

Appendix 1

Royal Holloway, University of London - CIL Modifications Representation (August 2020)

Runnymede Borough Council - Draft Community Infrastructure Levy Charging Schedule
Viability Report Worked Example (Student Accommodation)

Student Housing	AGA Ltd Revised Appraisal (July 2020)	Student Housing	STL for RHUL (August 2020 after AGA Revised Evidence)	Notes
Revenue		Revenue		
Rent per week	£ 200.00	Rent per week	£ 165.00	Rental levels are based upon averages reflecting a pricing stratification which reflects different room offerings for undergraduate students, post-graduate students and summer schools. See accompanying letter.
Rent per annum (40 weeks)	£ 9,600.00	Rent per annum (44.8 weeks)	£ 7,392.00	40 weeks plus a 60% occupation over an 8 week summer period reflecting international summer school and events, resulting in 44.8 weeks of income over the calendar year. It should be noted that the original AGA Viability Evidence noted that no RHUL accommodation achieves a rental level of £7,000 pa. The University accepts their original evidence. Income projections are now significantly higher than empirical evidence supplied by the University.
Rent per m2 (25m2 per room)	£ 384.00	Rent per m2 (27.5m2 per room)	£ 268.80	The average size of a new cluster flat student study bedroom at 30m2 would be similar to other new build student accommodation currently under construction or being progressed and reflects the need for supporting and ancillary facilities to meet student resident demands. For the purposes of this submission it has been REVISED DOWN TO 27.5m2, but this is considered low but allows for sensitivity testing.
Less M and M - at 20%	£ 307.20	Less M and M - at 20%	£ 215.04	M& M increased to 20%, as per AGA revised appraisal. RHUL calculate M&M at 21.7% and Danehurst state that this should be 23%. Even if 15% is used, this still results in a negative value.
Yield	5.5%	Yield	5.5%	Yield adjusted to reflect the AGA revised appraisal
YP	18.18	YP		
Capital Value per m2	£ 5,585	Capital Value per m2	£ 3,910	
Development Costs		Development Costs		
Construction costs per m2 (BCIS)	£ 2,750.00	Construction costs per m2	£ 2,760.00	AGA's revised appraisal increases the construction cost to £2750.
Surrey Factor (at 15%)	£ -	Surrey Factor (at 15%)	£ -	
Sub-Total	£ 2,750.00	Sub-Total	£ 2,760.00	
Professional Fees (12%)	£ 330.00	Professional Fees (12%)	£ 331.20	
Finance (6% of Construction and Fees)	£ 184.80	Finance (6% of Construction and Fees)	£ 185.47	
Marketing Fees (2% of GDV)	£ 111.71	Marketing Fees (2% of GDV)	£ 78.20	
Margin (20% of GDV)	£ 1,117.09	Margin (20% of GDV)	£ 781.96	
Total Development Costs	£ 4,494	Total Development Costs	£ 4,137	
Residual Value	£ 1,091.85	Residual Value	-£ 227	The revised AGA evidence, applied to RHUL rental levels and lease duration, results in a NEGATIVE residual value.
One Hectare Site		One Hectare Site		
Coverage at 30% (m2) and at 5 Storeys	10,000	Coverage at 30% (m2) and based upon a scale (height) of development appropriate achieved (or proposed) in the local setting in and around the University (Egham and Englefield Green)	10,000	AGA now accepts a 10,000m2 site coverage with a 75% efficiency to be appropriate based on RHUL and Danehurst's submissions.
Efficiency at 75% (m2)	7,500	Efficiency at 75% (m2)	7,500	
Residual per hectare	£ 8,188,909	Residual per hectare	-£ 1,702,604	
LVB (per hectare) - commercial land	£ 2,000,000	LVB (per hectare) - commercial land	£ 2,000,000	Note this is significantly lower than the price paid by RHUL per hectare for existing commercial land at Rusham Park.
Surplus	£ 6,188,909	LVB (per hectare) - Residential with Affordable Housing	£ 3,000,000	
Surplus per m2	£ 825	Surplus / Deficit	-£ 3,702,604	There is now a significant deficit
		Surplus / Deficit per m2	-£ 494	This figure is a NEGATIVE so there would be no CIL
Draft CIL Charging Schedule (per m2)	£ 495	Draft CIL Charging Schedule (per m2)	NIL	
Draft CIL Charge as % of estimated Surplus	60%	Draft CIL Charge as % of estimated Surplus	N/A	