents that were unviable with the full affordable housing requirement. In each case a planning application was submitted with a development appraisal that supported the case for a reduction in the affordable housing requirement. Following assessment and verification of the appraisals, the Council granted consent for the developments with a reduced level of affordable housing. In the current economic climate this scenario has occurred on a number of occasions.

It is also useful to note that Core Strategy Policy BCS5 envisages 30,600 additional dwellings being created in Bristol during the period 2006 – 2026. In order to achieve this, an average of 1,530 dwellings per year would need to be provided.

Table 1 of the Council's Residential Land Survey 2011, identifies the following number of completions over the past five years:

2006/07		2,052
2007/08		2,411
2008/09		2,574
2009/10		2,165
2010/11		1,496
	Total	10,698

This shows that despite challenging economic conditions prevailing over much of the past five years, the level of residential development delivered is well ahead of the levels necessary to deliver the Core Strategy figures. The evidence suggests that residential development is still coming forward despite challenging economic conditions that in some cases make development unviable at 30% or 40% affordable housing provision.

Consequently, the Council does not agree that proposals that are currently not viable, taking account of the affordable housing requirements set out in Core Strategy Policy BCS17, will not come forward, as the policy is specifically worded to allow for development in such circumstances.

Impact of CIL on unviable residential development

Savills further imply that the imposition of CIL on development that is currently not viable, taking account of the affordable housing requirements set out in Core Strategy Policy BCS17, will result in such development not coming forward.

The Council does not agree with this.

The Preliminary Draft Charging Schedule compares the Council's current Section 106 tariff system with the imposition of CIL, based on an average dwelling size of $63m^2$. This shows that on major schemes of over 40 dwellings (which make up the majority of residential dwelling completions), CIL would result in a reduced developer contribution in the Outer Zone (£923 less per dwelling) and only a slightly increased developer contribution in the Inner Zone (£337 more per dwelling).

Appendix A compares the impact of CIL on two actual planning consents, one of which is an 80 dwelling development of mainly houses in East Bristol (Brook Road) and the other which is a 78 dwelling development of mainly flats in South Bristol (Riverview House). It calculates the difference between the CIL liability and the current Section 106 system, and the results are shown below:

Development	Contributions secured using Section 106 tariff	CIL Liability
Brook Road	£203,534.33	£261,800.00
Riverview House	£350,528.00	£248,050.00

This shows that the Brook Road development would pay approximately £60,000 more under the CIL regime. However this is considered relatively marginal given that the chargeable element of the development comprises 5,236m^2, which gives a development value of in excess of £13.7 million based on the CIL Viability Study sales values for the East Area. In this instance the CIL liability would be 1.9% of gross development value, whereas the Section 106 liability was 1.5% of gross development value. The Council considers this increase to be marginal and significantly less that the contingency of 5% of build costs.

The Riverview development would pay approximately £100,000 less under the CIL regime.

Consequently, the Council does not agree that proposals that are currently not viable, taking account of the affordable housing requirements set out in Core Strategy Policy BCS17, will not come forward with the imposition of CIL. This is because it has been shown that the CIL liability is a very small proportion of gross development value, and the CIL liability involves only a marginal increase, if any, on the amount currently secured under the Section 106 tariff system operated by the Council.

<u>Impact of CIL on the delivery of affordable housing</u>
The Tetlow King response expresses concern that the imposition of CIL will have an adverse impact on the Council's ability to deliver affordable housing.

The Council has incorporated the provision of 30% or 40% affordable housing into its appraisals, and therefore those development scenarios that are shown to be viable should still be able to deliver a policy compliant level of affordable housing with the imposition of CIL.

Appendix A examines the impact of CIL on the provision of affordable housing in relation to two recent consents that were unable to provide a policy compliant level of affordable housing.

This shows that the Brook Road development will provide 17 affordable dwellings. The impact of CIL would be to reduce the amount that could be provided to 16.3 dwellings, giving a reduction of 0.7 affordable dwellings. However, the Riverview development would be able to provide an additional 1.2 affordable dwellings, increasing the provision from 7 to 8.2.

Therefore, the Council believes that the imposition of CIL will result in any reduction in the provision of affordable housing, being marginal. However, in some cases the imposition of CIL may result in a slightly increased provision of affordable housing.

Response to Savills viability appraisal

Savills representation involved running alternative viability models with amended inputs. They used the Argus Financial modelling package, whereas the BNP Paribas Real Estate CIL Study used a model based on the Homes and Communities Agency's Economic Appraisal Tool (EAT), which is considered an appropriate approach for an area wide viability study. The Council is not able to comment on the suitability of the Argus model for undertaking an area wide viability study.

The main amendments used by Savills are set out in table one of their representation, but can be summarised as follows:

1. Using lower residential sales rates
2. Including a cost for "abnormals" at a rate of £12,069 per dwelling
3. Using a lower gross to net floorspace ratio for flats

The Council does not agree with the amended inputs and our response is contained in the following paragraphs.

<u>Use of lower residential sales rates</u>

The BNP Paribas CIL Study uses sales rates achieved from residential sales at 48 developments across Bristol. In all a total of 801 residential sales were used in deriving average sales rates for the six housing areas identified in the study. The summary of this information is contained in Appendix B.

The sales rates were factored from the date of sale to October 2011, using the Land Registry monthly indices. This means that sales rates are all rebased to October 2011 and enables a consistent approach to be taken in the CIL Study.

Savills requested information into the average sales value of each development and confirmation that the values used by BNP Paribas were based on actual sales values. This information was provided to Savills in January 2012. Their comments as set out in their response the CIL Preliminary Draft Charging Schedule; are set out below.

> *Bristol City Council supplied the average sales values of the schemes used to derive comparable evidence in the BNP Paribas Report. It is not clear from the information provided what size of the sample was used, the size or type of the properties within the sample and whether the values are sales values or asking prices. Notwithstanding these concerns, our research indicates that many of the sales values quoted are significantly higher than those achieved.*
>
> *We have used the spreadsheet produced by BNP Paribas and added to this our research on the sales values of the identified schemes. Savills were responsible for the sale of a large number of the schemes identified and we therefore have accurate and reliable information on*

sales values. The site-specific information on sales values is commercially confidential and therefore hasn't been provided within these representations. We do however provide the average sales values for each area and welcome the opportunity to review the data that has informed these averages with the Council in due course.

The response identified lower average sales values for each of the six housing areas, but claimed that the information behind the figures was commercially confidential and so could not be provided. Without having this information it has not been possible for the Council and BNP Paribas to scrutinize or verify the average sales values identified by Savills.

In their response to the Council's Draft Charging Schedule, Savills have run the viability models incorporating their lower average sales values.

Savills have been either unable or unwilling to provide and make public, evidence as to how their sales values are derived, during both the 8-week Preliminary Draft Charging Schedule Consultation and the 4-week Draft Charging Schedule consultation.

As the evidence to support Savills sales values has not been provided, the Council cannot take the sales values put forward by Savills into account. This is because without being able to verify them, the Council cannot be confident that Savills sales values are valid, whereas the BNP Paribas study is based on achieved sales values from 801 sales at 48 developments.

Consequently, the Council is confident that the BNP Paribas appraisal provides a comprehensive and appropriate approach from which to derive average sales values across the city.

<u>Inclusion of a cost for "abnormals"</u>
In their response to the CIL Preliminary Draft Charging Schedule, Savills identify a range of developments across the South West that they identify as having abnormal costs. Using this range Savills have calculated an average abnormal cost of £12,069 per dwelling, and have run their viability models incorporating this input into all scenarios.

Interestingly, the majority of the larger developments identified are shown as being on greenfield sites, which would normally be considered to be less likely to have abnormal costs.

In responding to Savills representation it is useful to identify the difference between external costs and abnormal costs.

The Council considers **external costs** to be costs relating to the provision of landscaping, roads, drains, shared driveways, boundary works, gardens etc. These are costs that are reasonably expected in any residential development and they are incorporated in the BNP Paribas Study by adding a 15% premium to the BCIS build costs.

The Council considers that **abnormal costs** are costs that would occasionally occur on a small number of developments (otherwise they would not be abnormal) and they relate to measures such as land remediation / decontamination works, flood mitigation works, development incorporating a listed building etc. These are costs that do not occur regularly but that increase the cost of delivering a development when they do occur. In most cases these abnormal development costs should be reflected in the price paid for the site, though it is acknowledged that there will be some situations where abnormal costs that could not have been predicted, occur.

On this basis, the BNP Paribas Study does not incorporate an additional cost for abnormals, because they will only occur on a small number of developments. To include such a cost would provide an artificially high build cost for all development in Bristol.

In order to try to understand the nature of the abnormal costs identified by Savills, the Council has looked in some detail at the site that was identified as having the highest level of abnormal costs. This is a greenfield development in north Bristol comprising of 325 dwellings, where Savills identified abnormals of £22,202 per dwelling. It is at a site called Wallscourt Farm for which Savills submitted a viability appraisal to the Council, on behalf of the developer (Redrow Homes), in 2009.

The issue of abnormal costs is raised in the Wallscourt Farm viability appraisal, which includes construction abnormal costs and land / site infrastructure abnormal costs.

The following text is an extract from the section of the appraisal relating to construction costs:

> *Redrow's calculations of build costs splits them down into basic build costs plus "abnormal" build costs plus preliminaries.*
>
> *In addition to the basic residential build cost, Redrow also make allowances for build cost abnormals, these are costs of construction in order to meet the specific scheme design and required specification. …. These abnormals include:*
>
> - *Shared driveways, parking courts and the provision of associated lighting*
> - *Screen walls and fencing, railings and gates*
> - *Boundary walls*
> - *Bin stores and cycle stores*
> - *Additional work required on particular house types, such as additional brickwork / cladding / render, bay windows, garages*
> - *Additional work required on affordable housing units, including the provision of garden sheds, rotary driers, turf and vinyl floors*

- *Sustainability Code Allowance (£3,500 per plot to bring Affordable Units to Code Level 3) and new Build Regulation Allowance (£400 per plot)*
- *Western Region elevational treatments, including door surrounds, render, sash windows, chimneys and parapets*

The Council does not consider any of the above costs to be abnormal. They are totally normal costs that a developer would expect to incur in the construction of a major residential development.

The following text is an extract from the section of the appraisal relating to land / site infrastructure abnormal costs:

> *Redrow have provided their full schedules of spent and projected abnormal costs. These are split down between Site Costs, Land Abnormals and Infrastructure Costs.*
>
> *<u>Site Costs</u>*
> *Costs estimated for site works comprise road construction, street lighting, kerbs, landscaping to the rear of gardens etc.*
>
> *<u>Land Abnormals</u>*
> *Redrow's calculation of Land Abnormals include the following:*
>
> - *The provision of "abnormal" foundations, such as piled foundations, B&B foundations and steel mesh foundations*
> - *Carbon dioxide and radon protection*
> - *Brick retaining walls*
> - *Roads, footpaths and sewers*
> - *Drainage (including Sustainable Urban Drainage System, SUDS)*
> - *Amenity tree planting and landscaping*
>
> *<u>Infrastructure Costs</u>*
> *Redrow have constructed a new spine road through the site to provide access to all of the development phases. They have also carried out significant off-site highway improvements. In addition, work was required to existing services, ditches were cleared and a programme of hedge planting was undertaken.*

Again, the Council does not consider these costs to be abnormal.

It seems to the Council, that in calculating a figure for abnormal costs, Savills have included costs that are not abnormal, but external, and therefore already accounted for in the 15% addition to the base build costs identified in the BNP Paribas study. It is noted that most of the developments identified by Savills as having high abnormal costs are large developments on greenfield sites, which suggests that Savills have adopted the approach of including external costs as abnormal costs in most occasions.

Consequently, the Council is of the view that the addition by Savills of £12,069 to the cost of the construction of each dwelling is double counting. This is because it is already covered by the 15% addition to the base build cost incorporated by BNP Paribas. Therefore the Council does not consider it appropriate to incorporate the Savills addition of abnormal costs in the viability assessment.

Gross to net floorspace ratio for flats

Savills have incorporated a gross to net floorspace ratio for flats of 80%, which is lower than the 85% incorporated by BNP Paribas in the CIL viability study.

Whilst there are development sites that have a gross to net floorspace of lower than 85%, these tend to be high-rise city centre developments with a very high residential density (300+dwellings per hectare).

Such development occurs very rarely in Bristol. The Bristol Residential Development Survey 2011 states that the average density of housing completions in Bristol since 2001/02 is 85.7 dwellings per hectare (based on developments of 10 or more dwellings only), and during this time only two new build high-rise residential developments of 10 or more storeys have been constructed (the Eye on Temple Quay North, and the Harvey Nichols tower at Cabot Circus).

The Bristol Residential Development Survey 2011 also shows that since 2001/02, in excess of 75% of the 21,000 new dwellings built have been flats.

Given an average density of 85.7 dwellings per hectare for residential development in Bristol, and given that this comprises very few high-rise high-density residential developments, it is considered that a gross to net floorspace ratio of 85% is appropriate. Using the lower figure of 80% suggested by Savills would not be representative of the vast majority of residential development that comes forward in Bristol.

Appendix A identifies gross to net ratios for a site a mile or so from the city centre (Riverview House), which was recently granted planning permission subject to the entering into of a Section 106 Agreement.

This shows that on a higher than average density development for Bristol, the gross to net ratio for the six blocks containing apartments ranges from 82.1% to 88.5%.

This evidence suggests that as a gross to net ratio of between 82.1% and 88.5% can be achieved on a higher than average density development, the gross to net floorspace ratio of 85% adopted by BNP Paribas in the CIL Viability Study is a reasonable and robust assumption to include.

Savills appraisal approach

Notwithstanding the fact that the Council does not agree with the amended inputs used by Savills, we are concerned that Appendix 4 of the Savills representation, which summarises their findings, gives the misleading impression that it is comparing the BNP Paribas appraisal results with the Savills appraisal results.

It is not. It is comparing the results of what are purported to be the BNP Paribas inputs being put through Savills model, with the Savills appraisal results. Therefore it is not comparing the actual BNP Paribas outputs with the Savills outputs.

As an example, Savills claim that using the BNP Paribas inputs, a T4 development in North West would give a residual land value of £2,281,124, whereas the actual BNP Paribas residual land value is £1,307,124. They then compare their higher figure with the appraisal run using Savills inputs (which gives a residual land value of £1,292,440) and identify a significant difference, when actually the difference is very marginal in this scenario

Whilst this is just one example and the situation varies significantly depending on what development scenario is assessed, the key concern is that Savills are not comparing the BNP Paribas outputs with their outputs.

To test the robustness of the EAT model, BNP Paribas have also run an Argus appraisal of a T6 development in Inner West with 40% affordable housing. This generates a residual value of £1,836,489, compared to the residual value generated by the EAT model of £1,787,693. In contrast, the Savills Argus appraisal that purports to use BNP Paribas inputs generates a negative residual value of -£254,876. The discrepancy is due to Savills not accurately using the BNP Paribas inputs, as follows:

1. Savills have assumed the same value for **all** affordable housing tenures (£77.57 per sq ft). However, paragraph 4.37 of the BNP Paribas study is clear that the value of intermediate housing is determined by market values, and the Council's Policy Advice Note on delivering affordable housing indicates that developers should expect to receive 50% of the Market Value for a shared ownership unit. Whilst the £77.57 per sq ft value used by Savills is correct for the social rented units, it considerably underestimates the value of the shared ownership units. This results in a significant understatement of value, resulting in a lower residual value.

2. Savills have adopted a uniform profit level across all tenures, whereas the BNP Paribas appraisals differentiate between private housing and affordable, reflecting the lower risk associated with affordable.

3. Savills have included a build cost of £142.60 per sq ft (gross), which is considerably higher than the build cost used by BNP Paribas (which include uplifts for external works and Code for Sustainable Homes Level 4). Paragraph 4.27 of the BNP Paribas study states that the

build cost for flats is £1,449 per sq metre (gross), which equates to £134.66 per sq ft (gross). The figure used by Savills results in a significant overestimate of build cost, which again results in a lower residual land value.

4. Finally, Savills have included figures for Stamp Duty, Agents Fees and Legal Fees, which seem to bear no relation to any of their outputs.

Therefore not only does the Council not agree with the amended inputs (lower sales rates, abnormal costs and gross to net ratio for flats) used by Savills, but we also note that the inputs that they purport to be taken from the BNP Paribas Study are in some cases not correct either. As set out in points 2 and 4 above, Savills have used incorrect values for the affordable housing components of the development scenario and incorrect build costs, both of which significantly reduce the residual land value.

Savills Conclusion

Savills conclude that the Council should set a £nil rate for all residential development of 15 or more dwellings and a rate of £30/m^2 for residential development of up to 15 dwellings.

The Council does not agree with this approach. Notwithstanding the fact that we do not agree with the amended inputs used by Savills, or the results of the appraisals they have run purporting to use the BNP Paribas inputs, as highlighted above; their conclusion would suggest that the Council would currently be very limited in what it was able to secure through planning obligations.

The developments identified in Appendix A have agreed obligations using the Councils current tariff based approach (for off site parks, libraries and education measures as follows:

- Brook Road (80 dwellings) **£203,534.33**
- Riverview House (76 dwellings) **£350,528.00**

Also it is relevant to consider the level of Section 106 monies received by the Council since it adopted its tariff based planning obligations SPD. This is set out in the table below and it should be noted that these monies do not include on site affordable housing provision or the delivery of on site highway works.

Year	Section 106 monies received
2006/07	£5,790,477
2007/08	£8,371,663
2008/09	£6,608,890
2009/10	£2,960,190
2010/11	£3,462,502
2011/12	£3,889,062

The vast majority (approx 65%) of these sums were secured from residential development of 10 or more dwellings using a tariff-based approach. This shows that even during the difficult economic circumstances that have prevailed during the past few years, the Council has been able to secure significant levels of planning obligations from residential development.

If Savills conclusions were adopted, the Council would receive CIL receipts of only £485,730 per year from residential development, based on the analysis undertaken in the Preliminary Draft Charging Schedule. It is pertinent to note that this sum would be received from development that currently makes little or no contribution under the existing tariff based approach.

Therefore what Savills are advocating is an approach whereby major residential development that currently makes contributions of well in excess of £2,000,000 per year through planning obligations would make no contribution at all through CIL. The Council does not accept this approach.

Council's summary response to Savills Representation

The Council's response to Savills representation can be summarised as follows:

- We do not agree with their use of lower sales values as no evidence has been provided for scrutiny and verification, to show how they were derived.
- We do not agree with their inclusion of a figure for abnormals in all scenarios, as abnormals occur only occasionally and Savills figure is based on external costs and not abnormal costs
- We do not agree with a lower gross to net ratio for flats as the majority of flatted development in the city is not at such a density that warrants it.
- We are concerned that Appendix 4 of the Savills representation is not comparing the BNP Paribas outputs with the Savills outputs and therefore gives a misleading comparison between the two appraisals.
- We are concerned that Savills interpretation of BNP Paribas's appraisal inputs is incorrect. In particular, the value of the affordable housing is understated and the build costs are overstated, which reduces the residual value of schemes.
- We do not agree that only small scale residential development can afford to make a CIL payment, as the BNP Paribas CIL viability study suggests otherwise and the level of planning obligations currently secured under the Council's tariff based approach also suggests otherwise.

General responses to the Student Accommodation appraisals

The Council wishes to respond to issues raised by Responses 7 (GVA Grimley), 8 (CSJ Planning on behalf of Bristol University), 11 (University of the West of England) and 14 (Hartnell Taylor Cook) in relation to issues surrounding the charging of CIL for student accommodation.

<u>Charitable Exemption for Universities</u>

Both Bristol University and the University of the West of England claim that development of student accommodation by the Universities should be exempt from CIL due to the mandatory exemption for charities as set out in Regulation 43 of the 2010 CIL Regulations.

The Councils response to this is as follows:

Development of student accommodation by either Bristol University or the University of the West of England will be exempt from CIL if both the following criteria are fulfilled:

1. The charitable purposes of the University includes the provision of living accommodation for its students, **and**
2. The Council is satisfied that an exemption from CIL would not constitute a State aid.

<u>Viability of Student Accommodation Schemes</u>

The BNP Paribas appraisal was based on the weekly rent charged by a number of Student Accommodation developments operated by Unite across the City. This identified average rents of £117.50 per week and a 42-week tenancy.

Further examination has been undertaken of rents charged by new student accommodation developments that have been completed in the past couple of years. This has shown that rents from new developments are significantly higher than those on which the BNP Paribas appraisal was based.

Examples include:

Site / opening date	Operator	Rooms	Rent per week
King Square Studios / September 2010	CRM Students	243	From £150 for a 51 week tenancy, or from £168 for a 44 week tenancy
39 – 43 College Green / September 2011	CRM Students	80	From £129 for a 51 week tenancy
Colston Street / September 2011	Bristol University	121	12 standard rooms from £112.50, and 109 en-suite rooms from £121 for a 38 week tenancy

It is relevant to note that that new student accommodation provided by the University was generally at a higher rent than that used for the BNP Paribas Appraisals.

Consequently the Council considers that in practice student accommodation development is likely to be significantly more viable than the appraisal suggests. This makes the appraisal more robust and gives a greater “viability buffer” to allow for site-specific circumstances.

APPENDIX A

This appendix compares the potential impact of CIL against the level of contribution secured under the Council's current tariff based planning obligations regime. It also assesses the potential impact of CIL on the delivery of affordable housing from residential development. It applies CIL charges to two very recently granted major residential developments in Bristol and considers whether the imposition of CIL at the rates proposed would have a detrimental impact on the delivery of affordable housing.

The CIL rates proposed for residential development in Bristol are £70/m^2 in the Inner Zone and £50/m^2 in the Outer Zone.

The developments assessed are:

- 80 dwellings on Brook Road Playing Fields, Speedwell (planning application 11/01729/F)
- 78 dwellings at Riverview House, Coronation Road, Southville (planning application 11/01851/F)

The appendix also assesses the gross to net ratios of the flatted element of Riverview House

Cost of affordable housing to a developer

It is not possible to put an exact value on the cost to a developer of providing an affordable dwelling, as it depends upon the sales values in that location and the type of dwelling to be provided (eg social rent, shared equity, affordable rent). For the purposes of this appendix it is assumed that the cost is based on a shared equity unit whereby the housing association pays the developer 50% of the open market value for the affordable dwelling.

According to the Land Registry figures for February 2012, the average dwelling price for Bristol is £165,360. Therefore the cost to a developer of providing an affordable dwelling would be 50% of this figure, i.e. **£82,680**.

Brook Road Playing Fields

The Council's South and East Area Planning Committee granted planning consent (subject to the completion of a Section 106 Agreement) for 80 dwellings on the playing fields at Brook Road, Speedwell, on 7 December 2011.

The site comprises 1.77 hectares of urban open space, and of the 80 dwellings consented, the majority are houses. The density is approximately 45 dwellings per hectare

The site falls within the East area of Bristol and bears most relation to site type 4, as set out in Table 5.1 of the BNP Paribas CIL Viability Study.

The tables in Appendix 1 of the CIL Study show that a type 4 site on urban open space in the East area, would not be viable with 30% affordable housing and when constructed to Code for Sustainable Homes (CSH) level 4.

This was borne out as the planning application was accompanied by a viability assessment confirming that 30% affordable housing was not affordable.

The consent granted included 17 affordable dwellings, which is equal to 21%. Other planning obligations agreed included the following:

<u>Formula based obligations (calculated using a tariff based approach)</u>

- Open Space £166,446.33
- Libraries £18,816.00
- Education £18,272.00

<u>Site specific obligations</u>

- Community Facilities £10,880.00

The total cost of the formula based obligations is **£203,534.33**.

Had CIL been applied it would have been at the rate of £50/m^2 on the 63 open market dwellings, as the 17 affordable dwellings would be exempt from the CIL charge. The formula based obligations would not have been applied. The 63 open market dwellings comprise 5,236m^2 of gross internal area, meaning that the CIL charge would be **£261,800.00**.

Had CIL been applied to this development the overall developer contribution would have been **£58,265.67** greater than under the existing system of planning obligations.

The impact of CIL on the provision of affordable housing in this instance is that **0.7 fewer affordable units** would be provided (i.e. £58,265.67 / £82,680).

Riverview House

The Council's South and East Area Planning Committee granted planning consent (subject to the completion of a Section 106 Agreement) for 78 dwellings and 434m^2 of B1 floorspace on the Riverview House site, on 7 March 2012.

The site comprises 0.46 hectares of vacant industrial land, and of the 78 dwellings consented, the majority are flats. The density is approximately 170 dwellings per hectare

The site falls within the South area of Bristol and bears most relation to site type 6, as set out in Table 5.1 of the BNP Paribas CIL Viability Study.

The tables in Appendix 1 of the CIL Study show that a type 6 site on industrial land in the South area, would not be viable with 30% affordable housing and when constructed to Code for Sustainable Homes (CSH) level 4.

This was borne out as the planning application was accompanied by a viability assessment confirming that 30% affordable housing was not affordable.

The consent granted included 7 affordable dwellings and a financial contribution of £150,000 for the provision of off-site affordable housing, which is equal to a total of 12% provision. Other planning obligations agreed included the following:

<u>Formula based obligations (calculated using a tariff based approach)</u>

- Open Space £150,693.00
- Libraries £17,035.00
- Education £182,800.00

<u>Site specific obligations</u>

- Highway Works £247,000.00
- Tree Maintenance £2,000.00

The total cost of the formula based obligations is **£350,528.00**.

Had CIL been applied it would have been at the rate of £50/m^2 on the 71 open market dwellings, as the 7 affordable dwellings would be exempt from the CIL charge and the B1 floorspace would have been subject to a £nil rate. The formula based obligations would not have been applied. The 71 open market dwellings comprise 4,961m^2 of gross internal area, meaning that the CIL charge would be **£248,050.00**.

Had CIL been applied to this development the overall developer contribution would have been **£102,478.00** less than under the existing system of planning obligations.

The impact of CIL on the provision of affordable housing in this instance is that **1.2 more affordable units** would be provided (i.e. £102,478 / £82,680).

The development comprises a number of small irregular shaped blocks each four or five storeys high, and the following table shows the gross to net ratio for each block that contains apartments.

Block	No. of Dwellings	No. of Storeys	Gross Internal Area / m^2	Circulation Space / m^2	Gross to net Ratio/ %
A	12	5	868	155	82.1%
B	10	5	663	89	86.6%
C	19	4	1,384	245	82.2%
D	8	4	547	64	88.3%
E	14	4	915	128	86.0%
F	7	4	607	70	88.5%

This shows that on a higher than average density development for Bristol, the gross to net ratio for the six blocks containing apartments ranges from 82.1% to 88.5%.

This evidence suggests that as a gross to net ratio of between 82.1% and 88.5% can be achieved on a higher than average density development, the gross to net floorspace ratio of 85% adopted by BNP Paribas in the CIL Viability Study is a reasonable and robust assumption to include.

APPENDIX B

The following table contains summary information relating to the sales prices used in the BNP Paribas viability appraisal.

This information is derived from 801 sales that have taken place on 48 residential developments across the city over the past few years.

Development	No. of Sales	Average price achieved / m^2	Area
Baldwin Lofts	10	£2,449	Inner West
Grove House	13	£5,612	Inner West
Harbourside	30	£4,778	Inner West
Percival Court	15	£4,813	Inner West
Pro Cathedral	27	£5,878	Inner West
Seelys	5	£3,363	Inner West
Apollo	21	£3,814	Inner West
Great Western Dockyard	5	£4,035	Inner West
Deanery Square	10	£3,713	Inner West
Riverside House	5	£2,961	Inner West
Dockside	3	£3,886	Inner West
Banksy House	33	£2,565	Inner West
Geometric House	33	£2,349	Inner West
Finzels Reach	42	£5,676	Inner West
The Zone	22	£3,711	Inner East
Ashley Apartments	21	£2,952	Inner East
The Refinery	41	£3,928	Inner East
Vibe	12	£3,761	Inner East
Essence	51	£3,120	Inner East
The Grove, Sneyd Park	3	£3,631	North West
Westbury Road	2	£3,411	North West
Dublin Crescent	1	£3,578	North West
Cote Park	1	£3,133	North West
Hazlegrove	11	£2,734	North
White Thorn Vale	3	£3,299	North
Wyck Beck Road	24	£2,325	North
College Mews	30	£2,851	North
Rowling Gate	13	£3,036	North
Minerva	5	£2,787	North
Trubshaw Square	2	£2,850	North
Tallsticks	33	£2,091	North
Orchard Leaze	8	£2,786	North
Mills Court	1	£2,641	North
Butterfields	4	£2,562	North
Airpoint	43	£3,165	South
West Quarter	7	£3,927	South
Redcatch Knowle	26	£2,377	South

The Mews	4	£2,855	South
The Plough	16	£2,837	South
Bluebell Drive	14	£2,529	South
Meridian	60	£3,046	South
The Robinsons Building	5	£4,504	South
Zenith	11	£2,830	East
Cossham Gardens	3	£2,615	East
Snowberry Gardens	24	£2,496	East
Colliers Place	30	£2,550	East
The Hollies	13	£2,733	East
CMYK	5	£2,496	East