

Dear Charlotte

My client, Tiago Properties Limited, has provided the following updated comments in relation to the May 2023 updated viability assessment.

Mayoral CIL has been adjusted to £64.55 (Indexed to 2023), but we now expect this to increase to £69.27 based on latest indexation. The 'appropriate buffer', therefore, is £40.73.

The other appraisal assumptions in respect of development costs appear to remain the same as the April 2022 study. In particular, the assumptions as to development finance in paragraph 4.53 are the same, at 6.5% inclusive of arrangement and exit fees, which is said to be 'reflective of current funding conditions.' Tiago Properties consider this to be considerably far from reality.

The allowance for operating costs has been increased to £3,000 per room, noted in paragraph 4.35, which the Study states is "*higher than costs we have seen adopted in viability assessments of recent student accommodation schemes proposed in the local area*". Whilst this maybe the case, Tiago Properties is aware of valuation reports by leading firms which include opex costs in excess of £3,000 per unit. Taking an example of a budget used in such valuation reports, FM considerations include an example of the budget categories apportioned, with 24% of opex budget allocated for rates and utilities. At £3,000 per room, this equates to £720 per room, whereas Tiago Properties is aware that utility costs alone on student rooms in London at the same time were averaging between £1,250 to £1,450 per room per annum. Conversely, this equates to a much higher cost per room than £3,500 and £3,850 per annum Tiago Properties has cited based on 2,000 rooms in London.

Tiago Properties would also observe that the stated 27sqm 'Gross area' per unit may not sufficiently take into account the growing need for comprehensive communal facilities required for student accommodation in London at the room rates assumed.

Given the above, and the fact that the appropriate buffer is already under stress due to the highest proposed CIL rate, this leads to the conclusion that the appropriate buffer is not sufficient, especially when taking into account the true cost of development finance and operating costs.

Kind regards
Alasdair Buckle
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From: Charlotte Glancy <bankssolutionsuk@gmail.com>

On 27 Nov 2023, at 09:22, Alasdair Buckle <[REDACTED]> wrote:

Morning Charlotte

Thanks – we will review the May 2023 study and provide comments by this Friday.

Kind regards

Alasdair Buckle

Director

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From: Charlotte Glancy <bankssolutionsuk@gmail.com>

Sent: Monday, November 27, 2023 9:17 AM

To: Alasdair Buckle <[REDACTED]>

Subject: Response from the Examiner OPDC CIL

Importance: High

Good Morning Alasdair,

The Examiner has a few queries from your response;

The Examiner notes that your email dated 22 November 2023, in the opening paragraph, makes reference to the Viability Study dated April 2022, and not the updated Study of May 2023 that was drawn to your attention with an invitation to comment. The comments that you have given do indeed appear to relate to the 2022 version, since, for instance, the reference to paragraph 6.24 and table 6.24.1 come from that study, whereas in the 2023 version the relevant paragraph is 6.26 and table 6.26.1. The content of the table 6.26.1 has been updated although the conclusions in paragraph 6.26 remain as in the previous 6.24. Appendix 7 has become Appendix 8 in which the figures are significantly different. To take another example, Appendix 1 is now dated 20/02/2023, in place of 16/08/2021.

As a result of the lack of reference to the May 2023 Study, it would appear that the weight that the Examiner can place on your representation at the Hearing (and in his Report) is limited.

Please let me have your comments within 5 working days.

Kind Regards

Charlotte Glancy

Programme Officer

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