



## B&NES Community Infrastructure Levy Viability Workshop

Attendees:

Company	Name
Barratt Homes	Ralph Hawkins
Bath Chamber of Commerce	Ian Bell
BNP Paribas Real Estate	Nicola Forster
D2 Planning Limited	Catherine Jackson
Duchy of Cornwall	Nick Pollock
JPC Strategic Planning & Leisure Ltd	Jim Phillips
JPC Strategic Planning & Leisure Ltd	Gemma Killick
National Landlords Association (Wessex)	Janet Redfern
Redrow	Rio Daniel
Robert Hitchens Limited	Phil Hardwick
RPS	Simon Fitton
SW RSL Consortium: Tetlow King	Jamie Sullivan
Taylor Wimpey	Shaun White
Penhalt	Charles Whateley
BNP Paribas Real Estate	David Stubbs
Ash Partnership	Duncan Powell
Wates Living Space	Christina Blackbeard
BNP Paribas Real Estate	Helen Taylor

BANES Officers	
John Cox	Economic Development
Emily Price	Development and Regeneration
Rab Smith	Transport
Adrian Holloway	Strategic Housing
Graham Egarr	Property
Beth Ewins	Finance
Lisa Bartlett	Development Management
Simon De Beer	Planning and Environment
Neil Best	Planning Policy
Kaoru Jacques	Planning Policy



## B&NES Community Infrastructure Levy Viability Workshop

**Presented by**

Anthony Lee, BNP Paribas Real Estate

**Date**

17 October 2011

**Location**

Brunswick Room, Guildhall, Bath.

**Subject**

Summary of participant's comments and questions.

**Recorded by**

Helen Taylor, BNP Paribas Real Estate.

#	Comment/question
<b>Proposed methodology</b>	
1	On what basis is the land value to be determined?
Response	Capitalisation of income at appropriate yield; if bare land then value at which land is currently trading (not agricultural value). Inspector recommends EUV plus 20% (5% contingency built in).
<b>Appraisal assumptions</b>	
2	Density of 120 dph outside Bath is unrealistically high and assumes flatted schemes rather than family housing.
3	Unit type doesn't specify number of persons – could this be included.
4	One respondent did not think the build costs are realistic and will provide some data.
5	Could clarification be provided as to what exactly is included in the basic build cost.
Response	External works are excluded from the basic build cost.
6	Clarify why build costs in the Three Dragons areas are different.
7	Clarify whether developer's profit of 20% profit on cost is after financial costs have been taken out (15% more reasonable after finance costs taken out). One respondent recently attended a viability workshop in Cornwall where profit was assumed to be 15% profit on cost.
Response	Profit is stated after finance costs.
8	CSH: £7,000 per unit for CSH level 4 seems a bit high; £5,000 per unit more reasonable.
9	6% finance rate seems low; 8% more realistic.



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- 10 Professional fees in central Bath significantly higher than 10% due to conservation issues; 15% more realistic. Also, if planning appeals have to be factored in, this will increase fees further. In general, professional fees 12-15%.
- 11 Sales costs: 3%
- 12 How is decision to apply policy position of 45% affordable housing in higher values areas made?
- Response This is determined by individual site viability testing.
- 13 Affordable rents – use HCA model of up to 80% of market rents. Shared equity units: 2% rent on retained equity is more realistic than 1%.
- 14 Office rents: £18 psf more realistic than £20.
- 15 Clarify that CIL only applies to net increase in floor space.
- 16 Inclusion of CSH level 6 would kill viability.

## General questions

- 17 Could introduction of CIL be deferred by 18 months due to economy?
- Response B&NES legally required to replace the existing S106 system.
- 18 What does CIL include?
- Response B&NES required to prepare a regulation 123 statement which specifies what the CIL will be spent on (Core Strategy has list of infrastructure projects). B&NES must also set out policy re timing of payments and decide what percentage of the CIL will be retained for local communities.
- 19 How will the CIL be calculated for large, strategic Greenfield developments?
- Response The Council can elect to enter into a S106 Agreement for these sites, rather than CIL; however, the Council will only be able to do this on 5-6 sites.
- 20 Affordable housing is a separate obligation to CIL. However, the government is currently consulting on incorporating affordable housing into CIL. This would probably be in addition to on-site affordable housing. Participants expressed concern that this might be overly complex. It might be more workable on small sites, where affordable housing contributions could be collected through CIL rather than a separate payment in lieu.
- 21 Open space: calculating the S106 contribution is quite easy; how will it be done in CIL?
- Response Process in early stages, but the aim is to simplify the process.