BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Birmingham Community Infrastructure Levy Viability Review

Prepared for

Birmingham City Council

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1 Summary

1.1 This report tests the ability of developments to accommodate alternative amounts of Community Infrastructure Levy ('CIL') to the rates contained in Birmingham City Council's adopted Charging Schedule alongside the policy requirements set out in the publication version of its '*Development Management in Birmingham: Development Plan Document* (October 2019)' ('DMB') alongside the policy requirements in the Birmingham Development Plan ('BDP') adopted in January 2017.

1.2 The study takes account of the cumulative impact of the Council's planning requirements, in line with the requirements of the National Planning Policy Framework ('NPPF'), the Planning Practice Guidance ('PPG') and the Local Housing Delivery Group guidance '*Viability Testing Local Plans: Advice for planning practitioners*'.

Methodology

1.3 The study methodology compares the residual land values of a range of development typologies reflecting the types of developments expected to come forward in the City over the life of a new charging schedule. The appraisals compare the residual land values generated by those developments (with varying levels of affordable housing and CIL contributions) to a benchmark land value to reflect the existing value of land prior to redevelopment. If a development incorporating the alternative CIL rates generate a higher residual land value than the benchmark land value, then it can be judged that the site is viable. Following the adoption of alternative CIL rates, developers will need to reflect the requirements in their bids for sites, in line with requirements set out in the PPG[1].

1.4 The study utilises the residual land value method of calculating the value of each development. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance, sustainability requirements and CIL) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site.

1.5 The housing and commercial property markets are inherently cyclical and the Council is testing the viability of potential development sites at a time when the market has experienced a period of sustained growth, albeit with a degree of recent uncertainty associated with measures taken by the government to combat the spread of coronavirus. Forecasts for future house price growth point to continuing growth in mainstream housing markets, although there is a degree of short term uncertainty following the UK's departure from the European Union and resolution of future trading arrangements, as well as the impact of coronavirus. We have allowed for this uncertainty by running a sensitivity analysis which applies both increases and decreases to sales values alongside inflation on costs to provide an indication of the extent of changes to viability that might result. The assumed increases and reductions for this sensitivity analysis are outlined in Section 4. It is important to note, however, that our assessment of suggested CIL rates relies on current and not grown appraisal inputs.

1.6 This sensitivity analysis is indicative only, but is intended to assist the Council in understanding the viability of potential development sites on a high level basis, both in today's terms but also in the future. Some sites may require more detailed viability analysis when they come forward through the development management process due to specific site circumstances that cannot be reflected in an area wide assessment[2].

[1] Paragraph 018 of the PPG notes that "*the cost of fully complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan*'.

[2] The Local Housing Delivery Group Guidance 'Viability Testing Local Plans: Advice for Planning Practitioners' notes that "*the role of the test is not to provide a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage*". As CIL is a applied as a fixed amount, any viability issues will impact on other DMB policies which are applied flexibly.

1.7 The key findings of the study are as follows:

- The Council's adopted CIL rates have been in place since 4 January 2016 and there has been no demonstrable adverse impact on the supply of development land or upon the viability of developments coming forward across the City. Since the evidence base for the adopted CIL was prepared, there have been changes to sales values and build costs. Our testing of alternative CIL rates indicates that the viability of development has improved across the City. Increased CIL rates could be accommodated without adversely impacting on viability to a sufficient degree to impact on land supply.

- As a result of indexation, the CIL rates are now circa 32% higher than they were adopted. For rates where we recommend no change, these will need to be amended in any new charging schedule to reflect indexation, otherwise this would be lost and the rates would revert to those in the original Charging Schedule at the time of adoption. **It will be important to stress to stakeholders that this reflects the status quo and does not reflect any increase above existing liabilities.**

- **Residential rates:** We suggest that the existing zones are retained (Low value and High value). We recommend that CIL rates for residential development in the Higher Value Zone should increase from their indexed level of £91 to £125 per square metre. The Lower Value Zone is currently nil rated but we recommend that a rate of £50 per square metre be applied in this area.

- **Sustainable Urban Extensions:** The economics of SUEs differ from other schemes due to the extent of onsite infrastructure requirements and the scale of Section 106 obligations typically sought. We therefore recommend that the existing nil rate for SUEs be maintained in any new Charging Schedule.

- **Office development:** we have recommended that a rate of £25 per square metre be applied to new office development as rents have increased significantly since the first charging schedule was adopted. This rate is would represent a modest cost of office developments and would reduce residual land values by no more than 5%.

- **Hotel developments** in the City Centre are currently charged at £36 per square metre after indexation is applied. Our appraisals indicate that this could be increased to £50 per square metre, leaving a sufficient margin below the maximum rate. We note, however, that occupation of existing hotels is likely to remain below the levels seen before March 2020 for some time and as a consequence there is unlikely to be significant development activity in the hotels sector, other than existing schemes in the pipeline.

- Industrial developments are currently nil rated. Since the preparation of the last Charging Schedule, there has been a significant increase in demand for industrial and warehouse floorspace, resulting in increased rents and sharpening yields. Consequently, residual land values generated by industrial developments have increased significantly. Our appraisals indicate that a CIL rate of £50 per square metre could be applied, leaving significant headroom below the maximum rate.

- **Large convenience retail development** currently attracts an indexed rate of £342 per square metre and our appraisals indicate that this remains a viable contribution with sufficient headroom below the maximum rate. The major supermarket chains have recently ceased expansion plans and it is unlikely that this sector will see any development over the life of a new charging schedule.

- **Other retail:** we recommend no changes to the nil rate for other retail development due to the significant structural changes currently affecting the sector, which have been accelerated by the measures taken by the UK government to control the spread of coronavirus.

- **Health, education and leisure:** we have recommended that development for health, education and leisure purposes be retained at their existing nil rate as any developments will be

predominantly brought forward by public sector agencies (or by private organisations on behalf of the public sector). Developments will typically be classified as community infrastructure and applying CIL would result in an additional administrative burden with any monies collected being recycled into the schemes that contributed.

The proposed CIL rates for the City are summarised in Table 1.7.1.

Table 1.7.1: Proposed changes to CIL rates

Development Type	Detail	Indexed rates per sqm	Suggested rate
Retail convenience	<2,700 sqm	£0	£0
Retail convenience	>2,700 sqm	£342	£342
Retail	All other	£0	£0
Retail	Greenbelt Development (Sustainable urban extension)	£0	£0
Residential	Value zones 1,2 & 3 (High value area)	£91	£125
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£50
Residential	Green Belt Development (SUE)	£0	£0
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£91	£125
Hotels	City centre	£36	£50
	Rest of City	£0	£0
Offices	City Centre	£0	£25
	Rest of City	£0	£0
Industrial and warehousing	All areas	£0	£50
Leisure, Education, Health, Use class C2, All other development	All areas	£0	£0

1.8 Our testing indicates that the increase in CIL rates will have a relatively modest impact on residual land values in most cases. Where it is not possible to pass the cost of increased CIL rates back to the landowner through a reduction in land value (for example, due to high existing use values), the increase will have a modest impact on affordable housing levels that can be delivered. However, increases in sales values since the last Charging Schedule was formulated have outstripped increases in costs, which has resulted in improvements in viability and enhanced capacity for absorbing CIL requirements. The sensitivity analysis at Appendix 7 indicates that if forecast growth and cost inflation reflect outturn values, there will be a further enhancement in viability and an increased margin between the proposed rates and the theoretical maximum rates. The downside appraisals (Appendix 8) indicate that the proposed rates would still be well within the bounds of viability if values fall and increase at a slower rate.

1.9 After the proposed increases have been applied

1.10 There is clearly a need to balance the need to deliver affordable housing with the need to secure contributions to fund community infrastructure that will support development and growth. The Council cannot seek to prioritise securing affordable housing to the exclusion of securing funding for infrastructure and vice versa. In our view, the proposed rates strike this balance appropriately but prioritise the delivery of affordable housing at the target set in BDP policy TP31.

1.11 The Council needs to strike a balance between achieving its aim of meeting needs for affordable

housing with raising funds for infrastructure, and ensuring that developments generate acceptable returns to willing landowners and willing developers. This study demonstrates that the Council's flexible approach to applying its affordable housing requirements ensures that these objectives are balanced appropriately.

2 Introduction

2.1 The Council has commissioned this study to consider the ability of developments in the City of Birmingham to accommodate alternative amounts of Community Infrastructure Levy ('CIL') to the rates contained in the Council's adopted Charging Schedule alongside policies in the adopted BDP and emerging requirements detailed in the publication version of the DMB. The aim of the study is to assess at the viability of development typologies representing the types of sites that are expected to come forward to test alternative CIL rates to those in the adopted Charging Schedule.

2.2 In terms of methodology, we adopted standard residual valuation approaches to test the viability of development typologies, including the impact on viability of the Council's existing and emerging planning policies alongside adopted and alternative levels of CIL. However, due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis.

2.3 The purpose of this viability study is to assist the Council in understanding changes to the capacity of schemes to absorb CIL (and/or potentially raising contributions towards infrastructure through planning obligations) and to support any proposed changes to the Charging Schedule through Examination in Public. The Study therefore provides an evidence base to show that the requirements set out within the NPPF, CIL regulations and Planning Practice Guidance are satisfied. The key underlying principle is that charging authorities should use 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.

2.4 As an area wide study this assessment makes overall judgements as to viability of development within the City of Birmingham and does not account for individual site circumstances, which typically only become apparent when an application is submitted. The assessment should not be relied upon for individual site applications. However, an element of judgement has been applied within this study with regard to the individual characteristics of the sites tested. The development typologies tested are based on assessments of likely development capacity and clearly this may differ from the quantum of development in actual planning applications that will come forward. Scheme specific testing may still be required at the point where they come forward.

2.5 This position is recognised within Section 2 of the Local Housing Delivery Group guidance, which identifies the purpose and role of viability assessments within plan-making. This identifies that: *"The role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage. Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan".*

Economic and housing market context

2.6 The housing and commercial property markets are inherently cyclical. The downwards adjustment in house prices in 2008/9 was followed by a prolonged period of real house price growth. By 2010 improved consumer confidence fed through into more positive interest from potential house purchasers. However, this brief resurgence abated with figures falling and then fluctuating in 2011 and 2012. The improvement in the housing market towards the end of 2012 continued through into 2013 at which point the growth in sales values improved significantly through to the last quarter of 2014, where the pace of the improvement was seen to moderate and continued to do so in 2015. The UK economy sustained momentum following the result of the UK's referendum on its membership of the European Union (EU), and as a result the UK housing market surprised many in 2016. The average house price rose 4.5%, which was 0.2% lower than our forecast and ahead of the level recorded in 2015. While first time buyer numbers continued to recover in 2016, overall transaction levels slowed as some home movers and investors withdrew from the market.

2.7 The referendum held on 23 June 2016 on the UK's membership of the EU resulted in a small majority in favour of exit. The immediate aftermath of the result of the vote was a fall in the Pound Sterling to a 31 year low and stocks overselling due to the earnings of the FTSE being largely in US Dollars. As the Pound dropped significantly this supported the stock market, which has since recouped all of the losses seen and is near the all-time highs. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Although the December 2019 General Election delivered a government with a significant working majority, followed by the UK's departure from the EU on 31 January 2020, there is a significant degree of uncertainty about the UK's future trading relationships with other countries. The Office of Budgetary Responsibility's 'Economic and fiscal outlook' (March 2020) indicates that estimates indicate "*around a 4 per cent loss of potential GDP over 15 years, relative to what would have happened under existing trading arrangements*".

2.8 In March 2020, measures taken in the UK and across other European countries attempting to halt or slow the spread of the Coronavirus have had a significant impact on GDP. The Office of Budgetary Responsibility's 'Economic and fiscal outlook' report (March 2020) observes that "*the coronavirus is likely to have a significant adverse effect on the economy and public finances in the coming quarters*". Its economic modelling had been completed by 14 February and at that time the OBR suggests that "*the coronavirus was mostly concentrated in China, with only limited spread to other countries*". Based on information available at that time, the OBR considered that the impact of coronavirus would be a 0.1% reduction in GDP. However, the report observes that "*since we closed our forecast, it has become clear that the spread of coronavirus will be far wider than assumed in our baseline forecast, pointing to a deeper – and possibly more prolonged – slowdown*". On 20 June 2020, the National Statistics Office indicated that GDP had fallen in Quarter 1 2020 by 2.2% on the previous quarter and in July 2020, its monthly estimate was that GDP had fallen by 19.1% in the three months to May 2020. This period covers the most limiting period of lockdown measures and the Bank of England has recently indicated that it expects the economy to recover faster than had been first expected.

2.9 The August 2020 Halifax House Price Index Report identifies that overall prices in the three months to July 2020 were 1.6% higher than the preceding month, but 0.2% lower over the period. The annual rate of growth was 3.8% higher than the corresponding quarter a year earlier. Russell Galley, Halifax Managing Director observed that "*Following four months of decline, average house prices in July experienced their greatest month on month increase this year, up 1.6% from June and comfortably offsetting losses in 2020. The average house price in July is the highest it has ever been since the Halifax House Price Index began, 3.8% higher than a year ago*". He added that "*the latest data adds to the emerging view that the market is experiencing a surprising spike post lockdown. As pent-up demand from the period of lockdown is released into a largely open housing market, a low supply of available homes is helping to exert upwards pressure on house prices. Supported by the government's initiative of a significant cut in stamp duty, and evidence from households and agents suggesting that confidence is currently growing, the immediate future for the housing market looks brighter than many might have expected three months ago*". He sounded a note of caution by drawing attention to potential headwinds facing the market; "*there is still a great deal of uncertainty around the lasting impact of the pandemic. As government support measures come to an end, the resulting impact on the macroeconomic environment, and in turn the housing market, will start to become more apparent. In particular, a weakening in labour market conditions would lead us to expect greater downward pressure on prices in the medium-term*".

2.10 At the time of drafting this report, the UK is government has relaxed a series of restrictive and economically disruptive measures that were designed to slow the spread of the coronavirus. These measures were accompanied by a package of measures to underpin the economy, including grants to companies to pay 80% of salaries to furloughed staff. The Bank of England has also cut the base rate from 0.75% to 0.1%, a new record low, alongside a programme of corporate bond purchases (so called 'quantitative easing'). As the restrictive measures are eased, the impact they have had on the economy and demand for residential and commercial property will become apparent over the coming months. Most commentators expect the economy to recover lost ground relatively quickly, but the impact on the housing market depends to an extent on speed of recovery of asset values (for example, the FTSE 100 index has lost all the gains made since the financial crisis in 2009); lifting of

restrictions on housing market activity; and the impact of the crisis on employment and earnings.

Local housing market context

2.11 House prices in the City of Birmingham have followed recent national trends, with values falling in 2008 to 2009 and recovering over the intervening years, as shown in Figure 2.11.1. Sales volumes fell below historic levels between 2009 and 2011, but have since recovered (see Figure 2.11.2). By January 2020, sales values had increased by 55% in comparison to the lowest point in the cycle in June 2009, or 28% higher than the previous peak in September 2007. However, sales values in March 2020 (the most recently available data) fell back slightly after a period of little change over 2019.

Figure 2.11.1: Average sales value in Birmingham

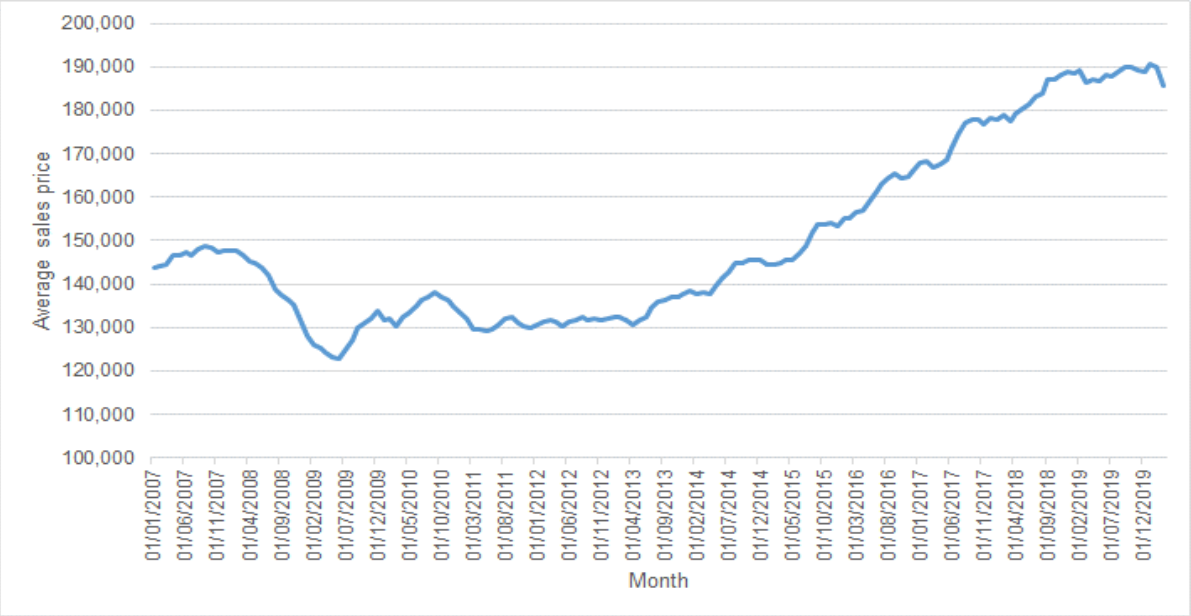
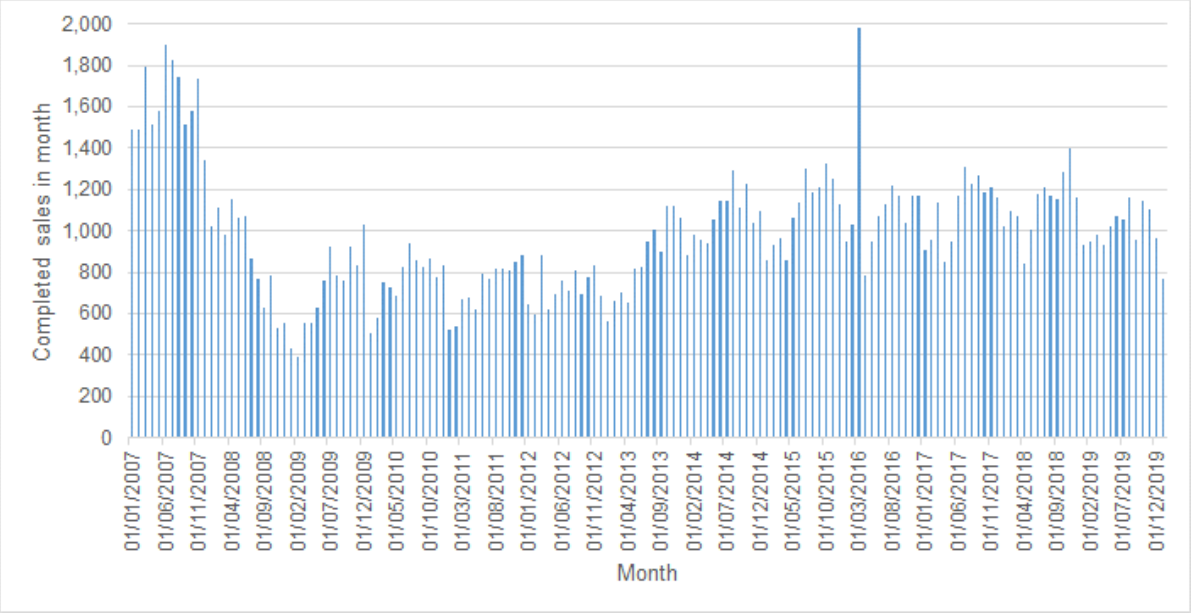


Figure 2.11.2: Sales volumes in Birmingham (sales per month)

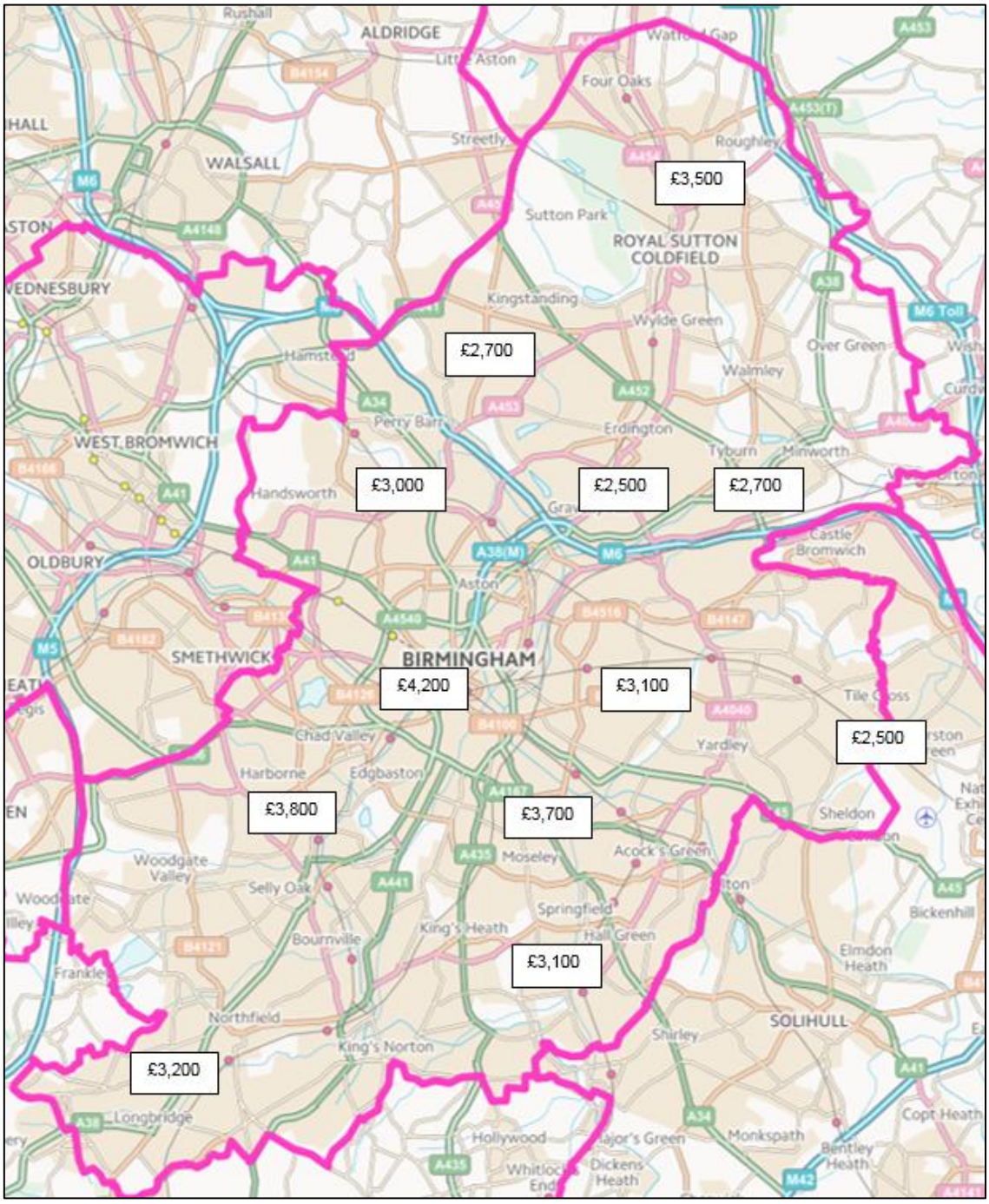


Source: Land Registry

2.12 The future trajectory of house prices is currently uncertain, although Savills' Housing Market Update June 2020 prediction is that is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream markets will grow over the period between 2020 and 2024. Savills predict that values in mainstream West Midlands markets will increase by a cumulative rate of 18.3%, compared to a national cumulative rate of 15.1%.

2.13 In common with other parts of the West Midlands, there are variations in sales values between different parts of Birmingham, as shown in Figure 2.13.1. Highest sales values are achieved in City Centre, while the lowest values are achieved in the areas to the north of the M6 corridor.

Figure 2.13.1: Sales values in Birmingham (approx. £s per square metre)



Sources: Map – Google; Values – Land Registry

National Policy Context

The National Planning Policy Framework

2.14 In March 2012, the old suite of planning policy statements and planning policy guidance was replaced by a single document – the National Planning Policy Framework ('NPPF'). The NPPF has subsequently been supplemented by the National Planning Practice Guidance ('PPG'). In February 2019, the government issued a revised NPPF and amendments to the PPG were issued in May 2019 and September 2019.

2.15 The 2012 NPPF provided more in-depth guidance on viability of development than Planning Policy Statement 3, which limited its attention to requiring local planning authorities to test the viability of their affordable housing targets. The 2012 NPPF required that local planning authorities have regard to the impact on viability of the *cumulative effect* of all their planning requirements on viability. Paragraph 173 of the 2012 NPPF required that local planning authorities give careful attention "*to viability and costs in plan-making and decision-taking*". The 2012 NPPF required that "*the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened*". After taking account of policy requirements, land values should be sufficient to "*provide competitive returns to a willing landowner and willing developer*". The 2019 NPPF places less emphasis on viability and states that "*plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan"* (para 34, emphasis added).

2.16 The meaning of benchmark land value for the purpose of establishing viability in accordance with the NPPF and PPG has been the subject of considerable debate since the publication of the 2012 NPPF. For the purposes of testing the viability of a Local Plan, the Local Housing Delivery Group[3] concluded that the current use value of a site (or a credible alternative use value) plus an appropriate uplift, represents a competitive return to a landowner. Some members of the RICS considered that a competitive return is determined by market value[4], although there is no consensus around this view. Although the 2012 RICS Guidance Note placed significant weight on market value, this has subsequently been amended in line with the PPG[5]. The government's 2019 NPPF removes the requirement for "competitive returns" in the 2012 NPPF and is silent on how landowner returns should be assessed. The September 2019 PPG indicates that viability testing of plans should be based on existing use value plus a landowner premium.

CIL Policy Context

2.17 As of April 2015 (or the adoption of a CIL Charging Schedule by a charging authority, whichever was the sooner), the S106/planning obligations system' i.e. the use of 'pooled' S106 obligations, was limited to a maximum of five S106 agreements. However, changes in the CIL regulations in September 2019 have removed the pooling restrictions, giving charging authorities a degree of flexibility in how they use Section 106 and CIL. The adoption of a CIL charging schedule is discretionary for a charging authority.

2.18 It is worth noting that some site specific S106 obligations remain available for negotiation, however these are restricted to site specific mitigation that meet the three tests set out at Regulation 122 of the CIL Regulations (as amended) and at paragraph 56 of the NPPF, and to the provision of affordable housing. These restrictions remain in place after the September 2019 changes to the CIL regulations.

2.19 The CIL regulations state that in setting a charge, local authorities must strike "an appropriate balance" between revenue maximisation on the one hand and the potentially adverse impact upon

[3] Viability Testing Local Plans: Advice for planning practitioners, June 2012

[4] RICS Guidance Note: Financial Viability in Planning, August 2012

[5] RCIS consultation draft Guidance Note: Assessing financial viability in planning under the National Planning Policy Framework for England, 1st Edition"

the viability of development on the other. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates. This report deals with viability only and does not consider other sources of funding (this is considered elsewhere within the Council's evidence base).

2.20 From September 2019, the previous two stage consultation has been amended to require a single consultation with stakeholders. Following consultation, a charging schedule must be submitted for independent examination.

2.21 The payment of CIL becomes mandatory on all new buildings and extensions to buildings with a gross internal floorspace over 100 square metres once a charging schedule has been adopted. The CIL regulations allow a number of reliefs and exemptions from CIL. Firstly, affordable housing and buildings with other charitable uses (if a material interest in the land is owned by the charity and the development is to be used wholly or mainly for its charitable purpose) are subject to relief. Secondly, local authorities may, if they choose, elect to offer an exemption on proven viability grounds. A local authority wishing to offer exceptional circumstances relief in its area must first give notice publicly of its intention to do so. The local authority can then consider claims for relief on chargeable developments from landowners on a case by case basis. In each case, an independent expert with suitable qualifications and experience must be appointed by the claimant with the agreement of the local authority to assess whether paying the full CIL charge would have an unacceptable impact on the development's economic viability.

2.22 The exemption would be available for 12 months, after which time viability of the scheme concerned would need to be reviewed if the scheme has not commenced. To be eligible for exemption, regulation 55 states that the Applicant must enter into a Section 106 agreement; and that the Authority must be satisfied that granting relief would not constitute state aid. It should be noted however that CIL cannot simply be negotiated away or the local authority decide not to charge CIL.

2.23 CIL Regulation 40 includes a vacancy period test for calculating CIL liability so that vacant floorspace can be offset in certain circumstances. That is where a building that contains a part which has not been in lawful use for a continuous period of at least six months within the last three years, ending on the day planning permission first permits the chargeable development, the floorspace may not be offset.

2.24 The CIL regulations enable local authorities to set differential rates (including zero rates) for different zones within which development would take place and also for different types of development. The CIL Guidance set out in the PPG (paragraph 022 Reference ID: 25-022-20190901) clarifies that CIL Regulation 13 permits charging authorities to *"apply differential rates in a flexible way [including] in relation to geographical zones within the charging authority's boundary; types of development; and/or scales of development".* Charging Authorities taking this approach need to ensure that such different rates are justified by a comparative assessment of the economic viability of those categories of development. Further the PPG clarifies that the definition of "use" for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide a useful reference point. The PPG also sets out (paragraph 024 Reference ID: 25-024-20190901) that charging authorities may also set differential rates in relation to, scale of development i.e. by reference to either floor area or the number of units or dwellings.

2.25 The 2010 CIL regulations set out clear timescales for payment of CIL, which are varied according to the size of the payment, which by implication is linked to the size of the scheme. The 2011 amendments to the regulations allowed charging authorities to set their own timescales for the payment of CIL under regulation 69B if they choose to do so. This is an important issue that the Council will need to consider, as the timing of payment of CIL can have an impact on an Applicant's cashflow (the earlier the payment of CIL, the more interest the Applicant will bear before the development is completed and sold).

2.26 The Government published the findings of the independent CIL review alongside the Housing White Paper in February 2017. The White Paper identified at paragraph 2.28 that the Government "*continue to support the existing principle that developers are required to mitigate the impacts of development in their area, in order to make it acceptable to the local community and pay for the*

cumulative impacts of development on the infrastructure of their area." The White Paper summarised the main finding of the CIL review to be that "*the current system is not as fast, simple, certain or transparent as originally intended."*

2.27 As a result, revised regulations came into effect on 1 September 2019 which introduced the following changes:

- Consultation requirements to be amended to remove the two stage consultation process and replace this with a single consultation.
- Removal of the pooling restrictions contained within Regulation 123.
- Charging authorities will no longer be required to publish a Regulation 123 list.
- Changes to calculations of chargeable amounts in different cases, including where granting of amended scheme under Section 73 leads to an increased or decreased CIL liability.
- Removal of provisions which resulted in reliefs being lost if a commencement notice was not served before a developer starts a development. A surcharge will apply in future but the relief will not be lost.
- Introduction of 'carry-over' provisions for a development which is amended by a Section 73 permission, providing the amount of relief does not change.
- Charging authorities required to publish an annual infrastructure funding statement, setting out how much CIL has been collected and what it was spent on. Similar provisions apply to the use of Section 106 funds.
- Charging authorities required to publish annual CIL rate summaries showing the rates after indexation has been applied.

Adopted CIL Charging Schedule

2.28 Following approval in September 2015, the Council implemented its CIL Charging Schedule on 4 January 2016. The adopted rates are summarised in Table 2.28.1, along with the effective rates today after allowing for indexation.

Table 2.28.1: CIL rates per net additional square metre in the Charging Schedule

Development Type	Detail	Charge per sqm	Indexed rates per sqm
Retail convenience[1]	<2,700 sqm	£0	£0
Retail convenience[1]	>2,700 sqm	£260	£342
Retail[2]	All other	£0	£0
Retail[2]	Greenbelt Development (Sustainable urban extension)	£0	£0
Residential	Value zones 1,2 & 3 (High value area)	£69	£91
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£0
Residential	Green Belt Development (SUE)	£0	£0
Residential	Social Housing Providers registered with HCA and Birmingham Municipal Housing Trust developments	£0	£0
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£69	£91

Development Type	Detail	Charge per sqm	Indexed rates per sqm
Student Housing	Green Belt Development (Sustainable urban extension)	£0	£0
Hotel	City centre	£27	£36
Hotel	Green Belt Development (SUE) and rest of city	£0	£0
Industrial/Employment, Offices, Leisure, Education, Health, Use class C2[3], All other development	All areas	£0	£0

1. Retail convenience can also include non-food floorspace as part of the overall mix of the unit.
2. Retail - This category will include those retail units selling goods not bought on a frequent basis.
3. The Town and Country Planning (Use Classes) Order 1987 (as amended) defines Use Class C2 Residential Institutions as – residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.

Neighbouring charging authorities' CIL rates

2.29 Table 2.29.1 summarises the CIL rates adopted by Birmingham's neighbouring charging authorities. All these rates are shown as at the date of implementation and will be subject to indexation over the intervening period (indexed rates shown in italics).

Table 2.29.1: CIL rates in neighbouring charging authorities

Charging authority	Date CS came into effect	Residential rates per square metre	Other rates per square metre
Solihull	4 July 2016	£75 - £150 *(£88.01 - £176.01)*	Supermarkets £300 *(£352)* Convenience retail £150 *(£176)* Other retail: £25-£50 *(£29.33-58.67)* Hotels: £25 *(£29.33)*
Walsall	Not yet adopted	£5 - £100	Non food retail warehousing £75 Food retail £100
Sandwell	1 April 2015	£15-£30 *(£19.34 - £38.69)*	Retail (centre only) £50 *(£64.48)* Supermarkets £60 *(£77.37)*
Dudley	1 October 2015	£0 - £100 *(£0 - £128.95)*	Retail £67.50 - £80 *(£83.14 - £101)*
North Warwickshire	Not yet adopted	£40	B8 £20 Retail £60 Hotel £60
Bromsgrove	Not currently preparing to adopt	n/a	n/a
Lichfield	13 June 2016	£14 - £55 *(£18.05 - £70.92)*	Supermarkets £160 (£206) Retail warehousing £70 *(£90.27)* N'hood convenience retail £20 *(£25.79)*

Local Policy context

2.30 The adopted BDP identifies significant levels of growth in housing, employment, office and retail development over the plan period, including 51,100 additional homes; 2 regional investment sites of 20 and 25 hectares, and a 71-hectare employment site at Peddimore; 350,000 square metres (gross) of comparison retail by 2026; a minimum of 745,000 square metres (gross) of office floorspace; and new waste facilities to increase recycling and disposal capacity.

2.31 The BDP is seeking to focus growth on existing urban land through regeneration, renewal and redevelopment with an emphasis on eight key urban growth areas (City Centre; Greater Icknield; Aston, Newton and Lozells; Sutton Coldfield Town Centre; Bordesley Park; Eastern Triangle; Selly Oak and South Edgbaston; and Longbridge). Two other growth areas (Langley Sustainable Urban Extension and Peddimore) are Green Belt releases allocated for 6,000 new homes and a 71-hectare employment site.

2.32 There are numerous policy requirements that are now embedded in base build costs for schemes in Birmingham addressing BDP requirements (i.e. design requirements, reductions in carbon footprint, sustainability requirements, flood risk management, renewable energy, housing requirements and housing mix and tenure). Therefore, it is unnecessary to establish the cost of all these pre-existing policy requirements.

2.33 It is therefore considered prudent to assume that developments can absorb the pre-existing requirements in the adopted policies. The affordable housing policy is tested despite reflecting the existing policy, as it has a significant bearing on the viability of developments, even though it has been in place for some time. The affordable housing requirement is applied on a 'subject to viability' basis so that sites are not prevented from coming forward when there are exceptional circumstances preventing the delivery of the full 35% affordable housing requirement in Policy TP31.

BDP policies

2.34 A full summary of BDP policies which may have cost implications for development viability is provided at Appendix 1. The key policies with cost implications are as follows:

Table 2.34.1: BDP policies with cost implications

BDP Policy	Summary of objectives	Cost implications
PG3	Requires new development to demonstrate high quality design	Designed allowed for within professional fees allowance
TP3	Requires that developments meet BREEAM excellent standard and from the point that zero carbon standards are introduced through the Building Regulations, that residential development should meet this standard, unless it can be demonstrated that this would make schemes unviable.	Cost allowances for BREEAM and zero carbon factored into the appraisals
TP4	Low and zero carbon energy generation – requirement to incorporate low and zero carbon energy generation unless demonstrated to be unviable	Now a standard requirement and reflected in build costs for most schemes. Additional cost allowances also factored into the appraisals.

BDP Policy	Summary of objectives	Cost implications
TP9	Provision of public open space – new public open space will be required broadly in line with the standard of 2 hectares per 1,000 population. In most circumstances, residential schemes of 20 or more dwellings should provide on-site public open space and/or children's play provision. Developer contributions can be used to address the demand from new residents to address the demand from new residents on other types of open space such as allotments and civic spaces.	Requirement for open space reflected in normal site net to gross ratios. Contributions towards other forms of POS would need to be compliant with CIL regulation 122 on the use of planning obligations and would be subject to negotiation with individual applicants where need is demonstrated and justified.
TP30	Minimum densities of 100 dph in City Centre; 50 dph in areas served well by public transport; and 40 dph elsewhere.	Reflected in the typologies relied upon in the appraisals
TP31	35% affordable housing on sites providing 15 or more units	Requirements reflected in the appraisals.

DBM policies

2.35 A brief summary of the DBM policies with cost implications is provided in Table 2.35.1. We have reviewed all the other policies to identify where cost implications may emerge for developments and a summary of our assessment is attached as Appendix 1. We comment further on these potential costs in Section 4.

Table 2.35.1: Emerging DBM policies

Policy reference	Objective/summary	Cost implications
DM1	**Air quality** Developments will need to contribute towards management of air quality, including mitigation measures such as low and zero carbon, green infrastructure. Developments should include vehicle charging points and should consider the introduction of car clubs	Cost of reducing carbon emissions from developments. Cost of green infrastructure. Cost of vehicle charging points.
DM4	**Landscaping and trees** All developments to provide high quality landscapes and townscapes that enhance existing landscape character and green infrastructure network. This should include the provision of new/replacement trees/hedges/shrubs etc	Developments typically incorporate hard and soft landscaping works. Extra-over cost added for enhanced quality of landscaping.
DM10	**Standards for residential development** Developments to meet Nationally described space standards Housing developments of 15 or more dwellings should seek to provide at least 30% of dwellings as accessible and adaptable homes in accordance with Building Regulations Part M4 (2) unless demonstrated to be financial unviable.	Space standards incorporated into viability testing. Cost of accessibility standards included in viability testing.
DM15	**Parking and servicing** New development required to ensure that the needs of the development are catered for, including disabled parking, cycle parking and vehicle charging points.	Additional cost of charging points included in appraisals.

Development context

2.36 Birmingham is the UK's second largest City after London with a population of over 1 million accommodated in 411,000 households, with an average of 2.6 residents per household. The City is a regional centre for employment (including professional and financial services; digital media; advanced manufacturing; jewellery; and environmental and medical technologies), education, sports, leisure and retail. The City benefits from three main railway stations providing services to cities across the UK, and an international airport operating worldwide routes.

2.37 The central area of the City has evolved from development in the 18th, 19th and 20th centuries, with development of the suburban areas (Edgbaston, Sutton Coldfield, Moseley and Harbone) in the latter part of this period.

2.38 The City borders the metropolitan districts of Dudley, Sandwell and Walsall to the east, and Solihull to the south. To the north are the districts of North Warwickshire and Lichfield, and to the south, the City borders the district of Bromsgrove.

2.39 Birmingham is a densely built up area with challenges of population growth, placing pressure on plan makers to identify suitable sites for new housing and employment floorspace. The majority of land for new housing and employment floorspace will come from recycling of previously developed land, including former industrial sites and intensification of existing uses, but the Council is removing land from the greenbelt for a 6,000-unit Sustainable Urban Extension.

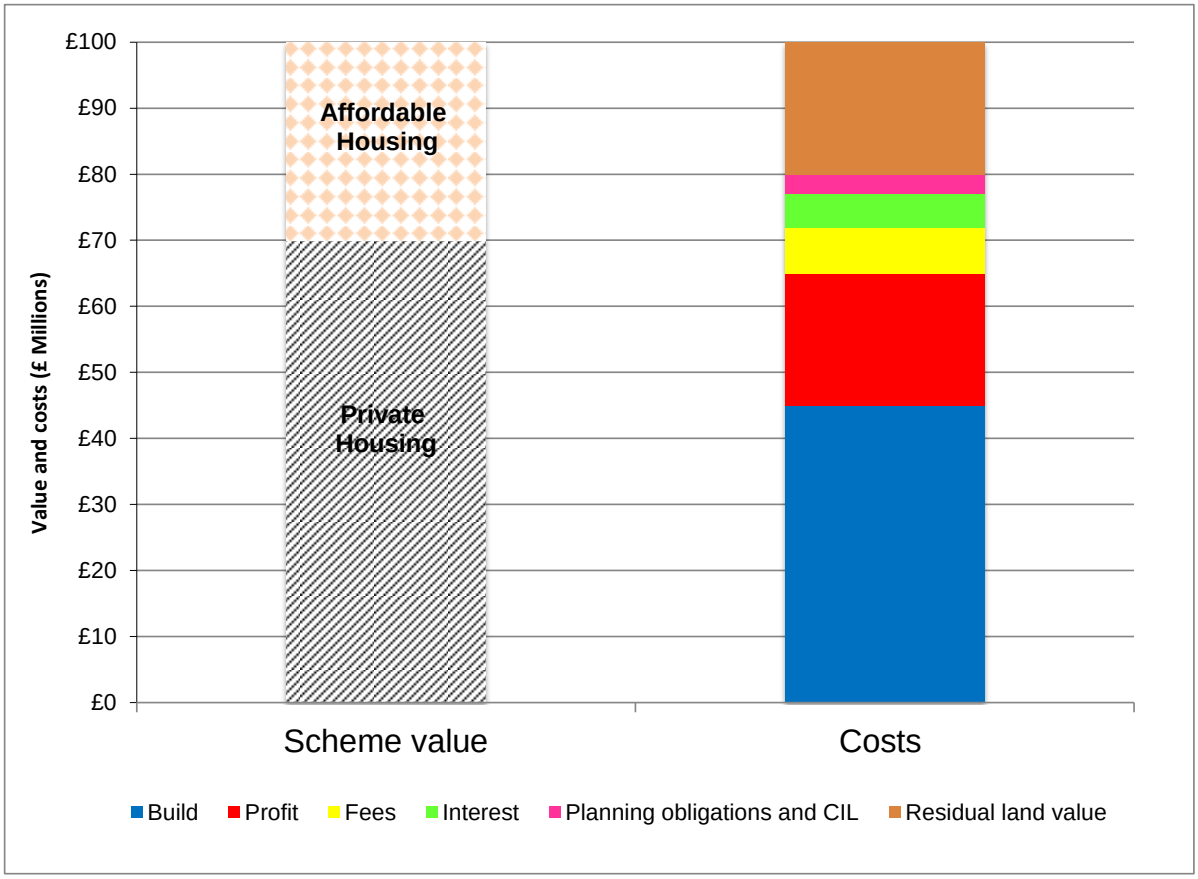
2.40 The BDP identifies growth areas for the delivery of new housing and employment land at Greater Icknield (3,000 homes); Aston, Newton and Lozells (700 homes, new offices and retail); Sutton Coldfield Town Centre (growth and diversification of town centre); Bordesley Park (750 homes); Eastern Triangle (1,000 homes); Selly Oak and South Edgbaston (growth of District Centre, 700 homes and life sciences campus); Longbridge (regional investment site including 1,450 homes, new local centre and employment floorspace); two Regional Investment sites of 20 and 25 hectares and a 71-hectare employment site at Peddimore; circa 350,000 square metres of comparison retail development; and a minimum of 745,000 square metres of office development.

3 Methodology and appraisal approach

3.1 Our methodology follows standard development appraisal conventions, using locally-based sites and assumptions that reflect local market and planning policy circumstances. The study is therefore specific to Birmingham and reflects the Council's existing planning policy requirements.

Approach to testing development viability

3.2 Appraisal models can be summarised via the following diagram. The total scheme value is calculated, as represented by the left hand bar. This includes the sales receipts from the private housing (the hatched portion) and the payment from a Registered Provider ('RP') (the chequered portion) for the completed affordable housing units. For a commercial scheme, scheme value equates to the capital value of the rental income after allowing for rent free periods and purchaser's costs. The model then deducts the build costs, fees, interest, planning obligations, CIL and developer's profit. A 'residual' amount is left after all these costs are deducted – this is the land value that the Developer would pay to the landowner. The residual land value is represented by the brown portion of the right hand bar in the diagram.



3.3 The Residual Land Value is normally a key variable in determining whether a scheme will proceed. If a proposal generates sufficient positive land value (in excess of existing use value, discussed later), it will be implemented. If not, the proposal will not go ahead, unless there are alternative funding sources to bridge the 'gap'.

3.4 Issues with establishing key appraisal variables are summarised as follows:

- Development costs are subject to national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. In cities like Birmingham, many sites will be previously developed. These sites can sometimes encounter 'exceptional' costs such as

decontamination. Such costs can be very difficult to anticipate before detailed site surveys are undertaken;

- Assumptions about development phasing, phasing of Section 106 contributions and infrastructure required to facilitate each phase of a development will affect residual values. Where the delivery of the obligations is deferred, the lower the real cost to the applicant (and the greater the scope for increased affordable housing and other planning obligations). This is because the interest cost is reduced if the costs are incurred later in the development cashflow; and
- While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the higher the profit level required by lenders. While profit levels were typically up to around 15% of completed development value at the peak of the last cycle in 2007, banks currently require schemes to show a higher profit to reflect the current risk. Typically developers and banks are targeting around 17-20% profit on value of the private housing element. Lower profit margins are applied to commercial floorspace (typically 15% of GDV) and affordable housing (typically 6% of GDV).

3.5 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value[6]' or another appropriate benchmark to make development worthwhile. The margin above existing use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.

3.6 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use. Ultimately, if landowners' reasonable expectations are not met, they will not voluntarily sell their land and (unless a Local Authority is prepared to use its compulsory purchase powers) some may simply hold on to their sites, in the hope that policy may change at some future point with reduced requirements. However, the communities in which development takes place also have reasonable expectations that development will mitigate its impact, in terms of provision of community infrastructure, which will inevitably reduce land values. It is within the scope of those expectations that developers have to formulate their offers for sites. The task of formulating an offer for a site is complicated further still during buoyant land markets, where developers have to compete with other developers to secure a site, often speculating on increases in value.

Viability benchmark

3.7 The NPPF is not prescriptive on the type of methodology local planning authorities should use when assessing viability. The National Planning Practice Guidance indicates that benchmark land value should be based on existing use value plus a premium to incentivise landowners to release land for development. The premium should provide a "*reasonable incentive, in comparison with other options available*" (para 014).

3.8 In 2019, the government published a revised NPPF, which indicates at paragraph 34 that "*Plans should set out the contributions expected in association with particular sites and types of development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, green and digital infrastructure). Such policies should not make development unviable, and should be supported by evidence to demonstrate this"*. The PPG indicates that for the purposes of testing viability, local authorities should have regard to existing use value of land plus a premium to incentivise release for redevelopment.

3.9 The Local Housing Delivery Group published guidance[7] in June 2012 which provides guidance on

[6] For the purposes of this report, existing use value is defined as the value of the site in its existing use, assuming that it remains in that use. We are not referring to the RICS Valuation Standards definition of 'Existing Use Value'.

[7] *'Viability Testing Local Plans: Advice for planning practitioners',* Local Housing Delivery Group, Chaired by Sir John Harman, June 2012. Although this guidance was published well before the 2019 PPG the approach it advocates for establishing benchmark land value is entirely consistent with the PPG.

testing viability of Local Plan policies. The guidance notes that "*consideration of an appropriate Threshold Land Value [or viability benchmark] needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy*".

3.10 In light of the weaknesses in the market value approach, the Local Housing Delivery Group guidance recommends that benchmark land value "*is based on a premium over current use values*" with the "*precise figure that should be used as an appropriate premium above current use value [being] determined locally*".

3.11 The examination on the Mayor of London's first CIL charging schedule considered the issue of an appropriate land value benchmark. The Mayor had adopted existing use value, while certain objectors suggested that 'Market Value' was a more appropriate benchmark. The Examiner concluded that:

"The market value approach…. while offering certainty on the price paid for a development site, suffers from being based on prices agreed in an historic policy context." (paragraph 8) and that "*I don't believe that the EUV approach can be accurately described as fundamentally flawed or that this examination should be adjourned to allow work based on the market approach to be done*" (paragraph 9).

3.12 In his concluding remark, the Examiner points out that

"the price paid for development land may be reduced [so that CIL may be accommodated]. *As with profit levels there may be cries that this is unrealistic, but* ***a reduction in development land value is an inherent part of the CIL concept****. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges.* (paragraph 32 – emphasis added).

3.13 It is important to stress, therefore, that there is no single threshold land value at which land will come forward for development. The decision to bring land forward will depend on the type of owner and, in particular, whether the owner occupies the site or holds it as an asset; the strength of demand for the site's current use in comparison to others; how offers received compare to the owner's perception of the value of the site, which in turn is influenced by prices achieved by other sites. Given the lack of a single threshold land value, it is difficult for policy makers to determine the minimum land value that sites should achieve. This will ultimately be a matter of judgement for each charging authority.

3.14 Respondents to consultations on planning policy documents in other authorities have made various references to the RICS Guidance on 'Viability in Planning' (2012) and have suggested that councils should run their analysis on market values. This would be an extremely misleading measure against which to test viability, as market values should reflect *existing policies already in place*, and would consequently tell us nothing as to how future (as yet un-adopted) policies or CIL rates might impact on viability. It has been widely accepted elsewhere that market values are inappropriate for testing planning policy requirements. The 2019 PPG cautions that prices paid for sites may be misleading measures of site value "*due to different assumptions and methodologies used by individual developers, site promoters and landowners*" when deciding how much to bid (para 014).

3.15 Relying upon historic transactions is a fundamentally flawed approach, as offers for these sites will have been framed in the context of current planning policy requirements, so an exercise using these transactions as a benchmark would tell the Council nothing about the potential for sites to absorb as yet unadopted policies. Various Local Plan inspectors and CIL examiners have accepted the key point that Local Plan policies and CIL will ultimately result in a reduction in land values, so benchmarks must consider a reasonable minimum threshold which landowners will accept. For local authority areas such as Birmingham, where there is a mix of greenfield development and recycling of previously developed sites, the 'bottom line' in terms of land value will be the value of the site in its

existing use. This fundamental point is recognised by the RICS at paragraph 3.4.4. of their Guidance Note on 'Financial Viability in Planning":

"For a development to be financially viable, any uplift from current use value to residual land value that arises when planning permission is granted should be able to meet the cost of planning obligations while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project (the NPPF refers to this as 'competitive returns' respectively). The return to the landowner will be in the form of a land value in excess of current use value".

3.16 The Guidance goes on to state that "*it would be inappropriate to assume an uplift based on set percentages … given the diversity of individual development sites*". The guidance does not recognise, however, that it is possible to determine an uplift based on site-specific circumstances.

3.17 Commentators also make reference to 'market testing' of benchmark land values. This is another variant of the benchmarking advocated by respondents outlined at paragraph 3.14. These respondents advocate using benchmarks that are based on the prices that sites have been bought and sold for. There are significant weaknesses in this approach which none of the respondents who advocate this have addressed. In brief, prices paid for sites are a highly unreliable indicator of their actual value, due to the following reasons:

- Transactions are often based on bids that 'take a view' on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to 'market test' CIL rates, the outcome would be unreliable and potentially highly misleading.

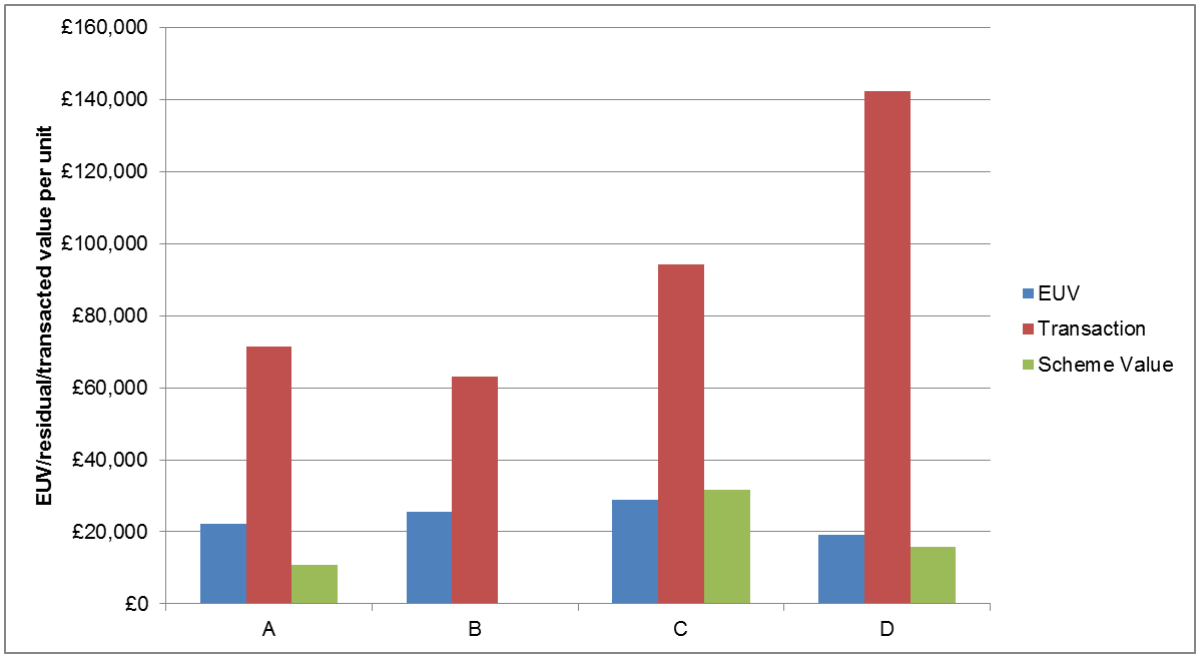
- Historic transactions of housing sites are often based on the receipt of grant funding, which is no longer available in most cases.

- There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results.

- Developers often build assumptions of growth in sales values into their appraisals, which provides a higher gross development value than would actually be achieved today. Given that our appraisals are based on current values, using prices paid would result in an inconsistent comparison (i.e. current values against the developer's assumed future values). Using these transactions would produce unreliable and misleading results.

3.18 These issues are evident from a recent BNP Paribas Real Estate review of evidence submitted in viability assessments where the differences between the value ascribed to developments by applicants and the amounts the sites were purchased for by the same parties. The prices paid exceeded the value of the consented schemes by between 52% and 1,300%, as shown in Figure 3.18.1. This chart compares the residual value of four central London development proposals to the sites' existing use values and the price which the developers paid to acquire the sites (all the data is on a per unit basis). Market evidence – if used for the purposes of informing a premium above EUV – therefore needs to be treated with extreme caution.

Figure 3.18.1: Comparison of scheme residual to existing use value and price paid for site



3.19 For the reasons set out above, the approach of using current use values as a starting point for determining benchmark land value is a more reliable indicator of viability than using market values or prices paid for sites, as advocated by certain observers. Our assessment follows this approach, as set out in Section 4.

4 Appraisal assumptions

4.1 For the purposes of testing potential alternative CIL rates, we have appraised 47 development typologies on sites across the borough to represent the types of sites that are likely to come forward over the plan period. The development typologies are identified in Table 4.1.1 overleaf, with additional appraisal inputs provided as Appendix 5. Floor areas for commercial uses are gross internal areas and are indicative estimates only without the benefit of detailed design.

Residential sales values

4.2 Residential values in Birmingham reflect national trends in recent years but do of course vary somewhat between different sub-markets. According to the Land Registry House Price Index, average prices in Birmingham have increased from £130,561 in January 2012 to £185,499 in March 2020, an increase of 42%.

4.3 We have considered comparable evidence of new build schemes in the City to establish appropriate values for each area for testing purposes. The Land Registry recorded 2,164 sales of new build units between 1 January 2018 and 10 May 2019 (attached as Appendix 2). This exercise indicates that the developments in the sample will attract average sales values ranging from circa £2,500 per square metre (£232 per square foot) to £4,200 per square metre (£390 per square foot) on average, as shown in Figure 3.3.1. The highest sales values are achieved in the City Centre.

4.4 The future trajectory of house prices is currently uncertain, although Savills' *UK Housing Market Update (June 2019)* prediction is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream West Midlands markets will grow over the period 2019 and 2023. Savills predict that values in mainstream West Midlands markets (i.e. non-prime) will decrease by 7.5% in 2020 and increase by 2.0% in 2021, 10% in 2022, 7.0% in 2023 and 6.5% in 2024. This equates to cumulative growth of 18.3% between 2020 and 2024 inclusive. In contrast, Savills forecast for UK-wide growth in house prices is 15.1%. Savills medium term forecast for growth is therefore largely unaffected by the coronavirus, as their Autumn 2019 5 year forecast for the West Midlands was 18.2% over the five year period from 2020.

Affordable housing tenure and values

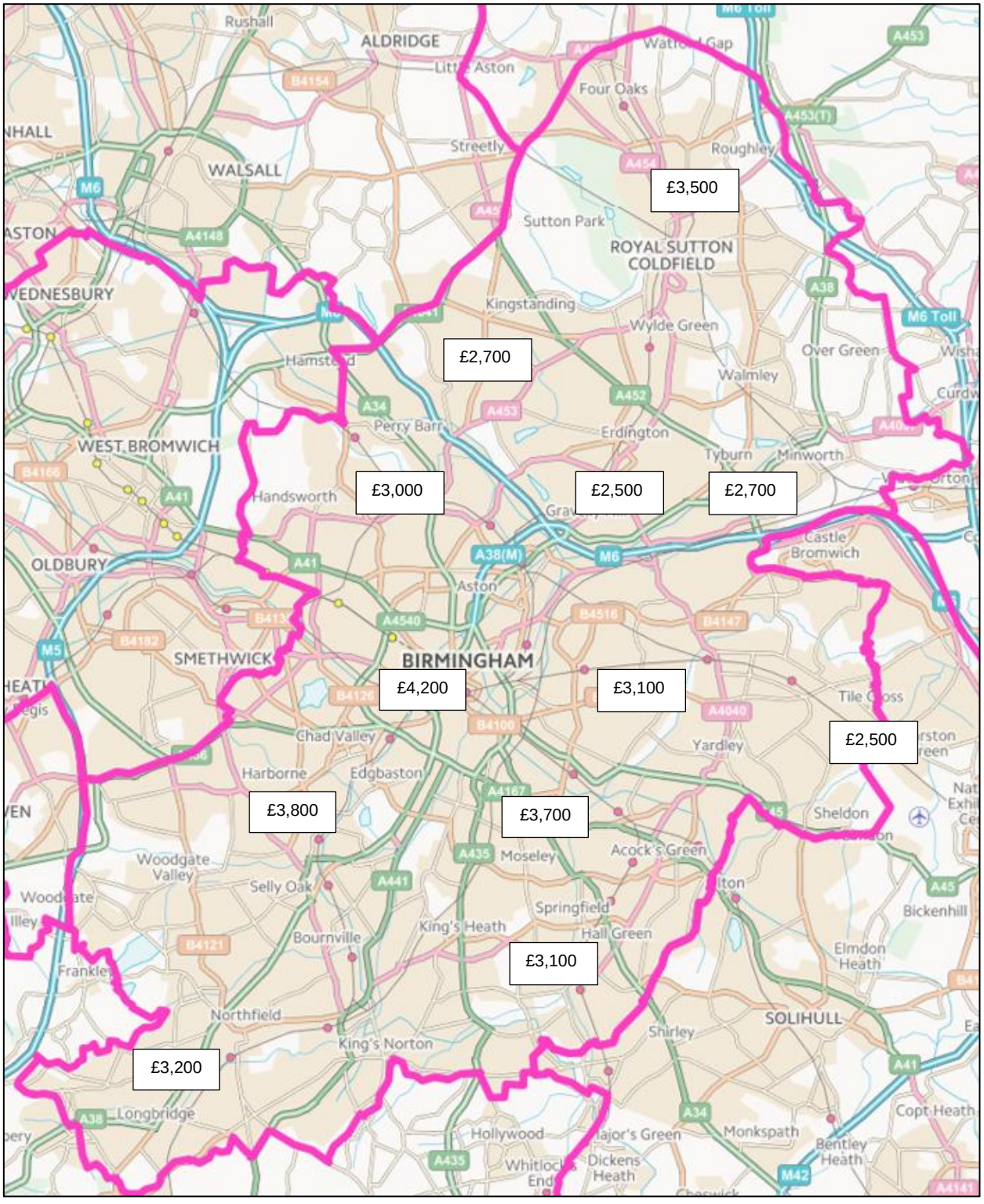
4.5 BDP Policy TP31 requires 35% affordable housing on sites capable of providing 15 or more units. The Council typically seeks a tenure mix of 25% social rented housing and 10% intermediate, typically provided as shared ownership. The Council's preferred housing mix is set out on page 113 of the BDP (reproduced below tor ease of reference) in support of paragraphs TP30 and TP31. summarised in Table 4.5.1.

Table 4.5.1: Council's preferred affordable housing mix (% of total)

Tenure	One bed	Two bed	Three bed	Four bed	Total
Private	8.1	14.9	17.3	21.9	62.2
Intermediate	1.1	1.2	2.2	0.3	4.8
Affordable Rent	3.7	11.6	5.3	0.9	21.6
Social rent	1.7	3.0	1.6	5.0	11.4
Total	14.6	30.8	26.3	28.1	100

4.6 Our appraisals assume that the rented housing is let at social rents, although we note that there is flexibility in BDP Policy TP31 for the rented element to be provided as Affordable Rent, with rents up to Local Housing Allowance levels, as shown in Table 4.6.1.

Figure 4.3.1: Residential sales values in Birmingham



Sources: Map – Ordnance Survey; Values – Land Registry

Table 4.1.1: Development typologies tested in the study (all areas are square metre gross internal areas)

Site ref	Site description	Site area	Density	No of houses	No of flats	Retail	B1	B2/B8	C1
1	1 unit scheme, low density, houses	0.03	33	1	-	-	-	-	-
2	8 unit scheme, medium density, houses	0.14	57	8	-	-	-	-	-
3	14 unit scheme, medium density, houses	0.20	70	14	-	-	-	-	-
4	14 unit scheme, medium density, flats - 4 storeys	0.10	140	-	14	-	-	-	-
5	15 unit scheme, high density, flats - 7 storeys	0.03	500	-	15	-	-	-	-
6	20 unit scheme, low density, houses	0.65	31	20	-	-	-	-	-
7	21 unit scheme, medium density, flats - 5 storeys	0.12	175	-	21	-	-	-	-
8	28 unit scheme, medium density, flats - 3 storeys	0.39	72	-	28	-	-	-	-
9	29 unit scheme, low density, houses	1.02	31	32	-	-	-	-	-
10	32 unit scheme, high density, flats - 4 storeys	0.08	400	-	32	-	-	-	-
11	45 unit scheme, low density, houses	1.98	23	45	-	-	-	-	-
12	60 unit scheme, low density, houses	1.17	51	60	-	-	-	-	-
13	70 unit student scheme, studio flats - 4 storeys	0.13	538	-	70	-	-	-	-
14	70 unit scheme, low density, houses	1.86	38	70	-	-	-	-	-
15	89 unit scheme, low density - houses	2.50	36	89	-	-	-	-	-
16	94 unit scheme, high density, flats - 6 storeys	0.22	427	-	94	-	-	-	-
17	109 unit scheme, high density - flats - 7 storeys	0.23	474	-	109	-	-	-	-
18	113 unit scheme, high density, flats - 7 storeys	0.24	471	-	113	-	-	-	-
19	133 unit scheme, high density, flats - 5 storeys	0.44	302	-	133	-	-	-	-
20	138 unit scheme, low density, houses	5.23	27	141	-	-	-	-	-
21	141 unit scheme, high density, flats - 5 storeys	0.35	403	-	141	-	-	-	-
22	146 unit scheme, high density, flats - 5 storeys	0.49	298	-	146	-	-	-	-
23	148 unit scheme, high density, flats - 6 storeys	0.25	592	-	148	-	-	-	-
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	1.35	114	-	154	-	-	-	-

Site ref	Site description	Site area	Density	No of houses	No of flats	Retail	B1	B2/B8	C1
25	208 unit scheme, high density, flats - 5 storeys	0.62	335	-	208	-	-	-	-
26	241 unit scheme, low density, houses	9.27	26	241	-	-	-	-	-
27	304 unit scheme, high density, flats - 6 storeys	0.79	385	-	304	-	-	-	-
28	334 unit scheme, high density, flats - 11 storeys	0.29	1,152	-	334	-	-	-	-
29	335 unit scheme, high density, flats - 6 storeys	1.47	228	-	335	-	-	-	-
30	357 unit student scheme, high density, studios - 4 storeys	0.88	406	-	357	-	-	-	-
31	425 unit scheme, high density, flats - 10 storeys	0.95	425	-	404	-	-	-	-
32	481 unit scheme, high density, flats - 41 storeys	0.31	1,552	-	481	-	-	-	-
33	650 unit scheme, medium density, houses	8.50	76	650	-	-	-	-	-
34	778 unit scheme, medium density, houses and flats - 3 storeys	4.26	183	661	117	-	-	-	-
35	826 unit scheme, high density, flats - 16 storeys	1.13	731	-	826	-	-	-	-
36	Office scheme 1	1.00	-	-	-		56,00		
37	Office scheme 2	1.00	-	-	-		42,000		
38	Office scheme 3	1.00	-	-	-		20,000		
39	Retail scheme 1	1.00	-	-	-	16,000			
40	Retail scheme 2	1.00	-	-	-	12,000			
41	Retail scheme 3 (convenience)	1.00	-	-	-	5,000			
42	Hotel scheme 1	1.00	-	-	-				42,000
43	Hotel scheme 2	1.00	-	-	-				28,000
44	Hotel scheme 3	1.00	-	-	-				15,000
45	Industrial/warehouse scheme 1	1.00	-	-	-			5,500	
46	Industrial/warehouse scheme 2	1.00	-	-	-			5,000	
47	Industrial/warehouse scheme 3	1.00	-	-	-			4,000	

Table 4.6.1: Affordable housing rents (per week)

Rent type	1 bed	2 bed	3 bed	4 bed
Social rents	£72.94	£84.62	£96.31	£110.67
Affordable Rent (based on LHA in Birmingham Broad Rental Market Area)	£101.84	£127.62	£135.96	£173.41

4.7 RPs are permitted to increase rents by CPI plus 1% per annum. We have applied this assumption to our appraisals.

4.8 Based on the rents above, our modelling indicates that RPs would pay an average of £972 per square metre (£90 per square foot) to acquire completed Affordable Rented units for social rent. Alternatively, RPs could pay £1,704 per square metre (£158 per square foot) to acquire the units on the basis of Affordable Rent.

4.9 The CLG/HCA 'Shared Ownership and *Affordable Homes Programme 2016-2021: Prospectus'* document clearly states that Registered Providers will not receive grant funding for any affordable housing provided through planning obligations on developer-led developments. Consequently, all our appraisals assume nil grant. Clearly if grant funding does become available over the plan period, it should facilitate an increase in the provision of affordable housing when developments come forward.

4.10 For shared ownership units, we have assumed that Registered Providers will sell 50% initial equity stakes and charge 2.75% on the retained equity. The rent on retained equity is capitalised using a yield of 5%. These assumptions generate a capital value of circa 75% of market value.

Rents and yields for commercial development

4.11 Our assumptions on rents and yields for the retail and office floorspace are summarised in Table 4.11.1. These assumptions are informed by lettings of similar floorspace in the area over the past year (attached as Appendix 3). Our appraisals assume a 12-month rent-free period for both retail and office floorspace.

Table 4.11.1: Commercial rents (£s per square metre) and yields

Commercial floorspace	Rent per square metre	Investment yield	Rent free period (months)
Retail	£250	7.00%	12
Retail – City Centre	£526	6.5%	12
Retail supermarket	£250	5.00%	12
Offices – City Centre	£301	6.50%	12
Offices – outside City Centre	£210	7.00%	12
Industrial/warehousing	£105	4.75%	6
Hotel – City Centre	£400	5.75%	12
Hotel – outside City Centre	£300	6.5%	12

Build costs

4.12 We have sourced build costs from the RICS Building Cost Information Service ('BCIS'), which is based on tenders for actual schemes, as follows (see also Appendix 4):

- Houses: Estate Housing Generally: £1,188 per square metre;

- Flats: 3-5 storeys: £1,373 per square metre;
- Flats: 6+ storeys: £1,630 per square metre;
- Flats: 20+ storeys: £1,871 per square metre (upper quartile);
- Retail: Shops – generally: £1,410 per square metre;
- Retail: Supermarkets: £1,344 per square metre;
- Offices – generally: £1,800 per square metre;
- Hotels: £1,911 per square metre;
- Industrial: Factories – generally: £1,061 per square metre;
- Warehousing: generally: £930 per square metre

4.13 In addition, the base costs above are increased by 15% to account for external works (including car parking spaces) which have increased from the typical 10% for houses and 6% for flatted schemes to allow for the additional landscaping requirements in DMB policy DM4. We have also increased the base costs by 6% for the costs of meeting the energy requirements now embedded into Part L of the Building Regulations and air quality requirements of DMB policy DM1. On commercial schemes, the allowance for external works equates to 10% of base build costs.

Zero carbon and BREEAM

4.14 The '*Greater London Authority Housing Standards Review: Viability Assessment*' estimates that the cost of achieving zero carbon standards is 1.4% of base build costs. We have applied this uplift in costs to the base build costs outlined above.

4.15 For commercial developments, we have increased base build costs by 2% to allow for the extra-over costs of achieving BREEAM 'excellent' standard[8]. This is assumed to also address the 'excellent;' standard in relation to water efficiency, for which no clear data is available.

4.16 DMB policy DM15 indicates support for the provision of car charging points for low or zero emission vehicles, although there is no explicit requirement in terms of numbers of spaces that should be provided. The draft Parking SPD indicates that where schemes have allocated parking, the Council will require one active vehicle charging point per dwelling vehicle charging point. Lower requirements apply to unallocated parking. We have assumed that 100% of spaces are provided for such vehicles and incorporated £1,500 per space per residential unit, based on recent residential projects[9].

Accessibility standards

4.17 Policy DM10 requires that developments of 15 or more units provide 30% of units as accessible and adaptable in accordance with the Building Regulations Part M4(2) unless demonstrated to be financially unviable. We have run our appraisals assuming that 30% of all dwellings on a development of 15 or more units meet Part M4(2) requirements.

4.18 Our appraisals assume that all units are constructed to meet the accessible and adaptable standards (Category 2) at an average cost of £521 per house and £924 per unit for flats. Although we have not tested Category 3 standards, we note that the average costs are significantly higher at an average of £22,694 per house and £7,906 per flat[10].

[8] Based on '*Delivering Sustainable Buildings: savings and payback'*, BREEAM and Sweett Group Research 2014, which identified an increase of between 0.87% to 1.71% of build costs

[9] London Plan Viability Study, 2017 – cost includes the charging point and necessary infrastructure in the development.

[10] Based on MHCLG 'Housing Standards Review: Cost Impacts' September 2014

Custom build housing

4.19 Custom build housing can be structured so that the developer sells serviced plots to individual purchasers, who then procure their own contractor to construct a house to their own design. In these cases, the Developer will receive a land receipt based on the residual land value generated by the house. As this will be a smaller amount than the GDV of the house (that would normally be included in the appraisal for developer-built units), there is a lower profit requirement in the appraisal which means the impact of custom build housing can be neutral.

4.20 An alternative model is for the developer to enter into a direct contract with the custom-build purchaser to develop a house to their design. Once in contract, the unit would be de-risked. In this situation, other than marginal additional costs associated with purchaser liaison, the impact on the residual land value would be deminimis

4.21 Custom build dwellings are eligible for full relief from CIL.

Professional fees

4.22 In addition to base build costs, schemes will incur professional fees, covering design and valuation, highways consultants and so on. Schemes typically incur fees of around 8%, but we have increased this to 10% to allow for the additional design requirements associated with BDP Policy PG3 3.

Development finance

4.23 Our appraisals assume that development finance can be secured at a rate of 6%, inclusive of arrangement and exit fees, reflective of current funding conditions. Although developers will not typically fund 100% of their development costs though debt, it is usual practice to apply finance to all costs to reflect the opportunity cost (or actual cost) of equity.

Marketing costs

4.24 Our appraisals incorporate an allowance of 3% for marketing costs, which includes show homes and agents' fees, plus 0.5% for sales legal fees.

CIL

4.25 Following approval in September 2015, the Council implemented its CIL Charging Schedule on 4 January 2016. The adopted rates are summarised in Table 4.25.1, along with the effective rates today after allowing for indexation.

Table 4.25.1: Adopted and indexed CIL rates

Development Type	Detail	Charge per sqm	Indexed rates per sqm
Retail convenience	<2,700 sqm	£0	£0
Retail convenience[1]	>2,700 sqm	£260	£342
Retail[2]	All other	£0	£0
Retail[2]	Greenbelt Development (Sustainable urban extension)	£0	£0
Residential	Value zones 1,2 & 3 (High value area)	£69	£91
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£0
Residential	Green Belt Development (SUE)	£0	£0
Residential	Social Housing Providers registered with HCA and Birmingham Municipal Housing Trust developments	£0	£0

Development Type	Detail	Charge per sqm	Indexed rates per sqm
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£69	£91
Student Housing	Green Belt Development (Sustainable urban extension)	£0	£0
Hotel	City centre	£27	£36
Hotel	Green Belt Development (SUE) and rest of city	£0	£0
Industrial/Employment, Offices, Leisure, Education, Health, Use class C2[3], All other development	All areas	£0	£0

1. Retail convenience can also include non-food floorspace as part of the overall mix of the unit.
2. Retail - This category will include those retail units selling goods not bought on a frequent basis.
3. The Town and Country Planning (Use Classes) Order 1987 (as amended) defines Use Class C2 Residential Institutions as – residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.

4.26 We have re-tested the capacity of developments in the City to viably absorb CIL using two different approaches. The first is to test alternative CIL rates as an input in place of the adopted rates. These alternative CIL rates are summarised in Table 4.26.1. The second approach is to remove CIL and calculate a 'maximum' CIL rate by dividing any surplus residual land value (i.e. residual land value less benchmark land value) by the relevant floorspace in the development. It is important to note that the government's guidance indicates that CIL rates should not be set at the maximum possible level. The alternative rates are summarised in Table 4.26.1.

Table 4.26.1: Alternative CIL rates tested

Develop-ment Type	Detail	Indexed rates per sqm	Alternative rate 1	Alternative rate 2	Alternative rate 3
Retail convenience	<2,700 sqm	£0	£10	£15	£25
Retail convenience	>2,700 sqm	£342	£350	£375	£400
Retail	All other	£0	£10	£15	£25
Retail	Greenbelt Development (Sustainable urban extension)	£0	£10	£15	£25
Residential	Value zones 1,2 & 3 (High value area)	£91	£100	£125	£150
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£25	£50	£75
Residential	Green Belt Development (SUE)	£0	£25	£50	£75
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£91	£100	£125	£150
Hotel	City centre	£36	£40	£50	£60
Hotel	Rest of City	£0	£0	£0	£0
Offices	All areas	£0	£10	£15	£25

Develop-ment Type	Detail	Indexed rates per sqm	Alternative rate 1	Alternative rate 2	Alternative rate 3
Industrial and warehousing	All areas	£0	£25	£50	£75
Leisure, Education, Health, Use class C2, All other development	All areas	£0	£0	£0	£0

4.27 The amended CIL Regulations specify that if any part of an existing building is in lawful use for 6 months within the 36 months prior to the time at which planning permission first permits development, all of the existing floorspace will be deducted when determining the amount of chargeable floorspace. Some development sites in Birmingham will be on previously developed land but not all existing floorspace will qualify if, for example, it does not meet the occupation criteria. Therefore, for the purposes of our appraisals, we have assumed that there is no deduction for existing floorspace to ensure that the proposed CIL rate is viable for developments where there is no qualifying existing floorspace to net off.

Section 106 costs

4.28 To address site-specific Section 106 requirements, we have included an additional allowance of £20 per square metre for non-residential development and £1,500 per unit for residential development, the latter reflecting amounts agreed on sites which share the most characteristics with the site typologies tested in the study. In most cases, Section 106 agreements completed in 2018 and 2019 have total liabilities (excluding affordable housing payments in lieu) significantly lower than the amount we have allowed for in our appraisals.

Development and sales periods

4.29 Development and sales periods vary between type of scheme. However, our sales periods are based on an assumption of a sales rate of 6 units per month, with an element of off-plan sales reflected in the timing of receipts. This is reflective of current market conditions, whereas in improved markets, a sales rate of up to 8 units per month might be expected.

Developer's profit

4.30 Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. It is important to emphasise that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major housebuilders will set targets for minimum profit).

4.31 The views of the banks which fund development are more important; if the banks decline an application by a developer to borrow to fund a development, it is very unlikely to proceed, as developers rarely carry sufficient cash to fund it themselves. Consequently, future movements in profit levels will largely be determined by the attitudes of the banks towards development proposals.

4.32 The near collapse of the global banking system in the final quarter of 2008 is resulting in a much tighter regulatory system, with UK banks having to take a much more cautious approach to all lending. In this context, and against the backdrop of the current sovereign debt crisis in the Eurozone, the banks were for a time reluctant to allow profit levels to decrease. However, perceived risk in the UK housing market is receding, albeit there is a degree of caution as a consequence of

the outcome of the referendum on the UK's membership of the EU. We have therefore adopted a profit margin of 17.5% of private GDV for testing purposes, although individual schemes may require lower or higher profits, depending on site specific circumstances. For commercial development, we have adopted a profit of 15% of GDV, reflecting normal market levels.

4.33 Our assumed return on the affordable housing GDV is 6%. A lower return on the affordable housing is appropriate as there is very limited sales risk on these units for the developer; there is often a pre-sale of the units to an RP prior to commencement. Any risk associated with take up of intermediate housing is borne by the acquiring RP, not by the developer.

Exceptional costs

4.34 Exceptional costs can be an issue for development viability on previously developed land. These costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, in the absence of details site investigations, it is not possible to provide a reliable estimate of what exceptional costs might be. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for abnormal ground conditions and some other 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample.

Benchmark land value

4.35 Benchmark land values, based on the existing use value or alternative use value of sites are key considerations in the assessment of development economics for testing planning policies and tariffs. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's existing use value. Existing use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a different mix of uses. Existing use value or alternative use value are effectively the 'bottom line' in a financial sense and therefore a key factor in this study.

4.36 MHCLG have produced 'Land Value Estimates for Policy Appraisal' (May 2017) which show the following land values for various uses in Birmingham (all shown per gross hectare):

- Residential land: £1.27 million;
- Offices (City Centre): £12 million;
- Offices (elsewhere): £1.27 million;
- Retail: £1.27 million;
- Hotels: £1.27 million;
- Industrial: £1.0 million;
- Greenfield, other open space: £0.25 million.

4.37 For the purposes of testing the viability of DMB policies, we have adopted these benchmark land values in our appraisals.

4.38 For large housing sites developed on previously undeveloped land, we have adopted a benchmark land value of £250,000 per gross hectare (incorporating premium (reflecting option pricing for greenfield sites). This value generates a significant premium above existing use value (typically £22,000 per gross hectare).

5 Appraisal outputs

5.1 The full inputs to and outputs from our appraisals of the various developments are set out in Section 6 and appendices 5, 6 and 7. We have appraised 47 development typologies, reflecting different densities and types of development across the City.

5.2 Each appraisal incorporates (where relevant) affordable housing in line with the requirements of BDP Policy TM31 and lower levels as follows:

- 35% affordable housing;
- 30% affordable housing;
- 25% affordable housing;
- 20% affordable housing;
- 15% affordable housing; and
- 0% affordable housing.

5.3 In all cases, the affordable housing is assumed to be provided as 25% Social Rent and 10% intermediate housing.

5.4 For small sites that fall below the 10 unit threshold, we have assumed that the schemes are delivered as 100% private housing and as a consequence, these schemes are significantly more viable than schemes which are required to contribute towards affordable housing requirements.

5.5 For each development typology, we have tested a range of sales values, reflecting the spread identified in the previous section. Where the residual land value of a typology exceeds the benchmark land value, we have converted the surplus into a rate per square metre, which is equivalent to the maximum CIL that could, in theory, be charged for that particular development.

5.6 We have also tested the developments with CIL as an inputted amount (rather than an output) with the starting point being the adopted charging schedule rates after indexation. The purpose is to approach the potential CIL rates through the 'other end of the telescope', that is, to test the impact on the residual land value that each scheme generates with the existing CIL rates in place. This can assist the Council in forming a judgement as to the potential impact on changes to CIL rates on land values and, consequently, potential land supply for certain uses. The indexed and alternative rates are summarised in Table 5.6.1.

Table 5.6.1: Alternative CIL rates

Develop-ment Type	Detail	Indexed rates per sqm	Alternative rate 1	Alternative rate 2	Alternative rate 3
Retail convenience	<2,700 sqm	£0	£10	£15	£25
Retail convenience	>2,700 sqm	£342	£350	£375	£400
Retail	All other	£0	£10	£15	£25
Retail	Greenbelt Development (Sustainable urban extension)	£0	£10	£15	£25
Residential	Value zones 1,2 & 3 (High value area)	£91	£100	£125	£150
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£25	£50	£75
Residential	Green Belt Development (SUE)	£0	£25	£50	£75

Develop-ment Type	Detail	Indexed rates per sqm	Alternative rate 1	Alternative rate 2	Alternative rate 3
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£91	£100	£125	£150
Hotel	City centre	£36	£40	£50	£60
Hotel	Rest of City	£0	£0	£0	£0
Offices	All areas	£0	£10	£15	£25
Industrial and warehousing	All areas	£0	£25	£50	£75
Leisure, Education, Health, Use class C2, All other development	All areas	£0	£0	£0	£0

5.7 Finally, all the scenarios are tested with the growth and inflation rates summarised in tables 5.7.1 and 5.7.2.

Table 5.7.1 Growth scenario

Year	1 2020	2 2021	3 2022	4 2023	5 2024	6 2025 and each year thereafter
Values	0.0%	4.0%	4.0%	4.0%	4.0%	5.0%
Costs	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Table 5.7.2: Downside scenario

Year	1 2020	2 2021	3 2022	4 2023	5 2024	6 2025 and each year thereafter
Values	-2.0%	0.0%	1.0%	2.0%	3.0%	4.0%
Costs	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%

6 Assessment of appraisal results

6.1 This section sets out the results of our appraisals with the residual land values calculated for scenarios with sales values and capital values reflective of market conditions across the City. The Residual Land Values are assessed in two ways. Firstly, the surplus residual above the benchmark land value is calculated and converted into a rate per square metre, which is a proxy for potential CIL rates, albeit with a deduction to allow sufficient headroom for differences between sites and variable market conditions. This exercise results in a significant number of results, depending on other factors tested, most notably the level of affordable housing and the benchmark land value selected. Secondly, we have tested the impact of a specific set of alternative CIL rates on the residual land values, in comparison to the adopted rates.

6.2 Development value is finite and is rarely enhanced through the adoption of new policy requirements. The impact of new planning requirements therefore depends upon the extent of uplift from existing use values to values of land after planning has been granted. In Birmingham, a significant proportion of housing supply will come forward on previously developed land, which may limit the extent to which contributions towards infrastructure can be secured, certainly in comparison to authorities where the bulk of development land is greenfield.

6.3 In assessing the results, it is important to clearly distinguish between two scenarios; namely, schemes that are unviable *regardless of the Council's policy requirements, including the level of CIL* (including a nil rate) and schemes that are viable *prior* to the imposition of policy requirements. If a scheme is unviable before policy requirements and CIL are levied, it is unlikely to come forward and policy requirements and CIL would not be a factor that comes into play in the developer's/landowner's decision making. The unviable schemes will only become viable following an increase in values and sites would remain in their existing use.

6.4 The CIL regulations state that in setting a charge, local authorities must "strike an appropriate balance" between revenue maximisation on the one hand and the potentially adverse impact of CIL upon the viability of development across the whole area on the other. When considering this balance, the following factors are important:

- Firstly, councils should take a strategic view of viability. There will always be variations in viability between individual sites, but viability testing should establish the most typical viability position; not the exceptional situations.
- Secondly, councils should take a balanced view of viability – residual valuations are just one factor influencing a developer's decision making – the same applies to local authorities.
- Thirdly, while a single charge is attractive, it may not be appropriate for all authorities, particularly in areas where sales values vary significantly between areas.
- Fourthly, markets are cyclical and subject to change over short periods of time. Sensitivity testing to sensitivity test levels of CIL to ensure they are robust in the event that market conditions improve over the life of a Charging Schedule is essential.
- Fifthly, local authorities should not set their rates of CIL at the limits of viability. They should leave a margin or contingency to allow for change and site specific viability issues.

Residential results

6.5 There is clearly a balance that has to be struck between the aims of BDP Policy TM31 on the delivery of affordable housing (which sets a strategic target of 35%) and securing adequate contributions towards infrastructure from the developments that contribute towards the need for new infrastructure. The CIL rate cannot therefore be set on the basis that every single development typology across the City will deliver 35%, as this is not always viable. The Council's latest Annual Monitoring Report dated April 2019 indicates that 676 new affordable units were completed in the year 2017/18, equating to 21.3% of all net completions, including sites below the threshold for affordable housing. In addition, the Council received £4.3 million in commuted sums. In the previous year, 397 new affordable homes

were completed, equating to 20% of all net completions.

6.6 We have nevertheless focused on the results of testing where we have included 35% affordable housing, as delivery of the objectives of policy TM31 are understood to be the Council's priority. Clearly there is a need to secure adequate amounts of funding to support new development but this needs to be balanced against the need to provide affordable housing. Affordable housing cannot be maximised to the total exclusion of securing infrastructure funding and vice versa. That said, it is important to note that CIL equates to a significantly lower cost to developments in comparison to affordable housing. Maximising contributions towards infrastructure and affordable depend upon reducing land values to avoid maximising one of the policy objectives at the expense of the other.

6.7 The appraisals generate a very wide spread of potential CIL rates, depending on residential sales values and the density and form of development. The results are summarised in tables 6.7.1 to 6.7.9. As one would expect, the capacity for schemes to absorb CIL is greater where the residential sales values are highest. Furthermore, it is very clear that the capacity to absorb CIL contributions declines as the percentage of affordable housing increases. High density schemes generate the least capacity for CIL expect where sales values are at the top end of the range. Realistically, these types of developments are likely to be confined to the City Centre, where residential sales values are the highest in the City.

6.8 The second approach to testing potential revised CIL rates is to consider viability from the other perspective; rather than the potential CIL rates being determined by the 'surplus' residual land value over the benchmark land value, the second approach inputs CIL as a cost to determine the scale of impact on the residual land value. The starting point for this analysis is the residual land values generated when the adopted CIL rates are included in the appraisals; these residual land values therefore reflect the 'status quo' in terms of returns achieved by development in the City. It is then possible to form a judgement on the extent of change in residual land value with the alternative rates in place of the adopted rates. If the change is significant, this might mean that the increase in CIL may put schemes at risk of not coming forward. Conversely, if the change in residual land value is modest, the risk to delivery would be low. The results of this analysis are summarised in tables 6.8.1 to 6.8.9. For all typologies, the residual land values incorporating the adopted rates are shown as 100% and the residual values with the three alternative rates are shown as a percentage of the original residual land value. All of these appraisals incorporate 35% affordable housing as required by BDP Policy TM31.

6.9 In the bulk of the City, the results of this analysis indicate that increases from the adopted CIL rates would not – in the main - have a significant impact on the residual land values generated. This is illustrated in figures 6.9.1 to 6.9.9, showing the residual land values incorporating the alternative CIL rates as a percentage of the residual value for each scheme incorporating the adopted CIL rates. The analysis identifies several key outcomes:

- Firstly, applying an increased CIL in the Higher Value Zone would have a fairly limited impact on residual land values, with a reduction typically between 4 to 10% of the residual land value reflecting the adopted CIL rates.

- Secondly, in the Lower Value areas, applying a CIL of £25 to £50 on housing schemes would have a relatively modest impact on residual land values generated in comparison to the current situation. Although we have tested higher density schemes in these areas (with many appraisals showing a lack of viability), it is unlikely that this form of housing would be brought forward in these areas at present.

- Thirdly, in the higher values parts of the City the impact of the alternative CIL rates on the residual values is lower than elsewhere, typically in a range from 1% to 4%. Even in the high values parts of the City, the impact of increased CIL rates on some high density schemes is more significant than lower density development, albeit that the reductions are smaller than elsewhere.

Table 6.7.1: Maximum CIL rates, Sales Value Area A (£2,500 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£122	£122	£122	£122	£122	£122
2	8 unit scheme, medium density, houses (GF)	£173	£173	£173	£173	£173	£173
3	14 unit scheme, medium density, houses	£0	£0	£0	£0	£0	£0
4	14 unit scheme, medium density, flats - 4 storeys	£0	£0	£0	£0	£0	£0
5	15 unit scheme, high density, flats - 7 storeys (GF)	£0	£0	£0	£0	£0	£0
6	20 unit scheme, low density, houses (GF)	£113	£37	£12	£0	£0	£0
7	21 unit scheme, medium density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£0	£0	£0	£0	£0	£0
9	29 unit scheme, low density, houses (GF)	£115	£40	£15	£0	£0	£0
10	32 unit scheme, high density, flats - 4 storeys	£0	£0	£0	£0	£0	£0
11	45 unit scheme, low density, houses (GF)	£64	£0	£0	£0	£0	£0
12	60 unit scheme, low density, houses (GF)	£166	£92	£67	£42	£18	£0
13	70 unit student scheme, studio flats - 4 storeys (GF)	£0	£0	£0	£0	£0	£0
14	70 unit scheme, low density, houses (GF)	£136	£62	£38	£13	£0	£0
15	89 unit scheme, low density - houses	£0	£0	£0	£0	£0	£0
16	94 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£0	£0	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£0	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
20	138 unit scheme, low density, houses (GF)	£92	£18	£0	£0	£0	£0
21	141 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
22	146 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
23	148 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£0	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
26	241 unit scheme, low density, houses (GF)	£100	£25	£0	£0	£0	£0
27	304 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£0	£0	£0	£0	£0	£0
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£0	£0	£0	£0	£0	£0
34	778 unit scheme, medium density, houses and flats - 3 storeys	£0	£0	£0	£0	£0	£0
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.2: Maximum CIL rates, Sales Value Area B (£2,750 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£382	£382	£382	£382	£382	£382
2	8 unit scheme, medium density, houses (GF)	£432	£432	£432	£432	£432	£432
3	14 unit scheme, medium density, houses	£195	£92	£57	£23	£0	£0
4	14 unit scheme, medium density, flats - 4 storeys	£0	£0	£0	£0	£0	£0
5	15 unit scheme, high density, flats - 7 storeys (GF)	£0	£0	£0	£0	£0	£0
6	20 unit scheme, low density, houses (GF)	£365	£262	£227	£193	£158	£123
7	21 unit scheme, medium density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£0	£0	£0	£0	£0	£0
9	29 unit scheme, low density, houses (GF)	£368	£264	£230	£195	£161	£126
10	32 unit scheme, high density, flats - 4 storeys	£0	£0	£0	£0	£0	£0
11	45 unit scheme, low density, houses (GF)	£315	£212	£177	£143	£109	£74
12	60 unit scheme, low density, houses (GF)	£415	£313	£279	£245	£211	£176
13	70 unit student scheme, studio flats - 4 storeys (GF)	£0	£0	£0	£0	£0	£0
14	70 unit scheme, low density, houses (GF)	£386	£283	£249	£215	£181	£147
15	89 unit scheme, low density - houses	£0	£0	£0	£0	£0	£0
16	94 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£0	£0	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£0	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
20	138 unit scheme, low density, houses (GF)	£342	£239	£205	£171	£137	£103
21	141 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
22	146 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
23	148 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£0	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
26	241 unit scheme, low density, houses (GF)	£343	£240	£206	£172	£138	£104
27	304 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£0	£0	£0	£0	£0	£0
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£210	£111	£78	£45	£12	-£21
34	778 unit scheme, medium density, houses and flats - 3 storeys	£0	£0	£0	£0	£0	£0
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.3: Maximum CIL rates, Sales Value Area C (£3,000 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£641	£641	£641	£641	£641	£641
2	8 unit scheme, medium density, houses (GF)	£691	£691	£691	£691	£691	£691
3	14 unit scheme, medium density, houses	£448	£316	£272	£228	£184	£139
4	14 unit scheme, medium density, flats - 4 storeys	£0	£0	£0	£0	£0	£0
5	15 unit scheme, high density, flats - 7 storeys (GF)	£0	£0	£0	£0	£0	£0
6	20 unit scheme, low density, houses (GF)	£618	£486	£442	£398	£354	£309
7	21 unit scheme, medium density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£0	£0	£0	£0	£0	£0
9	29 unit scheme, low density, houses (GF)	£621	£488	£444	£400	£356	£312
10	32 unit scheme, high density, flats - 4 storeys	£0	£0	£0	£0	£0	£0
11	45 unit scheme, low density, houses (GF)	£566	£434	£391	£347	£303	£259
12	60 unit scheme, low density, houses (GF)	£662	£532	£489	£445	£402	£359
13	70 unit student scheme, studio flats - 4 storeys (GF)	£0	£0	£0	£0	£0	£0
14	70 unit scheme, low density, houses (GF)	£632	£502	£459	£416	£372	£329
15	89 unit scheme, low density - houses	£0	£0	£0	£0	£0	£0
16	94 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£0	£0	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£0	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
20	138 unit scheme, low density, houses (GF)	£588	£458	£415	£372	£328	£285
21	141 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
22	146 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
23	148 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£0	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£0	£0	£0	£0	£0	£0
26	241 unit scheme, low density, houses (GF)	£585	£455	£412	£368	£325	£282
27	304 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£0	£0	£0	£0	£0	£0
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£437	£312	£271	£229	£188	£146
34	778 unit scheme, medium density, houses and flats - 3 storeys	£0	£0	£0	£0	£0	£0
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.4: Maximum CIL rates, Sales Value Area D (£3,250 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£900	£900	£900	£900	£900	£900
2	8 unit scheme, medium density, houses (GF)	£951	£951	£951	£951	£951	£951
3	14 unit scheme, medium density, houses	£701	£540	£486	£433	£379	£326
4	14 unit scheme, medium density, flats - 4 storeys	£4	£0	£0	£0	£0	£0
5	15 unit scheme, high density, flats - 7 storeys (GF)	£0	£0	£0	£0	£0	£0
6	20 unit scheme, low density, houses (GF)	£871	£710	£656	£603	£549	£496
7	21 unit scheme, medium density, flats - 5 storeys	£37	£0	£0	£0	£0	£0
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£107	£0	£0	£0	£0	£0
9	29 unit scheme, low density, houses (GF)	£874	£713	£659	£605	£552	£498
10	32 unit scheme, high density, flats - 4 storeys	£102	£0	£0	£0	£0	£0
11	45 unit scheme, low density, houses (GF)	£815	£656	£602	£549	£496	£443
12	60 unit scheme, low density, houses (GF)	£908	£750	£698	£645	£592	£540
13	70 unit student scheme, studio flats - 4 storeys (GF)	£4	£0	£0	£0	£0	£0
14	70 unit scheme, low density, houses (GF)	£879	£721	£668	£615	£563	£510
15	89 unit scheme, low density - houses	£216	£84	£41	£0	£0	£0
16	94 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£0	£0	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£0	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£7	£0	£0	£0	£0	£0
20	138 unit scheme, low density, houses (GF)	£835	£677	£624	£571	£519	£466
21	141 unit scheme, high density, flats - 5 storeys	£28	£0	£0	£0	£0	£0
22	146 unit scheme, high density, flats - 5 storeys	£6	£0	£0	£0	£0	£0
23	148 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£0	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£92	£0	£0	£0	£0	£0
26	241 unit scheme, low density, houses (GF)	£826	£669	£616	£564	£511	£459
27	304 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£0	£0	£0	£0	£0	£0
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£664	£513	£463	£413	£363	£313
34	778 unit scheme, medium density, houses and flats - 3 storeys	£89	£0	£0	£0	£0	£0
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.5: Maximum CIL rates, Sales Value Area E (£3,500 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£1,160	£1,160	£1,160	£1,160	£1,160	£1,160
2	8 unit scheme, medium density, houses (GF)	£1,210	£1,210	£1,210	£1,210	£1,210	£1,210
3	14 unit scheme, medium density, houses	£954	£764	£701	£638	£575	£512
4	14 unit scheme, medium density, flats - 4 storeys	£214	£65	£16	£0	£0	£0
5	15 unit scheme, high density, flats - 7 storeys (GF)	£0	£0	£0	£0	£0	£0
6	20 unit scheme, low density, houses (GF)	£1,124	£934	£871	£808	£745	£682
7	21 unit scheme, medium density, flats - 5 storeys	£247	£99	£49	£0	£0	£0
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£316	£168	£118	£68	£18	£0
9	29 unit scheme, low density, houses (GF)	£1,126	£937	£874	£811	£747	£684
10	32 unit scheme, high density, flats - 4 storeys	£311	£163	£113	£63	£13	£0
11	45 unit scheme, low density, houses (GF)	£1,063	£876	£813	£751	£688	£626
12	60 unit scheme, low density, houses (GF)	£1,153	£967	£905	£843	£781	£719
13	70 unit student scheme, studio flats - 4 storeys (GF)	£203	£69	£24	£0	£0	£0
14	70 unit scheme, low density, houses (GF)	£1,123	£937	£876	£814	£752	£690
15	89 unit scheme, low density - houses	£448	£291	£238	£186	£134	£81
16	94 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£0	£0	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£0	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£207	£72	£28	£0	£0	£0
20	138 unit scheme, low density, houses (GF)	£1,079	£893	£832	£770	£708	£646
21	141 unit scheme, high density, flats - 5 storeys	£228	£94	£49	£4	£0	£0
22	146 unit scheme, high density, flats - 5 storeys	£205	£71	£26	£0	£0	£0
23	148 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£0	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£293	£150	£102	£53	£5	£0
26	241 unit scheme, low density, houses (GF)	£1,067	£882	£820	£758	£697	£635
27	304 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£183	£35	£0	£0	£0	£0
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£890	£714	£655	£596	£537	£479
34	778 unit scheme, medium density, houses and flats - 3 storeys	£245	£124	£84	£44	£3	-£37
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.6: Maximum CIL rates, Sales Value Area F (£3,750 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£1,419	£1,419	£1,419	£1,419	£1,419	£1,419
2	8 unit scheme, medium density, houses (GF)	£1,469	£1,469	£1,469	£1,469	£1,469	£1,469
3	14 unit scheme, medium density, houses	£1,206	£988	£915	£842	£770	£697
4	14 unit scheme, medium density, flats - 4 storeys	£422	£251	£193	£136	£79	£22
5	15 unit scheme, high density, flats - 7 storeys (GF)	£203	£15	£0	£0	£0	£0
6	20 unit scheme, low density, houses (GF)	£1,376	£1,158	£1,085	£1,012	£940	£867
7	21 unit scheme, medium density, flats - 5 storeys	£456	£284	£227	£169	£112	£55
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£525	£353	£296	£239	£181	£124
9	29 unit scheme, low density, houses (GF)	£1,379	£1,161	£1,088	£1,015	£942	£870
10	32 unit scheme, high density, flats - 4 storeys	£520	£348	£291	£234	£177	£119
11	45 unit scheme, low density, houses (GF)	£1,312	£1,096	£1,024	£952	£880	£808
12	60 unit scheme, low density, houses (GF)	£1,397	£1,184	£1,112	£1,041	£970	£899
13	70 unit student scheme, studio flats - 4 storeys (GF)	£403	£246	£194	£142	£90	£38
14	70 unit scheme, low density, houses (GF)	£1,367	£1,154	£1,083	£1,012	£941	£869
15	89 unit scheme, low density - houses	£680	£497	£436	£375	£314	£253
16	94 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£0	£0	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£0	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£406	£250	£198	£146	£93	£41
20	138 unit scheme, low density, houses (GF)	£1,324	£1,110	£1,039	£968	£897	£825
21	141 unit scheme, high density, flats - 5 storeys	£428	£271	£219	£167	£115	£63
22	146 unit scheme, high density, flats - 5 storeys	£405	£249	£196	£144	£92	£40
23	148 unit scheme, high density, flats - 6 storeys	£0	£0	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£0	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£494	£328	£272	£217	£162	£107
26	241 unit scheme, low density, houses (GF)	£1,307	£1,095	£1,024	£953	£883	£812
27	304 unit scheme, high density, flats - 6 storeys	£74	£0	£0	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£30	£0	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£385	£216	£160	£103	£46	£0
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£1,116	£914	£846	£779	£712	£645
34	778 unit scheme, medium density, houses and flats - 3 storeys	£400	£262	£216	£170	£124	£78
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.7: Maximum CIL rates, Sales Value Area G (£4,000 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£1,676	£1,676	£1,676	£1,676	£1,676	£1,676
2	8 unit scheme, medium density, houses (GF)	£1,726	£1,726	£1,726	£1,726	£1,726	£1,726
3	14 unit scheme, medium density, houses	£1,457	£1,210	£1,128	£1,046	£964	£881
4	14 unit scheme, medium density, flats - 4 storeys	£631	£436	£371	£306	£241	£176
5	15 unit scheme, high density, flats - 7 storeys (GF)	£419	£208	£138	£67	£0	£0
6	20 unit scheme, low density, houses (GF)	£1,627	£1,380	£1,298	£1,216	£1,134	£1,051
7	21 unit scheme, medium density, flats - 5 storeys	£664	£469	£404	£339	£274	£209
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£734	£538	£473	£408	£343	£278
9	29 unit scheme, low density, houses (GF)	£1,629	£1,383	£1,301	£1,218	£1,136	£1,054
10	32 unit scheme, high density, flats - 4 storeys	£729	£533	£468	£403	£338	£273
11	45 unit scheme, low density, houses (GF)	£1,560	£1,316	£1,234	£1,153	£1,071	£990
12	60 unit scheme, low density, houses (GF)	£1,641	£1,400	£1,320	£1,239	£1,159	£1,078
13	70 unit student scheme, studio flats - 4 storeys (GF)	£602	£424	£364	£305	£245	£186
14	70 unit scheme, low density, houses (GF)	£1,612	£1,371	£1,290	£1,210	£1,129	£1,049
15	89 unit scheme, low density - houses	£911	£702	£633	£563	£494	£424
16	94 unit scheme, high density, flats - 6 storeys	£173	£0	£0	£0	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£179	£1	£0	£0	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£179	£0	£0	£0	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£605	£427	£368	£308	£249	£189
20	138 unit scheme, low density, houses (GF)	£1,568	£1,327	£1,246	£1,166	£1,085	£1,005
21	141 unit scheme, high density, flats - 5 storeys	£626	£449	£389	£330	£270	£211
22	146 unit scheme, high density, flats - 5 storeys	£603	£426	£367	£307	£248	£188
23	148 unit scheme, high density, flats - 6 storeys	£190	£12	£0	£0	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£47	£0	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£694	£506	£443	£380	£317	£254
26	241 unit scheme, low density, houses (GF)	£1,547	£1,307	£1,227	£1,147	£1,068	£988
27	304 unit scheme, high density, flats - 6 storeys	£278	£85	£21	£0	£0	£0
28	334 unit scheme, high density, flats - 11 storeys	£0	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£234	£41	£0	£0	£0	£0
30	357 unit student scheme, high density, studios - 4 storeys	£587	£395	£331	£268	£204	£140
31	425 unit scheme, high density, flats - 10 storeys	£0	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£1,342	£1,114	£1,038	£962	£886	£811
34	778 unit scheme, medium density, houses and flats - 3 storeys	£554	£399	£347	£295	£243	£191
35	826 unit scheme, high density, flats - 16 storeys	£0	£0	£0	£0	£0	£0

Table 6.7.8: Maximum CIL rates, Sales Value Area H (£4,250 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£1,933	£1,933	£1,933	£1,933	£1,933	£1,933
2	8 unit scheme, medium density, houses (GF)	£1,983	£1,983	£1,983	£1,983	£1,983	£1,983
3	14 unit scheme, medium density, houses	£1,707	£1,432	£1,341	£1,249	£1,157	£1,066
4	14 unit scheme, medium density, flats - 4 storeys	£840	£621	£548	£475	£403	£330
5	15 unit scheme, high density, flats - 7 storeys (GF)	£633	£399	£321	£243	£165	£86
6	20 unit scheme, low density, houses (GF)	£1,877	£1,602	£1,511	£1,419	£1,327	£1,236
7	21 unit scheme, medium density, flats - 5 storeys	£873	£654	£581	£509	£436	£363
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£942	£724	£651	£578	£505	£432
9	29 unit scheme, low density, houses (GF)	£1,880	£1,605	£1,513	£1,422	£1,330	£1,238
10	32 unit scheme, high density, flats - 4 storeys	£937	£719	£646	£573	£500	£427
11	45 unit scheme, low density, houses (GF)	£1,807	£1,534	£1,444	£1,353	£1,262	£1,171
12	60 unit scheme, low density, houses (GF)	£1,885	£1,616	£1,526	£1,437	£1,347	£1,257
13	70 unit student scheme, studio flats - 4 storeys (GF)	£800	£600	£534	£467	£401	£334
14	70 unit scheme, low density, houses (GF)	£1,856	£1,586	£1,497	£1,407	£1,317	£1,227
15	89 unit scheme, low density - houses	£1,141	£907	£829	£751	£673	£595
16	94 unit scheme, high density, flats - 6 storeys	£373	£172	£105	£38	£0	£0
17	109 unit scheme, high density - flats - 7 storeys	£379	£178	£111	£44	£0	£0
18	113 unit scheme, high density, flats - 7 storeys	£379	£178	£111	£44	£0	£0
19	133 unit scheme, high density, flats - 5 storeys	£802	£603	£536	£470	£403	£337
20	138 unit scheme, low density, houses (GF)	£1,812	£1,543	£1,453	£1,363	£1,273	£1,183
21	141 unit scheme, high density, flats - 5 storeys	£823	£624	£558	£491	£425	£358
22	146 unit scheme, high density, flats - 5 storeys	£801	£601	£535	£469	£402	£336
23	148 unit scheme, high density, flats - 6 storeys	£390	£189	£122	£55	£0	£0
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£223	£46	£0	£0	£0	£0
25	208 unit scheme, high density, flats - 5 storeys	£892	£682	£613	£543	£473	£402
26	241 unit scheme, low density, houses (GF)	£1,786	£1,519	£1,430	£1,341	£1,252	£1,163
27	304 unit scheme, high density, flats - 6 storeys	£481	£266	£194	£122	£50	£0
28	334 unit scheme, high density, flats - 11 storeys	£105	£0	£0	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£437	£222	£150	£78	£6	£0
30	357 unit student scheme, high density, studios - 4 storeys	£789	£574	£503	£432	£360	£289
31	425 unit scheme, high density, flats - 10 storeys	£84	£0	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£1,567	£1,314	£1,229	£1,145	£1,060	£976
34	778 unit scheme, medium density, houses and flats - 3 storeys	£708	£535	£478	£420	£363	£305
35	826 unit scheme, high density, flats - 16 storeys	£64	£0	£0	£0	£0	£0

Table 6.7.9: Maximum CIL rates, Sales Value Area I (£4,500 per square metre)

		Affordable housing percentage (where relevant)					
No	Site location	0%	15%	20%	25%	30%	35%
1	1 unit scheme, low density, houses (GF)	£2,190	£2,190	£2,190	£2,190	£2,190	£2,190
2	8 unit scheme, medium density, houses (GF)	£2,240	£2,240	£2,240	£2,240	£2,240	£2,240
3	14 unit scheme, medium density, houses	£1,958	£1,655	£1,553	£1,452	£1,351	£1,250
4	14 unit scheme, medium density, flats - 4 storeys	£1,048	£806	£726	£645	£564	£484
5	15 unit scheme, high density, flats - 7 storeys (GF)	£848	£590	£504	£418	£332	£246
6	20 unit scheme, low density, houses (GF)	£2,128	£1,825	£1,723	£1,622	£1,521	£1,420
7	21 unit scheme, medium density, flats - 5 storeys	£1,081	£840	£759	£678	£598	£517
8	28 unit scheme, medium density, flats - 3 storeys (GF)	£1,151	£909	£828	£748	£667	£586
9	29 unit scheme, low density, houses (GF)	£2,131	£1,827	£1,726	£1,625	£1,524	£1,423
10	32 unit scheme, high density, flats - 4 storeys	£1,146	£904	£823	£743	£662	£581
11	45 unit scheme, low density, houses (GF)	£2,054	£1,753	£1,653	£1,553	£1,453	£1,353
12	60 unit scheme, low density, houses (GF)	£2,128	£1,831	£1,732	£1,633	£1,534	£1,435
13	70 unit student scheme, studio flats - 4 storeys (GF)	£997	£776	£702	£628	£554	£481
14	70 unit scheme, low density, houses (GF)	£2,099	£1,802	£1,703	£1,604	£1,505	£1,406
15	89 unit scheme, low density - houses	£1,372	£1,112	£1,025	£938	£852	£765
16	94 unit scheme, high density, flats - 6 storeys	£573	£350	£275	£201	£127	£52
17	109 unit scheme, high density - flats - 7 storeys	£579	£356	£281	£207	£133	£58
18	113 unit scheme, high density, flats - 7 storeys	£578	£355	£281	£207	£132	£58
19	133 unit scheme, high density, flats - 5 storeys	£999	£778	£704	£631	£557	£483
20	138 unit scheme, low density, houses (GF)	£2,055	£1,758	£1,659	£1,560	£1,461	£1,362
21	141 unit scheme, high density, flats - 5 storeys	£1,021	£799	£726	£652	£578	£504
22	146 unit scheme, high density, flats - 5 storeys	£998	£777	£703	£629	£556	£482
23	148 unit scheme, high density, flats - 6 storeys	£589	£366	£292	£218	£144	£69
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	£398	£202	£137	£71	£6	£0
25	208 unit scheme, high density, flats - 5 storeys	£1,090	£858	£781	£704	£627	£549
26	241 unit scheme, low density, houses (GF)	£2,026	£1,731	£1,633	£1,535	£1,437	£1,339
27	304 unit scheme, high density, flats - 6 storeys	£683	£446	£367	£288	£208	£129
28	334 unit scheme, high density, flats - 11 storeys	£285	£74	£4	£0	£0	£0
29	335 unit scheme, high density, flats - 6 storeys	£639	£402	£323	£244	£164	£85
30	357 unit student scheme, high density, studios - 4 storeys	£990	£754	£675	£596	£517	£438
31	425 unit scheme, high density, flats - 10 storeys	£262	£53	£0	£0	£0	£0
32	481 unit scheme, high density, flats - 41 storeys	£0	£0	£0	£0	£0	£0
33	650 unit scheme, medium density, houses	£1,793	£1,513	£1,420	£1,327	£1,234	£1,141
34	778 unit scheme, medium density, houses and flats - 3 storeys	£862	£672	£609	£545	£482	£418
35	826 unit scheme, high density, flats - 16 storeys	£225	£41	£0	£0	£0	£0

Table 6.8.1: Alternative CIL rates – Sales values £2,500 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	14,886	12,792	10,697	8,602	100.00%	85.93%	71.86%	57.78%
2	8 unit scheme, medium density, houses (GF)	117,566	100,989	84,411	67,834	100.00%	85.90%	71.80%	57.70%
3	14 unit scheme, medium density, houses	59,726	41,034	22,342	3,650	100.00%	68.70%	37.41%	6.11%
4	14 unit scheme, medium density, flats - 4 storeys	-457,874	-475,239	-492,605	-509,971	100.00%	96.35%	92.95%	89.78%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-850,836	-869,473	-888,110	-906,747	100.00%	97.86%	95.80%	93.83%
6	20 unit scheme, low density, houses (GF)	86,334	59,441	32,548	5,655	100.00%	68.85%	37.70%	6.55%
7	21 unit scheme, medium density, flats - 5 storeys	-686,810	-712,859	-738,907	-764,956	100.00%	96.35%	92.95%	89.78%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	-915,747	-950,479	-985,210	-1,019,942	100.00%	96.35%	92.95%	89.78%
9	29 unit scheme, low density, houses (GF)	138,135	95,106	52,077	9,048	100.00%	68.85%	37.70%	6.55%
10	32 unit scheme, high density, flats - 4 storeys	-963,799	-1,000,038	-1,036,277	-1,072,516	100.00%	96.38%	93.01%	89.86%
11	45 unit scheme, low density, houses (GF)	198,107	138,492	78,148	17,690	100.00%	69.91%	39.45%	8.93%
12	60 unit scheme, low density, houses (GF)	267,091	187,670	108,250	28,830	100.00%	70.26%	40.53%	10.79%
13	70 unit student scheme, studio flats - 4 storeys (GF)	-1,115,487	-1,151,621	-1,187,755	-1,223,888	100.00%	96.86%	93.92%	91.14%
14	70 unit scheme, low density, houses (GF)	311,606	218,948	126,292	33,635	100.00%	70.26%	40.53%	10.79%
15	89 unit scheme, low density - houses	-75,991	-196,681	-317,440	-438,199	100.00%	38.64%	23.94%	17.34%
16	94 unit scheme, high density, flats - 6 storeys	-5,095,874	-5,200,909	-5,305,946	-5,410,982	100.00%	97.98%	96.04%	94.18%
17	109 unit scheme, high density - flats - 7 storeys	-5,909,045	-6,030,842	-6,152,639	-6,274,436	100.00%	97.98%	96.04%	94.18%
18	113 unit scheme, high density, flats - 7 storeys	-6,125,891	-6,252,158	-6,378,424	-6,504,691	100.00%	97.98%	96.04%	94.18%
19	133 unit scheme, high density, flats - 5 storeys	-4,127,722	-4,276,337	-4,424,951	-4,573,566	100.00%	96.52%	93.28%	90.25%
20	138 unit scheme, low density, houses (GF)	627,663	441,025	254,388	67,750	100.00%	70.26%	40.53%	10.79%
21	141 unit scheme, high density, flats - 5 storeys	-4,376,007	-4,533,560	-4,691,115	-4,848,668	100.00%	96.52%	93.28%	90.25%
22	146 unit scheme, high density, flats - 5 storeys	-4,531,184	-4,694,325	-4,857,466	-5,020,607	100.00%	96.52%	93.28%	90.25%
23	148 unit scheme, high density, flats - 6 storeys	-8,023,291	-8,188,667	-8,354,043	-8,519,419	100.00%	97.98%	96.04%	94.18%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-5,724,239	-5,873,873	-6,023,509	-6,173,144	100.00%	97.45%	95.03%	92.73%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
25	208 unit scheme, high density, flats - 5 storeys	-5,946,857	-6,179,277	-6,411,698	-6,644,118	100.00%	96.24%	92.75%	89.51%
26	241 unit scheme, low density, houses (GF)	1,228,258	913,968	599,678	282,819	100.00%	74.41%	48.82%	23.03%
27	304 unit scheme, high density, flats - 6 storeys	-15,542,316	-15,882,291	-16,222,267	-16,562,242	100.00%	97.86%	95.81%	93.84%
28	334 unit scheme, high density, flats - 11 storeys	-17,982,154	-18,301,159	-18,620,164	-18,939,169	100.00%	98.26%	96.57%	94.95%
29	335 unit scheme, high density, flats - 6 storeys	-17,327,610	-17,706,908	-18,086,206	-18,465,503	100.00%	97.86%	95.81%	93.84%
30	357 unit student scheme, high density, studios - 4 storeys	-5,229,688	-5,414,123	-5,598,558	-5,782,993	100.00%	96.59%	93.41%	90.43%
31	425 unit scheme, high density, flats - 10 storeys	-25,336,318	-25,793,357	-26,250,397	-26,707,437	100.00%	98.23%	96.52%	94.87%
32	481 unit scheme, high density, flats - 41 storeys	-40,650,692	-41,157,270	-41,663,847	-42,170,426	100.00%	98.77%	97.57%	96.40%
33	650 unit scheme, medium density, houses	3,462,082	2,652,118	1,842,154	1,028,318	100.00%	76.60%	53.21%	29.70%
34	778 unit scheme, medium density, houses and flats - 3 storeys	-18,334,548	-19,357,184	-20,379,820	-21,402,457	100.00%	94.72%	89.96%	85.67%
35	826 unit scheme, high density, flats - 16 storeys	-51,844,616	-52,830,252	-53,815,888	-54,801,524	100.00%	98.13%	96.34%	94.60%

Table 6.8.2: Alternative CIL rates – Sales values £2,750 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	30,563	28,469	26,374	24,280	100.00%	93.15%	86.29%	79.44%
2	8 unit scheme, medium density, houses (GF)	241,634	225,058	208,480	191,903	100.00%	93.14%	86.28%	79.42%
3	14 unit scheme, medium density, houses	215,268	196,837	178,405	159,974	100.00%	91.44%	82.88%	74.31%
4	14 unit scheme, medium density, flats - 4 storeys	-337,175	-354,540	-371,906	-389,272	100.00%	95.10%	90.66%	86.62%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-718,049	-736,686	-755,324	-773,961	100.00%	97.47%	95.07%	92.78%
6	20 unit scheme, low density, houses (GF)	310,112	283,594	257,076	230,558	100.00%	91.45%	82.90%	74.35%
7	21 unit scheme, medium density, flats - 5 storeys	-505,762	-531,810	-557,859	-583,907	100.00%	95.10%	90.66%	86.62%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	-674,350	-709,080	-743,812	-778,543	100.00%	95.10%	90.66%	86.62%
9	29 unit scheme, low density, houses (GF)	496,179	453,751	411,322	368,894	100.00%	91.45%	82.90%	74.35%
10	32 unit scheme, high density, flats - 4 storeys	-711,922	-748,161	-784,400	-820,639	100.00%	95.16%	90.76%	86.75%
11	45 unit scheme, low density, houses (GF)	695,196	635,580	575,966	516,350	100.00%	91.42%	82.85%	74.27%
12	60 unit scheme, low density, houses (GF)	925,304	845,883	766,463	687,042	100.00%	91.42%	82.83%	74.25%
13	70 unit student scheme, studio flats - 4 storeys (GF)	-873,203	-909,337	-945,470	-981,604	100.00%	96.03%	92.36%	88.96%
14	70 unit scheme, low density, houses (GF)	1,079,521	986,864	894,206	801,550	100.00%	91.42%	82.83%	74.25%
15	89 unit scheme, low density - houses	851,177	733,765	616,351	498,938	100.00%	86.21%	72.41%	58.62%
16	94 unit scheme, high density, flats - 6 storeys	-4,391,578	-4,496,615	-4,601,651	-4,706,687	100.00%	97.66%	95.43%	93.31%
17	109 unit scheme, high density - flats - 7 storeys	-5,092,362	-5,214,160	-5,335,957	-5,457,754	100.00%	97.66%	95.43%	93.31%
18	113 unit scheme, high density, flats - 7 storeys	-5,279,239	-5,405,505	-5,531,772	-5,658,039	100.00%	97.66%	95.43%	93.31%
19	133 unit scheme, high density, flats - 5 storeys	-3,131,220	-3,279,835	-3,428,450	-3,577,064	100.00%	95.47%	91.33%	87.54%
20	138 unit scheme, low density, houses (GF)	2,174,463	1,987,826	1,801,188	1,614,550	100.00%	91.42%	82.83%	74.25%
21	141 unit scheme, high density, flats - 5 storeys	-3,319,564	-3,477,118	-3,634,672	-3,792,226	100.00%	95.47%	91.33%	87.54%
22	146 unit scheme, high density, flats - 5 storeys	-3,437,278	-3,600,419	-3,763,561	-3,926,702	100.00%	95.47%	91.33%	87.54%
23	148 unit scheme, high density, flats - 6 storeys	-6,914,401	-7,079,777	-7,245,153	-7,410,529	100.00%	97.66%	95.43%	93.31%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-4,838,936	-4,988,570	-5,138,205	-5,287,841	100.00%	97.00%	94.18%	91.51%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	-4,367,198	-4,599,619	-4,832,039	-5,064,459	100.00%	94.95%	90.38%	86.23%
26	241 unit scheme, low density, houses (GF)	3,810,356	3,500,451	3,190,546	2,877,151	100.00%	91.87%	83.73%	75.51%
27	304 unit scheme, high density, flats - 6 storeys	-13,220,495	-13,560,470	-13,900,445	-14,240,420	100.00%	97.49%	95.11%	92.84%
28	334 unit scheme, high density, flats - 11 storeys	-16,059,856	-16,378,861	-16,697,865	-17,016,870	100.00%	98.05%	96.18%	94.38%
29	335 unit scheme, high density, flats - 6 storeys	-14,737,240	-15,116,538	-15,495,836	-15,875,133	100.00%	97.49%	95.10%	92.83%
30	357 unit student scheme, high density, studios - 4 storeys	-3,970,111	-4,154,547	-4,338,981	-4,523,416	100.00%	95.56%	91.50%	87.77%
31	425 unit scheme, high density, flats - 10 storeys	-22,597,564	-23,054,603	-23,511,642	-23,968,682	100.00%	98.02%	96.11%	94.28%
32	481 unit scheme, high density, flats - 41 storeys	-37,888,798	-38,395,377	-38,901,955	-39,408,533	100.00%	98.68%	97.40%	96.14%
33	650 unit scheme, medium density, houses	9,994,723	9,196,062	8,397,399	7,598,737	100.00%	92.01%	84.02%	76.03%
34	778 unit scheme, medium density, houses and flats - 3 storeys	-12,576,681	-13,599,317	-14,621,953	-15,644,590	100.00%	92.48%	86.01%	80.39%
35	826 unit scheme, high density, flats - 16 storeys	-46,336,827	-47,322,463	-48,308,100	-49,293,736	100.00%	97.92%	95.92%	94.00%

Table 6.8.3: Alternative CIL rates – Sales values £3,000 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	46,240	44,146	42,051	39,957	100.00%	95.47%	90.94%	86.41%
2	8 unit scheme, medium density, houses (GF)	365,703	349,125	332,548	315,971	100.00%	95.47%	90.93%	86.40%
3	14 unit scheme, medium density, houses	369,932	351,501	333,070	314,639	100.00%	95.02%	90.04%	85.05%
4	14 unit scheme, medium density, flats - 4 storeys	-216,476	-233,842	-251,208	-268,573	100.00%	92.57%	86.17%	80.60%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-585,262	-603,900	-622,537	-641,174	100.00%	96.91%	94.01%	91.28%
6	20 unit scheme, low density, houses (GF)	532,632	506,115	479,597	453,080	100.00%	95.02%	90.04%	85.06%
7	21 unit scheme, medium density, flats - 5 storeys	-324,714	-350,763	-376,811	-402,860	100.00%	92.57%	86.17%	80.60%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	-432,952	-467,683	-502,415	-537,146	100.00%	92.57%	86.17%	80.60%
9	29 unit scheme, low density, houses (GF)	852,212	809,784	767,356	724,927	100.00%	95.02%	90.04%	85.06%
10	32 unit scheme, high density, flats - 4 storeys	-460,046	-496,285	-532,524	-568,763	100.00%	92.70%	86.39%	80.89%
11	45 unit scheme, low density, houses (GF)	1,192,284	1,132,669	1,073,054	1,013,439	100.00%	95.00%	90.00%	85.00%
12	60 unit scheme, low density, houses (GF)	1,579,578	1,501,266	1,422,953	1,344,641	100.00%	95.04%	90.08%	85.13%
13	70 unit student scheme, studio flats - 4 storeys (GF)	-630,918	-667,052	-703,186	-739,319	100.00%	94.58%	89.72%	85.34%
14	70 unit scheme, low density, houses (GF)	1,842,841	1,751,477	1,660,113	1,568,748	100.00%	95.04%	90.08%	85.13%
15	89 unit scheme, low density - houses	1,777,285	1,659,871	1,542,458	1,425,046	100.00%	93.39%	86.79%	80.18%
16	94 unit scheme, high density, flats - 6 storeys	-3,687,284	-3,792,320	-3,897,356	-4,002,392	100.00%	97.23%	94.61%	92.13%
17	109 unit scheme, high density - flats - 7 storeys	-4,275,681	-4,397,477	-4,519,275	-4,641,072	100.00%	97.23%	94.61%	92.13%
18	113 unit scheme, high density, flats - 7 storeys	-4,432,585	-4,558,853	-4,685,119	-4,811,386	100.00%	97.23%	94.61%	92.13%
19	133 unit scheme, high density, flats - 5 storeys	-2,134,717	-2,283,332	-2,431,947	-2,580,562	100.00%	93.49%	87.78%	82.72%
20	138 unit scheme, low density, houses (GF)	3,712,008	3,527,974	3,343,940	3,159,908	100.00%	95.04%	90.08%	85.13%
21	141 unit scheme, high density, flats - 5 storeys	-2,263,122	-2,420,675	-2,578,230	-2,735,783	100.00%	93.49%	87.78%	82.72%
22	146 unit scheme, high density, flats - 5 storeys	-2,343,374	-2,506,515	-2,669,656	-2,832,797	100.00%	93.49%	87.78%	82.72%
23	148 unit scheme, high density, flats - 6 storeys	-5,805,511	-5,970,887	-6,136,263	-6,301,639	100.00%	97.23%	94.61%	92.13%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-3,953,633	-4,103,267	-4,252,902	-4,402,538	100.00%	96.35%	92.96%	89.80%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	-2,787,539	-3,019,960	-3,252,380	-3,484,800	100.00%	92.30%	85.71%	79.99%
26	241 unit scheme, low density, houses (GF)	6,376,136	6,066,231	5,756,327	5,446,422	100.00%	95.14%	90.28%	85.42%
27	304 unit scheme, high density, flats - 6 storeys	-10,898,673	-11,238,648	-11,578,624	-11,918,599	100.00%	96.97%	94.13%	91.44%
28	334 unit scheme, high density, flats - 11 storeys	-14,137,556	-14,456,561	-14,775,566	-15,094,571	100.00%	97.79%	95.68%	93.66%
29	335 unit scheme, high density, flats - 6 storeys	-12,146,870	-12,526,168	-12,905,465	-13,284,763	100.00%	96.97%	94.12%	91.43%
30	357 unit student scheme, high density, studios - 4 storeys	-2,710,535	-2,894,970	-3,079,404	-3,263,840	100.00%	93.63%	88.02%	83.05%
31	425 unit scheme, high density, flats - 10 storeys	-19,858,809	-20,315,848	-20,772,888	-21,229,927	100.00%	97.75%	95.60%	93.54%
32	481 unit scheme, high density, flats - 41 storeys	-35,126,906	-35,633,484	-36,140,062	-36,646,641	100.00%	98.58%	97.20%	95.85%
33	650 unit scheme, medium density, houses	16,484,099	15,696,581	14,909,062	14,119,984	100.00%	95.22%	90.45%	85.66%
34	778 unit scheme, medium density, houses and flats - 3 storeys	-6,939,154	-7,919,577	-8,910,211	-9,906,711	100.00%	87.62%	77.88%	70.04%
35	826 unit scheme, high density, flats - 16 storeys	-40,829,039	-41,814,675	-42,800,311	-43,785,948	100.00%	97.64%	95.39%	93.25%

Table 6.8.4: Alternative CIL rates – Sales values £3,250 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	61,917	59,823	57,728	55,634	100.00%	96.62%	93.23%	89.85%
2	8 unit scheme, medium density, houses (GF)	489,772	473,194	456,617	440,039	100.00%	96.62%	93.23%	89.85%
3	14 unit scheme, medium density, houses	524,597	506,165	487,733	469,302	100.00%	96.49%	92.97%	89.46%
4	14 unit scheme, medium density, flats - 4 storeys	-95,777	-113,143	-130,509	-147,874	100.00%	84.65%	73.39%	64.77%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-452,476	-471,113	-489,750	-508,387	100.00%	96.04%	92.39%	89.00%
6	20 unit scheme, low density, houses (GF)	755,154	728,636	702,118	675,600	100.00%	96.49%	92.98%	89.47%
7	21 unit scheme, medium density, flats - 5 storeys	-143,666	-169,714	-195,763	-221,811	100.00%	84.65%	73.39%	64.77%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	-191,554	-226,286	-261,017	-295,749	100.00%	84.65%	73.39%	64.77%
9	29 unit scheme, low density, houses (GF)	1,208,246	1,165,817	1,123,389	1,080,961	100.00%	96.49%	92.98%	89.47%
10	32 unit scheme, high density, flats - 4 storeys	-208,170	-244,409	-280,648	-316,887	100.00%	85.17%	74.17%	65.69%
11	45 unit scheme, low density, houses (GF)	1,687,078	1,628,295	1,569,512	1,510,527	100.00%	96.52%	93.03%	89.54%
12	60 unit scheme, low density, houses (GF)	2,228,939	2,151,721	2,073,495	1,995,183	100.00%	96.54%	93.03%	89.51%
13	70 unit student scheme, studio flats - 4 storeys (GF)	-388,634	-424,767	-460,901	-497,034	100.00%	91.49%	84.32%	78.19%
14	70 unit scheme, low density, houses (GF)	2,600,430	2,510,341	2,419,078	2,327,714	100.00%	96.54%	93.03%	89.51%
15	89 unit scheme, low density - houses	2,693,160	2,577,386	2,461,611	2,345,837	100.00%	95.70%	91.40%	87.10%
16	94 unit scheme, high density, flats - 6 storeys	-2,982,989	-3,088,024	-3,193,061	-3,298,097	100.00%	96.60%	93.42%	90.45%
17	109 unit scheme, high density - flats - 7 storeys	-3,458,998	-3,580,795	-3,702,592	-3,824,389	100.00%	96.60%	93.42%	90.45%
18	113 unit scheme, high density, flats - 7 storeys	-3,585,933	-3,712,200	-3,838,467	-3,964,734	100.00%	96.60%	93.42%	90.45%
19	133 unit scheme, high density, flats - 5 storeys	-1,138,214	-1,286,829	-1,435,444	-1,584,059	100.00%	88.45%	79.29%	71.85%
20	138 unit scheme, low density, houses (GF)	5,238,009	5,056,544	4,872,714	4,688,680	100.00%	96.54%	93.03%	89.51%
21	141 unit scheme, high density, flats - 5 storeys	-1,206,679	-1,364,233	-1,521,787	-1,679,341	100.00%	88.45%	79.29%	71.85%
22	146 unit scheme, high density, flats - 5 storeys	-1,249,469	-1,412,610	-1,575,751	-1,738,892	100.00%	88.45%	79.29%	71.85%
23	148 unit scheme, high density, flats - 6 storeys	-4,696,621	-4,861,997	-5,027,373	-5,192,749	100.00%	96.60%	93.42%	90.45%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-3,068,329	-3,217,964	-3,367,599	-3,517,235	100.00%	95.35%	91.11%	87.24%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	-1,207,880	-1,440,301	-1,672,721	-1,905,141	100.00%	83.86%	72.21%	63.40%
26	241 unit scheme, low density, houses (GF)	8,925,559	8,619,979	8,314,397	8,008,817	100.00%	96.58%	93.15%	89.73%
27	304 unit scheme, high density, flats - 6 storeys	-8,576,851	-8,916,826	-9,256,802	-9,596,777	100.00%	96.19%	92.65%	89.37%
28	334 unit scheme, high density, flats - 11 storeys	-12,215,258	-12,534,263	-12,853,268	-13,172,272	100.00%	97.45%	95.04%	92.73%
29	335 unit scheme, high density, flats - 6 storeys	-9,556,500	-9,935,798	-10,315,095	-10,694,393	100.00%	96.18%	92.65%	89.36%
30	357 unit student scheme, high density, studios - 4 storeys	-1,450,958	-1,635,392	-1,819,828	-2,004,263	100.00%	88.72%	79.73%	72.39%
31	425 unit scheme, high density, flats - 10 storeys	-17,120,054	-17,577,093	-18,034,133	-18,491,173	100.00%	97.40%	94.93%	92.59%
32	481 unit scheme, high density, flats - 41 storeys	-32,365,013	-32,871,592	-33,378,170	-33,884,747	100.00%	98.46%	96.96%	95.51%
33	650 unit scheme, medium density, houses	22,959,755	22,175,531	21,388,013	20,600,495	100.00%	96.58%	93.15%	89.72%
34	778 unit scheme, medium density, houses and flats - 3 storeys	-1,526,092	-2,474,094	-3,427,347	-4,387,449	100.00%	61.68%	44.53%	34.78%
35	826 unit scheme, high density, flats - 16 storeys	-35,321,250	-36,306,887	-37,292,523	-38,278,160	100.00%	97.29%	94.71%	92.28%

Table 6.8.5: Alternative CIL rates – Sales values £3,500 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	69,983	69,216	67,122	65,027	100.00%	98.90%	95.91%	92.92%
2	8 unit scheme, medium density, houses (GF)	553,601	547,530	530,954	514,376	100.00%	98.90%	95.91%	92.91%
3	14 unit scheme, medium density, houses	612,285	605,535	587,104	568,673	100.00%	98.90%	95.89%	92.88%
4	14 unit scheme, medium density, flats - 4 storeys	-38,182	-44,541	-61,906	-79,272	100.00%	85.72%	61.68%	48.17%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-387,414	-394,239	-412,876	-431,513	100.00%	98.27%	93.83%	89.78%
6	20 unit scheme, low density, houses (GF)	881,314	871,604	845,086	818,568	100.00%	98.90%	95.89%	92.88%
7	21 unit scheme, medium density, flats - 5 storeys	-57,273	-66,811	-92,860	-118,908	100.00%	85.72%	61.68%	48.17%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	-76,364	-89,082	-123,813	-158,544	100.00%	85.72%	61.68%	48.17%
9	29 unit scheme, low density, houses (GF)	1,410,102	1,394,567	1,352,137	1,309,709	100.00%	98.90%	95.89%	92.88%
10	32 unit scheme, high density, flats - 4 storeys	-87,980	-101,250	-137,489	-173,728	100.00%	86.89%	63.99%	50.64%
11	45 unit scheme, low density, houses (GF)	1,965,260	1,943,734	1,884,951	1,826,168	100.00%	98.90%	95.91%	92.92%
12	60 unit scheme, low density, houses (GF)	2,592,978	2,564,702	2,487,483	2,410,263	100.00%	98.91%	95.93%	92.95%
13	70 unit student scheme, studio flats - 4 storeys (GF)	-277,652	-290,883	-327,016	-363,150	100.00%	95.45%	84.90%	76.46%
14	70 unit scheme, low density, houses (GF)	3,025,142	2,992,152	2,902,063	2,811,974	100.00%	98.91%	95.93%	92.95%
15	89 unit scheme, low density - houses	3,187,756	3,145,361	3,029,587	2,913,812	100.00%	98.67%	95.04%	91.41%
16	94 unit scheme, high density, flats - 6 storeys	-2,660,376	-2,698,838	-2,803,874	-2,908,910	100.00%	98.57%	94.88%	91.46%
17	109 unit scheme, high density - flats - 7 storeys	-3,084,904	-3,129,504	-3,251,301	-3,373,098	100.00%	98.57%	94.88%	91.46%
18	113 unit scheme, high density, flats - 7 storeys	-3,198,111	-3,244,348	-3,370,614	-3,496,882	100.00%	98.57%	94.88%	91.46%
19	133 unit scheme, high density, flats - 5 storeys	-681,752	-736,172	-884,787	-1,033,402	100.00%	92.61%	77.05%	65.97%
20	138 unit scheme, low density, houses (GF)	6,093,498	6,027,049	5,845,584	5,664,119	100.00%	98.91%	95.93%	92.95%
21	141 unit scheme, high density, flats - 5 storeys	-722,759	-780,453	-938,007	-1,095,560	100.00%	92.61%	77.05%	65.97%
22	146 unit scheme, high density, flats - 5 storeys	-748,389	-808,128	-971,270	-1,134,411	100.00%	92.61%	77.05%	65.97%
23	148 unit scheme, high density, flats - 6 storeys	-4,188,677	-4,249,234	-4,414,610	-4,579,986	100.00%	98.57%	94.88%	91.46%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-2,726,773	-2,781,566	-2,931,202	-3,080,837	100.00%	98.03%	93.03%	88.51%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	-481,709	-565,629	-794,806	-1,023,983	100.00%	85.16%	60.61%	47.04%
26	241 unit scheme, low density, houses (GF)	10,361,117	10,249,219	9,943,638	9,638,058	100.00%	98.92%	95.97%	93.02%
27	304 unit scheme, high density, flats - 6 storeys	-7,490,439	-7,614,931	-7,954,906	-8,294,882	100.00%	98.37%	94.16%	90.30%
28	334 unit scheme, high density, flats - 11 storeys	-11,452,165	-11,568,978	-11,887,983	-12,206,988	100.00%	98.99%	96.33%	93.82%
29	335 unit scheme, high density, flats - 6 storeys	-8,344,431	-8,483,321	-8,862,619	-9,241,917	100.00%	98.36%	94.15%	90.29%
30	357 unit student scheme, high density, studios - 4 storeys	-861,586	-929,121	-1,113,556	-1,297,991	100.00%	92.73%	77.37%	66.38%
31	425 unit scheme, high density, flats - 10 storeys	-16,042,099	-16,209,457	-16,666,497	-17,123,535	100.00%	98.97%	96.25%	93.68%
32	481 unit scheme, high density, flats - 41 storeys	-31,443,935	-31,629,433	-32,136,011	-32,642,589	100.00%	99.41%	97.85%	96.33%
33	650 unit scheme, medium density, houses	26,580,300	26,291,928	25,504,409	24,716,892	100.00%	98.92%	95.95%	92.99%
34	778 unit scheme, medium density, houses and flats - 3 storeys	386,778	47,390	-899,882	-1,853,136	100.00%	12.25%	-232.66%	-479.12%
35	826 unit scheme, high density, flats - 16 storeys	-33,395,089	-33,756,008	-34,741,645	-35,727,282	100.00%	98.93%	96.12%	93.47%

Table 6.8.6: Alternative CIL rates – Sales values £3,750 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	85,660	84,893	82,799	80,704	100.00%	99.10%	96.66%	94.21%
2	8 unit scheme, medium density, houses (GF)	677,669	671,599	655,022	638,444	100.00%	99.10%	96.66%	94.21%
3	14 unit scheme, medium density, houses	766,948	760,200	741,769	723,337	100.00%	99.12%	96.72%	94.31%
4	14 unit scheme, medium density, flats - 4 storeys	81,365	75,095	57,971	40,849	100.00%	92.29%	71.25%	50.20%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-254,627	-261,452	-280,089	-298,727	100.00%	97.39%	90.91%	85.24%
6	20 unit scheme, low density, houses (GF)	1,103,835	1,094,125	1,067,607	1,041,090	100.00%	99.12%	96.72%	94.32%
7	21 unit scheme, medium density, flats - 5 storeys	122,048	112,642	86,957	61,272	100.00%	92.29%	71.25%	50.20%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	162,731	150,190	115,944	81,697	100.00%	92.29%	71.25%	50.20%
9	29 unit scheme, low density, houses (GF)	1,766,136	1,750,600	1,708,171	1,665,743	100.00%	99.12%	96.72%	94.32%
10	32 unit scheme, high density, flats - 4 storeys	161,610	148,525	112,792	77,059	100.00%	91.90%	69.79%	47.68%
11	45 unit scheme, low density, houses (GF)	2,457,049	2,435,524	2,376,741	2,317,958	100.00%	99.12%	96.73%	94.34%
12	60 unit scheme, low density, houses (GF)	3,237,618	3,209,341	3,132,122	3,054,903	100.00%	99.13%	96.74%	94.36%
13	70 unit student scheme, studio flats - 4 storeys (GF)	-35,367	-48,598	-84,732	-120,866	100.00%	72.78%	41.74%	29.26%
14	70 unit scheme, low density, houses (GF)	3,777,221	3,744,232	3,654,143	3,564,053	100.00%	99.13%	96.74%	94.36%
15	89 unit scheme, low density - houses	4,103,055	4,060,661	3,944,887	3,829,112	100.00%	98.97%	96.15%	93.32%
16	94 unit scheme, high density, flats - 6 storeys	-1,956,082	-1,994,543	-2,099,579	-2,204,615	100.00%	98.07%	93.17%	88.73%
17	109 unit scheme, high density - flats - 7 storeys	-2,268,221	-2,312,821	-2,434,618	-2,556,415	100.00%	98.07%	93.17%	88.73%
18	113 unit scheme, high density, flats - 7 storeys	-2,351,459	-2,397,696	-2,523,962	-2,650,229	100.00%	98.07%	93.17%	88.73%
19	133 unit scheme, high density, flats - 5 storeys	304,281	251,370	106,873	-38,155	100.00%	82.61%	35.12%	-12.54%
20	138 unit scheme, low density, houses (GF)	7,608,402	7,541,953	7,360,487	7,179,022	100.00%	99.13%	96.74%	94.36%
21	141 unit scheme, high density, flats - 5 storeys	322,584	266,491	113,302	-40,450	100.00%	82.61%	35.12%	-12.54%
22	146 unit scheme, high density, flats - 5 storeys	334,023	275,940	117,320	-41,884	100.00%	82.61%	35.12%	-12.54%
23	148 unit scheme, high density, flats - 6 storeys	-3,079,787	-3,140,344	-3,305,720	-3,471,096	100.00%	98.07%	93.17%	88.73%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-1,841,470	-1,896,263	-2,045,898	-2,195,534	100.00%	97.11%	90.01%	83.87%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	1,059,803	977,054	751,075	525,095	100.00%	92.19%	70.87%	49.55%
26	241 unit scheme, low density, houses (GF)	12,907,099	12,795,202	12,489,622	12,184,041	100.00%	99.13%	96.77%	94.40%
27	304 unit scheme, high density, flats - 6 storeys	-5,168,618	-5,293,109	-5,633,084	-5,973,060	100.00%	97.65%	91.75%	86.53%
28	334 unit scheme, high density, flats - 11 storeys	-9,529,867	-9,646,679	-9,965,684	-10,284,689	100.00%	98.79%	95.63%	92.66%
29	335 unit scheme, high density, flats - 6 storeys	-5,754,061	-5,892,951	-6,272,249	-6,651,547	100.00%	97.64%	91.74%	86.51%
30	357 unit student scheme, high density, studios - 4 storeys	378,484	312,820	133,496	-46,476	100.00%	82.65%	35.27%	-12.28%
31	425 unit scheme, high density, flats - 10 storeys	-13,303,344	-13,470,702	-13,927,742	-14,384,781	100.00%	98.76%	95.52%	92.48%
32	481 unit scheme, high density, flats - 41 storeys	-28,682,042	-28,867,541	-29,374,118	-29,880,696	100.00%	99.36%	97.64%	95.99%
33	650 unit scheme, medium density, houses	33,031,378	32,747,030	31,970,500	31,193,971	100.00%	99.14%	96.79%	94.44%
34	778 unit scheme, medium density, houses and flats - 3 storeys	5,623,943	5,289,291	4,375,388	3,453,252	100.00%	94.05%	77.80%	61.40%
35	826 unit scheme, high density, flats - 16 storeys	-27,887,301	-28,248,220	-29,233,857	-30,219,492	100.00%	98.72%	95.39%	92.28%

Table 6.8.7: Alternative CIL rates – Sales values £4,000 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	101,291	100,534	98,469	96,381	100.00%	99.25%	97.21%	95.15%
2	8 unit scheme, medium density, houses (GF)	801,370	795,385	779,038	762,513	100.00%	99.25%	97.21%	95.15%
3	14 unit scheme, medium density, houses	920,614	913,959	895,785	877,611	100.00%	99.28%	97.30%	95.33%
4	14 unit scheme, medium density, flats - 4 storeys	199,656	193,474	176,589	159,705	100.00%	96.90%	88.45%	79.99%
5	15 unit scheme, high density, flats - 7 storeys (GF)	-121,841	-128,665	-147,303	-165,940	100.00%	94.70%	82.71%	73.42%
6	20 unit scheme, low density, houses (GF)	1,324,913	1,315,339	1,289,191	1,263,044	100.00%	99.28%	97.30%	95.33%
7	21 unit scheme, medium density, flats - 5 storeys	299,484	290,210	264,884	239,557	100.00%	96.90%	88.45%	79.99%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	399,313	386,947	353,179	319,409	100.00%	96.90%	88.45%	79.99%
9	29 unit scheme, low density, houses (GF)	2,119,862	2,104,543	2,062,706	2,020,870	100.00%	99.28%	97.30%	95.33%
10	32 unit scheme, high density, flats - 4 storeys	408,576	395,673	360,439	325,204	100.00%	96.84%	88.22%	79.59%
11	45 unit scheme, low density, houses (GF)	2,948,530	2,927,305	2,868,530	2,809,747	100.00%	99.28%	97.29%	95.29%
12	60 unit scheme, low density, houses (GF)	3,882,257	3,853,981	3,776,761	3,699,542	100.00%	99.27%	97.28%	95.29%
13	70 unit student scheme, studio flats - 4 storeys (GF)	200,730	187,866	152,733	117,602	100.00%	93.59%	76.09%	58.59%
14	70 unit scheme, low density, houses (GF)	4,529,300	4,496,311	4,406,222	4,316,133	100.00%	99.27%	97.28%	95.29%
15	89 unit scheme, low density - houses	5,017,781	4,975,960	4,860,186	4,744,411	100.00%	99.17%	96.86%	94.55%
16	94 unit scheme, high density, flats - 6 storeys	-1,251,786	-1,290,248	-1,395,284	-1,500,321	100.00%	97.02%	89.72%	83.43%
17	109 unit scheme, high density - flats - 7 storeys	-1,451,540	-1,496,139	-1,617,936	-1,739,733	100.00%	97.02%	89.72%	83.43%
18	113 unit scheme, high density, flats - 7 storeys	-1,504,807	-1,551,043	-1,677,310	-1,803,577	100.00%	97.02%	89.72%	83.43%
19	133 unit scheme, high density, flats - 5 storeys	1,273,052	1,220,141	1,075,645	931,148	100.00%	95.84%	84.49%	73.14%
20	138 unit scheme, low density, houses (GF)	9,123,304	9,056,855	8,875,389	8,693,924	100.00%	99.27%	97.28%	95.29%
21	141 unit scheme, high density, flats - 5 storeys	1,349,626	1,293,533	1,140,345	987,157	100.00%	95.84%	84.49%	73.14%
22	146 unit scheme, high density, flats - 5 storeys	1,397,486	1,339,402	1,180,782	1,022,163	100.00%	95.84%	84.49%	73.14%
23	148 unit scheme, high density, flats - 6 storeys	-1,970,898	-2,031,454	-2,196,830	-2,362,206	100.00%	97.02%	89.72%	83.43%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-956,167	-1,010,960	-1,160,595	-1,310,231	100.00%	94.58%	82.39%	72.98%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	2,584,609	2,503,015	2,280,188	2,057,363	100.00%	96.84%	88.22%	79.60%
26	241 unit scheme, low density, houses (GF)	15,453,083	15,341,185	15,035,605	14,730,024	100.00%	99.28%	97.30%	95.32%
27	304 unit scheme, high density, flats - 6 storeys	-2,846,796	-2,971,288	-3,311,263	-3,651,239	100.00%	95.81%	85.97%	77.97%
28	334 unit scheme, high density, flats - 11 storeys	-7,607,567	-7,724,381	-8,043,386	-8,362,391	100.00%	98.49%	94.58%	90.97%
29	335 unit scheme, high density, flats - 6 storeys	-3,163,691	-3,302,581	-3,681,879	-4,061,177	100.00%	95.79%	85.93%	77.90%
30	357 unit student scheme, high density, studios - 4 storeys	1,602,590	1,536,926	1,357,602	1,178,278	100.00%	95.90%	84.71%	73.52%
31	425 unit scheme, high density, flats - 10 storeys	-10,564,589	-10,731,947	-11,188,987	-11,646,026	100.00%	98.44%	94.42%	90.71%
32	481 unit scheme, high density, flats - 41 storeys	-25,920,149	-26,105,647	-26,612,225	-27,118,804	100.00%	99.29%	97.40%	95.58%
33	650 unit scheme, medium density, houses	39,478,074	39,193,727	38,417,197	37,640,667	100.00%	99.28%	97.31%	95.35%
34	778 unit scheme, medium density, houses and flats - 3 storeys	10,815,512	10,485,530	9,584,379	8,675,134	100.00%	96.95%	88.62%	80.21%
35	826 unit scheme, high density, flats - 16 storeys	-22,379,513	-22,740,432	-23,726,068	-24,711,704	100.00%	98.41%	94.32%	90.56%

Table 6.8.8: Alternative CIL rates – Sales values £4,250 per sqm – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	116,835	116,078	114,012	111,947	100.00%	99.35%	97.58%	95.82%
2	8 unit scheme, medium density, houses (GF)	924,384	918,397	902,052	885,706	100.00%	99.35%	97.58%	95.82%
3	14 unit scheme, medium density, houses	1,073,862	1,067,207	1,049,032	1,030,858	100.00%	99.38%	97.69%	96.00%
4	14 unit scheme, medium density, flats - 4 storeys	317,140	310,957	294,073	277,188	100.00%	98.05%	92.73%	87.40%
5	15 unit scheme, high density, flats - 7 storeys (GF)	10,793	4,064	-14,516	-33,153	100.00%	37.65%	-134.49%	-307.17%
6	20 unit scheme, low density, houses (GF)	1,545,397	1,535,821	1,509,674	1,483,526	100.00%	99.38%	97.69%	96.00%
7	21 unit scheme, medium density, flats - 5 storeys	475,710	466,435	441,109	415,782	100.00%	98.05%	92.73%	87.40%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	634,279	621,914	588,145	554,376	100.00%	98.05%	92.73%	87.40%
9	29 unit scheme, low density, houses (GF)	2,472,634	2,457,315	2,415,478	2,373,642	100.00%	99.38%	97.69%	96.00%
10	32 unit scheme, high density, flats - 4 storeys	653,742	640,840	605,605	570,371	100.00%	98.03%	92.64%	87.25%
11	45 unit scheme, low density, houses (GF)	3,436,616	3,415,391	3,357,428	3,299,465	100.00%	99.38%	97.70%	96.01%
12	60 unit scheme, low density, houses (GF)	4,525,825	4,497,943	4,421,401	4,344,182	100.00%	99.38%	97.69%	95.99%
13	70 unit student scheme, studio flats - 4 storeys (GF)	436,273	423,408	388,276	353,144	100.00%	97.05%	89.00%	80.95%
14	70 unit scheme, low density, houses (GF)	5,280,129	5,247,600	5,158,301	5,068,212	100.00%	99.38%	97.69%	95.99%
15	89 unit scheme, low density - houses	5,924,649	5,882,846	5,768,688	5,654,528	100.00%	99.29%	97.37%	95.44%
16	94 unit scheme, high density, flats - 6 storeys	-547,491	-585,953	-690,989	-796,025	100.00%	93.44%	79.23%	68.78%
17	109 unit scheme, high density - flats - 7 storeys	-634,857	-679,456	-801,253	-923,051	100.00%	93.44%	79.23%	68.78%
18	113 unit scheme, high density, flats - 7 storeys	-658,154	-704,391	-830,657	-956,924	100.00%	93.44%	79.23%	68.78%
19	133 unit scheme, high density, flats - 5 storeys	2,241,823	2,188,912	2,044,415	1,899,918	100.00%	97.64%	91.19%	84.75%
20	138 unit scheme, low density, houses (GF)	10,635,688	10,570,166	10,390,292	10,208,827	100.00%	99.38%	97.69%	95.99%
21	141 unit scheme, high density, flats - 5 storeys	2,376,670	2,320,576	2,167,387	2,014,199	100.00%	97.64%	91.19%	84.75%
22	146 unit scheme, high density, flats - 5 storeys	2,460,949	2,402,866	2,244,245	2,085,625	100.00%	97.64%	91.19%	84.75%
23	148 unit scheme, high density, flats - 6 storeys	-862,008	-922,564	-1,087,940	-1,253,316	100.00%	93.44%	79.23%	68.78%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	-71,659	-125,687	-275,292	-424,928	100.00%	57.01%	26.03%	16.86%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
25	208 unit scheme, high density, flats - 5 storeys	4,099,622	4,018,028	3,795,202	3,572,376	100.00%	98.01%	92.57%	87.14%
26	241 unit scheme, low density, houses (GF)	17,988,063	17,877,727	17,576,411	17,275,093	100.00%	99.39%	97.71%	96.04%
27	304 unit scheme, high density, flats - 6 storeys	-535,611	-658,366	-993,597	-1,329,417	100.00%	81.35%	53.91%	40.29%
28	334 unit scheme, high density, flats - 11 storeys	-5,685,269	-5,802,082	-6,121,086	-6,440,091	100.00%	97.99%	92.88%	88.28%
29	335 unit scheme, high density, flats - 6 storeys	-585,359	-722,312	-1,096,318	-1,470,807	100.00%	81.04%	53.39%	39.80%
30	357 unit student scheme, high density, studios - 4 storeys	2,820,348	2,755,601	2,578,779	2,401,957	100.00%	97.70%	91.43%	85.17%
31	425 unit scheme, high density, flats - 10 storeys	-7,825,834	-7,993,193	-8,450,232	-8,907,271	100.00%	97.91%	92.61%	87.86%
32	481 unit scheme, high density, flats - 41 storeys	-23,158,257	-23,343,755	-23,850,333	-24,356,911	100.00%	99.21%	97.10%	95.08%
33	650 unit scheme, medium density, houses	45,924,772	45,640,423	44,863,894	44,087,364	100.00%	99.38%	97.69%	96.00%
34	778 unit scheme, medium density, houses and flats - 3 storeys	15,980,381	15,655,003	14,758,688	13,857,537	100.00%	97.96%	92.36%	86.72%
35	826 unit scheme, high density, flats - 16 storeys	-16,871,725	-17,232,644	-18,218,279	-19,203,916	100.00%	97.91%	92.61%	87.86%

Table 6.8.9: \ – change in residual land value (appraisals assume 35% affordable housing)

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
1	1 unit scheme, low density, houses (GF)	132,379	131,622	129,556	127,491	100.00%	99.43%	97.87%	96.31%
2	8 unit scheme, medium density, houses (GF)	1,047,396	1,041,411	1,025,065	1,008,719	100.00%	99.43%	97.87%	96.31%
3	14 unit scheme, medium density, houses	1,227,109	1,220,454	1,202,280	1,184,106	100.00%	99.46%	97.98%	96.50%
4	14 unit scheme, medium density, flats - 4 storeys	434,623	428,440	411,556	394,671	100.00%	98.58%	94.69%	90.81%
5	15 unit scheme, high density, flats - 7 storeys (GF)	141,726	134,997	116,620	98,243	100.00%	95.25%	82.29%	69.32%
6	20 unit scheme, low density, houses (GF)	1,765,879	1,756,305	1,730,156	1,704,009	100.00%	99.46%	97.98%	96.50%
7	21 unit scheme, medium density, flats - 5 storeys	651,935	642,661	617,334	592,007	100.00%	98.58%	94.69%	90.81%
8	28 unit scheme, medium density, flats - 3 storeys (GF)	869,247	856,881	823,113	789,343	100.00%	98.58%	94.69%	90.81%
9	29 unit scheme, low density, houses (GF)	2,825,406	2,810,087	2,768,251	2,726,414	100.00%	99.46%	97.98%	96.50%
10	32 unit scheme, high density, flats - 4 storeys	898,908	886,007	850,772	815,537	100.00%	98.56%	94.65%	90.73%
11	45 unit scheme, low density, houses (GF)	3,924,702	3,903,477	3,845,514	3,787,551	100.00%	99.46%	97.98%	96.51%
12	60 unit scheme, low density, houses (GF)	5,166,371	5,138,489	5,062,346	4,986,205	100.00%	99.46%	97.99%	96.51%
13	70 unit student scheme, studio flats - 4 storeys (GF)	671,814	658,950	623,818	588,686	100.00%	98.09%	92.86%	87.63%
14	70 unit scheme, low density, houses (GF)	6,027,431	5,994,904	5,906,071	5,817,239	100.00%	99.46%	97.99%	96.51%
15	89 unit scheme, low density - houses	6,831,518	6,789,715	6,675,556	6,561,396	100.00%	99.39%	97.72%	96.05%
16	94 unit scheme, high density, flats - 6 storeys	150,977	113,581	11,456	-91,952	100.00%	75.23%	7.59%	-60.90%
17	109 unit scheme, high density - flats - 7 storeys	175,070	131,706	13,284	-106,625	100.00%	75.23%	7.59%	-60.90%
18	113 unit scheme, high density, flats - 7 storeys	181,494	136,539	13,771	-110,539	100.00%	75.23%	7.59%	-60.90%
19	133 unit scheme, high density, flats - 5 storeys	3,205,612	3,153,439	3,010,958	2,868,479	100.00%	98.37%	93.93%	89.48%
20	138 unit scheme, low density, houses (GF)	12,140,969	12,075,448	11,896,515	11,717,581	100.00%	99.46%	97.99%	96.51%
21	141 unit scheme, high density, flats - 5 storeys	3,398,431	3,343,119	3,192,069	3,041,018	100.00%	98.37%	93.93%	89.48%
22	146 unit scheme, high density, flats - 5 storeys	3,518,942	3,461,670	3,305,262	3,148,856	100.00%	98.37%	93.93%	89.48%
23	148 unit scheme, high density, flats - 6 storeys	237,708	178,830	18,037	-144,776	100.00%	75.23%	7.59%	-60.90%
24	Care Village - 62 bed care home, 51 ALUs, 103 care flats	790,007	736,733	591,244	445,756	100.00%	93.26%	74.84%	56.42%

Ref	Site	Residual land values with adopted and alternative rates				Residual as % of residual with adopted CIL			
		Adopted	Alternative 1	Alternative 2	Alternative 3	Adopted	Alt 1	Alt 2	Alt 3
25	208 unit scheme, high density, flats - 5 storeys	5,614,635	5,533,042	5,310,215	5,087,389	100.00%	98.55%	94.58%	90.61%
26	241 unit scheme, low density, houses (GF)	20,520,350	20,410,014	20,108,698	19,807,381	100.00%	99.46%	97.99%	96.53%
27	304 unit scheme, high density, flats - 6 storeys	1,728,300	1,607,258	1,276,704	946,151	100.00%	93.00%	73.87%	54.74%
28	334 unit scheme, high density, flats - 11 storeys	-3,762,971	-3,879,783	-4,198,788	-4,517,793	100.00%	96.99%	89.62%	83.29%
29	335 unit scheme, high density, flats - 6 storeys	1,940,231	1,805,189	1,436,402	1,067,615	100.00%	93.04%	74.03%	55.03%
30	357 unit student scheme, high density, studios - 4 storeys	4,029,320	3,964,572	3,787,751	3,610,929	100.00%	98.39%	94.00%	89.62%
31	425 unit scheme, high density, flats - 10 storeys	-5,087,080	-5,254,438	-5,711,478	-6,168,517	100.00%	96.81%	89.07%	82.47%
32	481 unit scheme, high density, flats - 41 storeys	-20,396,364	-20,581,862	-21,088,440	-21,595,019	100.00%	99.10%	96.72%	94.45%
33	650 unit scheme, medium density, houses	52,365,667	52,085,286	51,310,590	50,534,061	100.00%	99.46%	97.99%	96.50%
34	778 unit scheme, medium density, houses and flats - 3 storeys	21,121,801	20,796,424	19,907,846	19,019,269	100.00%	98.46%	94.25%	90.05%
35	826 unit scheme, high density, flats - 16 storeys	-11,363,936	-11,724,854	-12,710,491	-13,696,128	100.00%	96.92%	89.41%	82.97%

Figure 6.9.1: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area A (£2,500 per square metre)

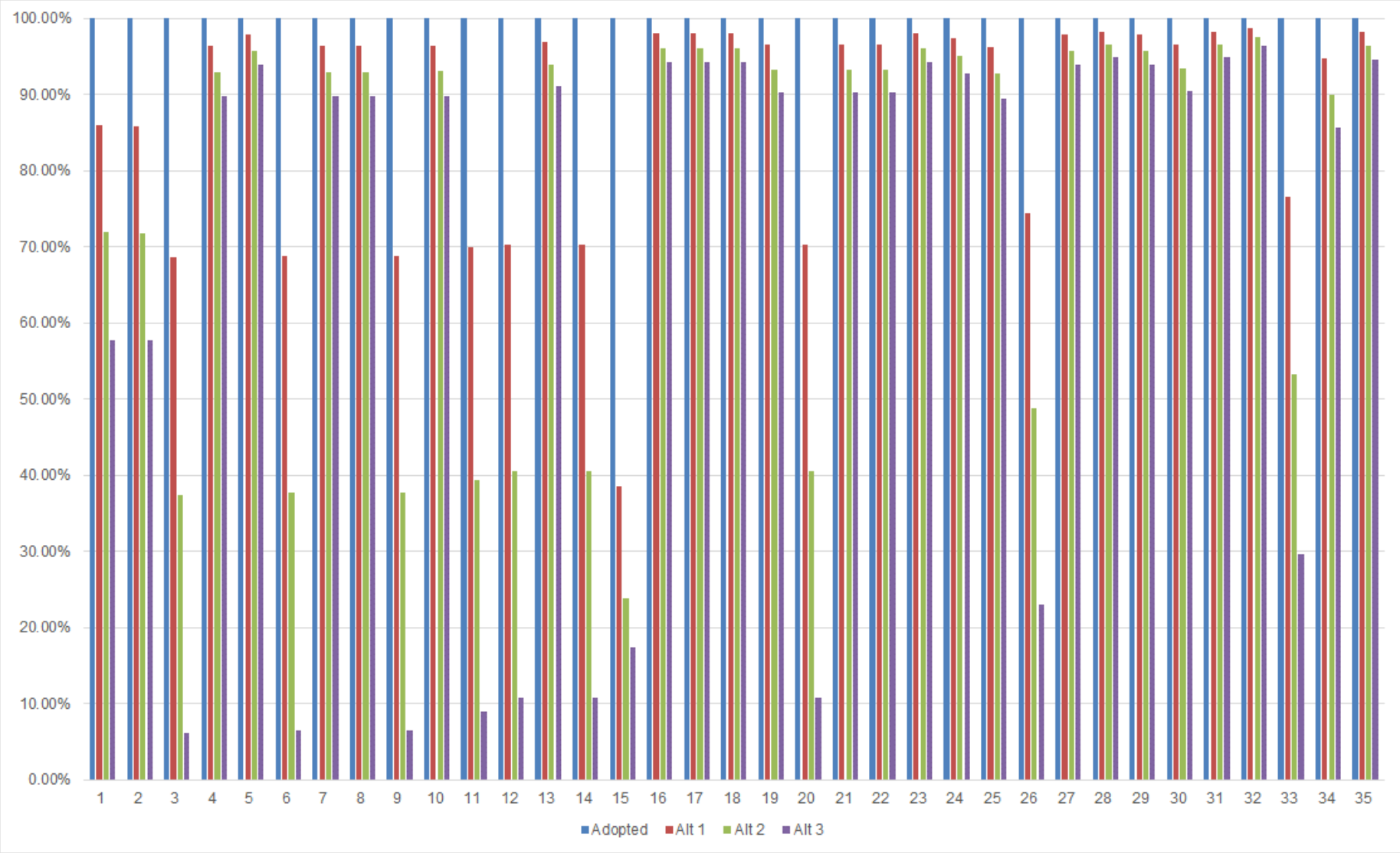


Figure 6.9.2: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area B (£2,750 per square metre)

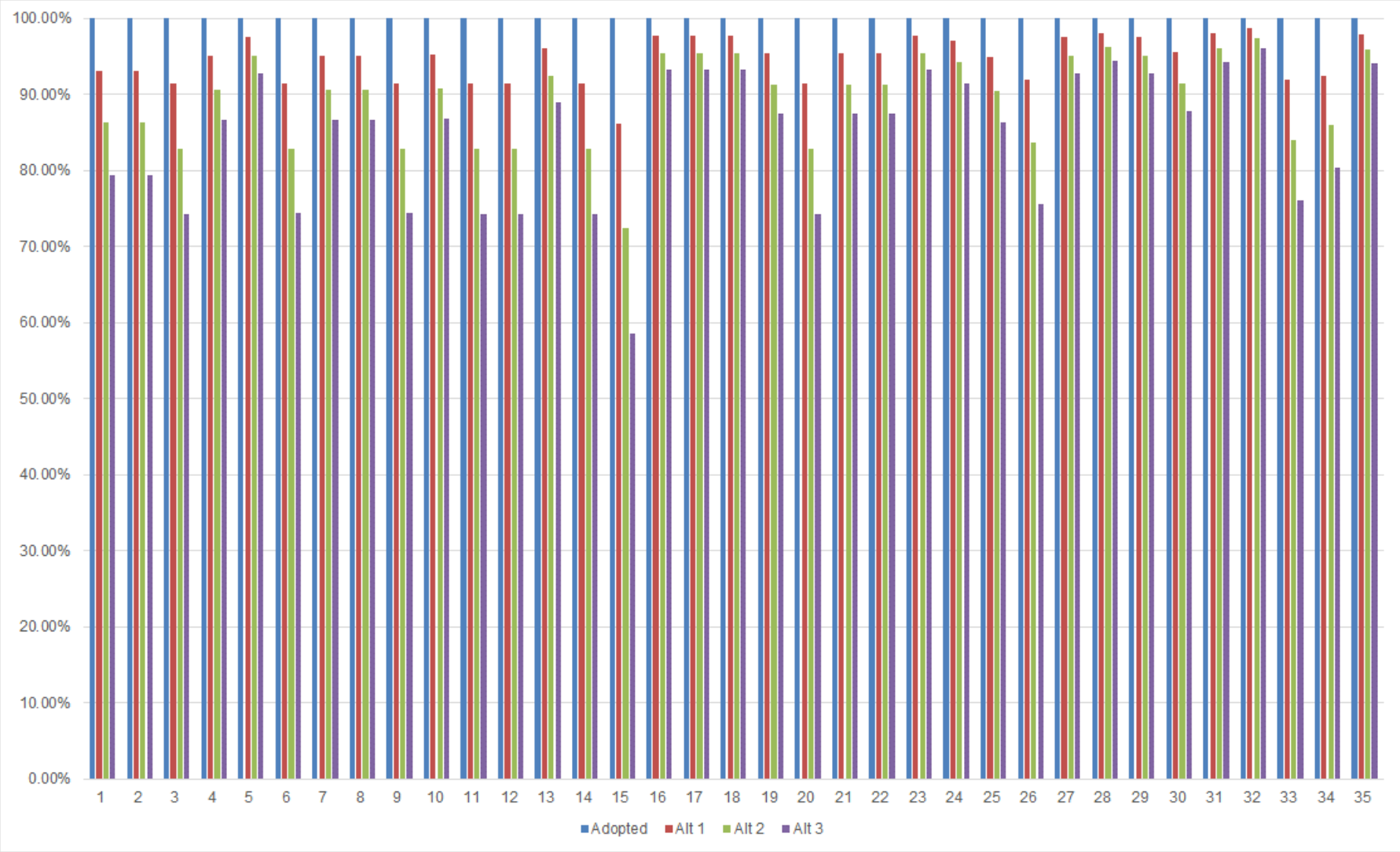


Figure 6.9.3: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area C (£3,000 per square metre)

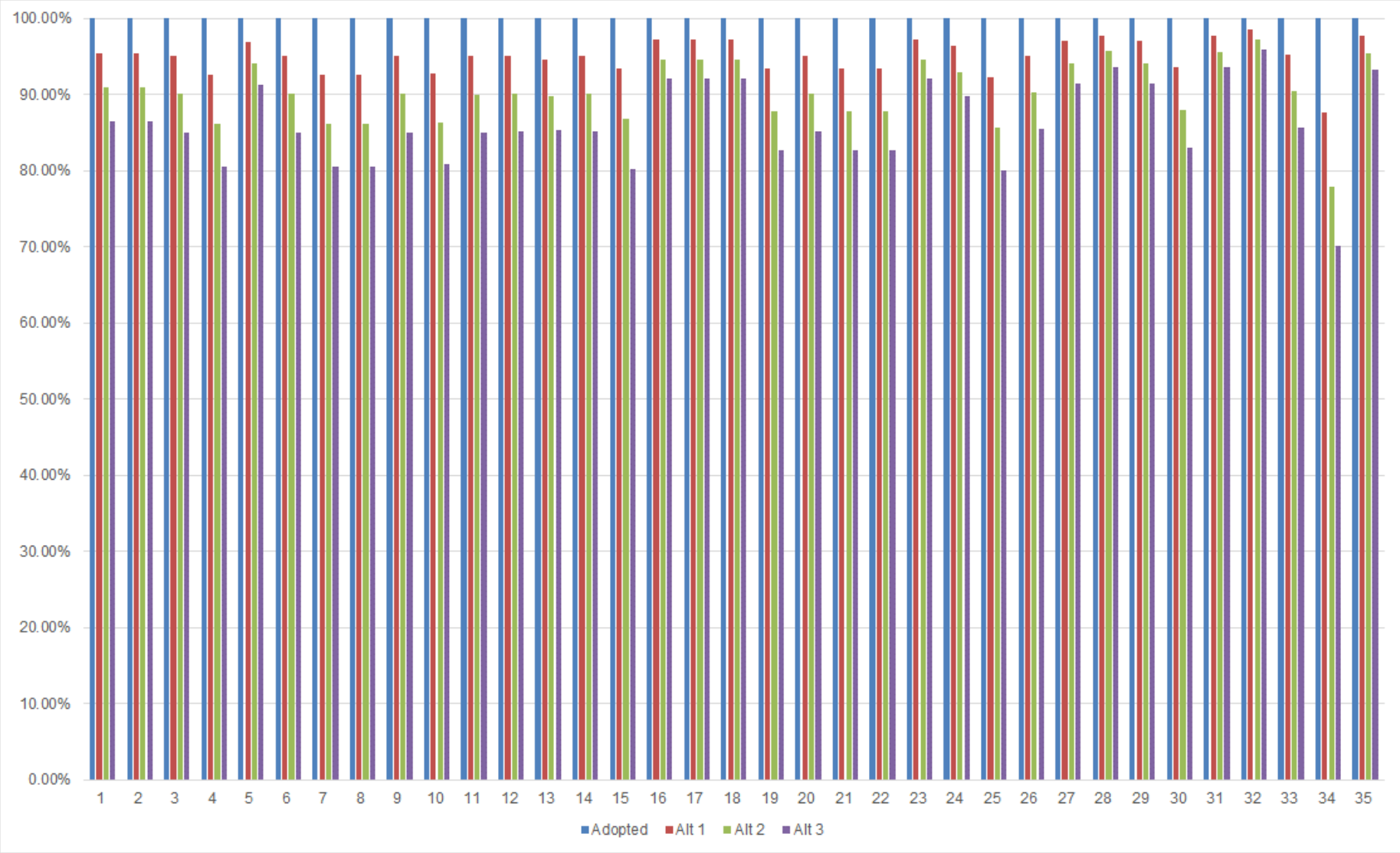


Figure 6.9.4: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area D (£3,250 per square metre)

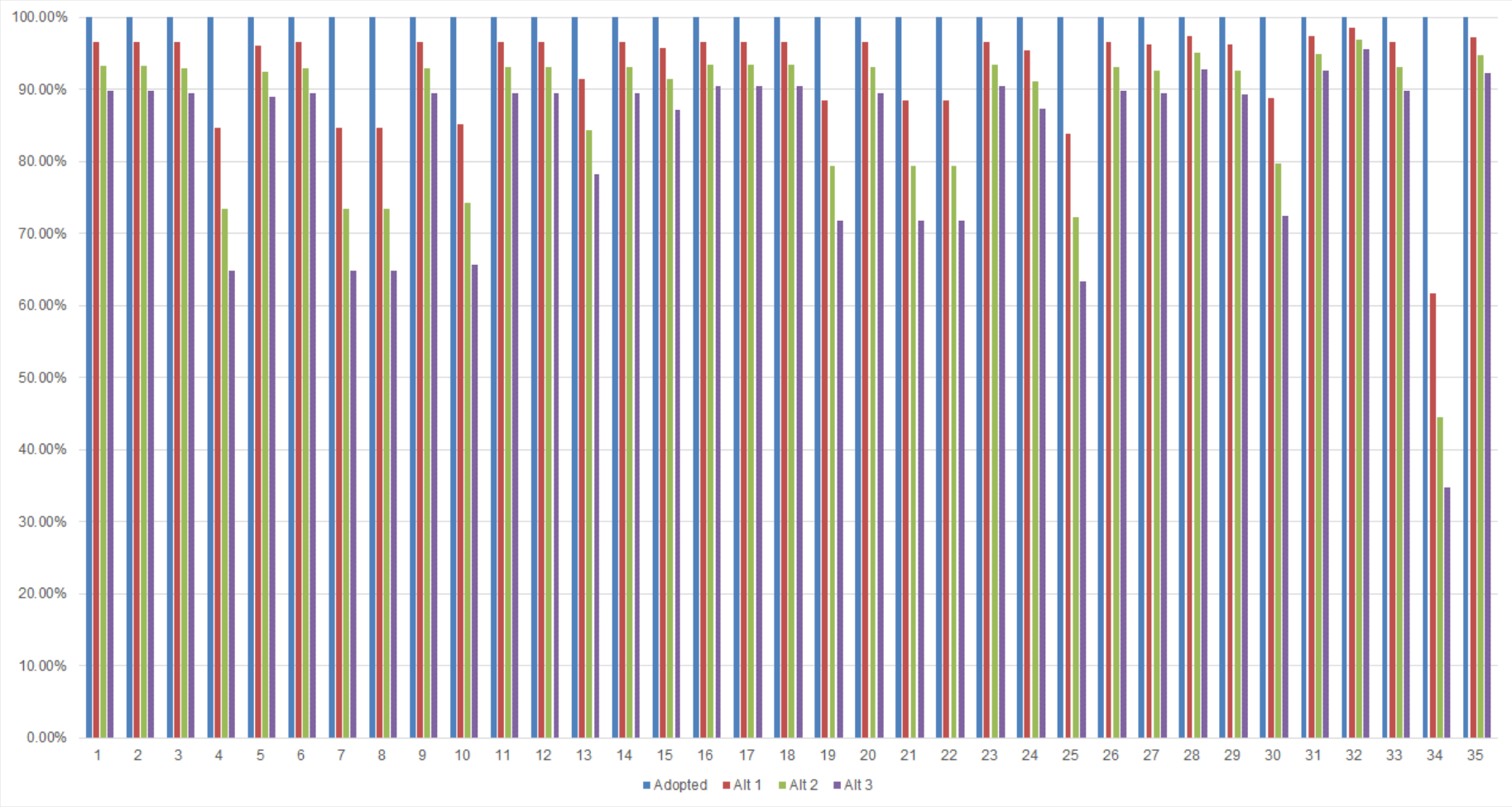


Figure 6.9.5: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area E (£3,500 per square metre)

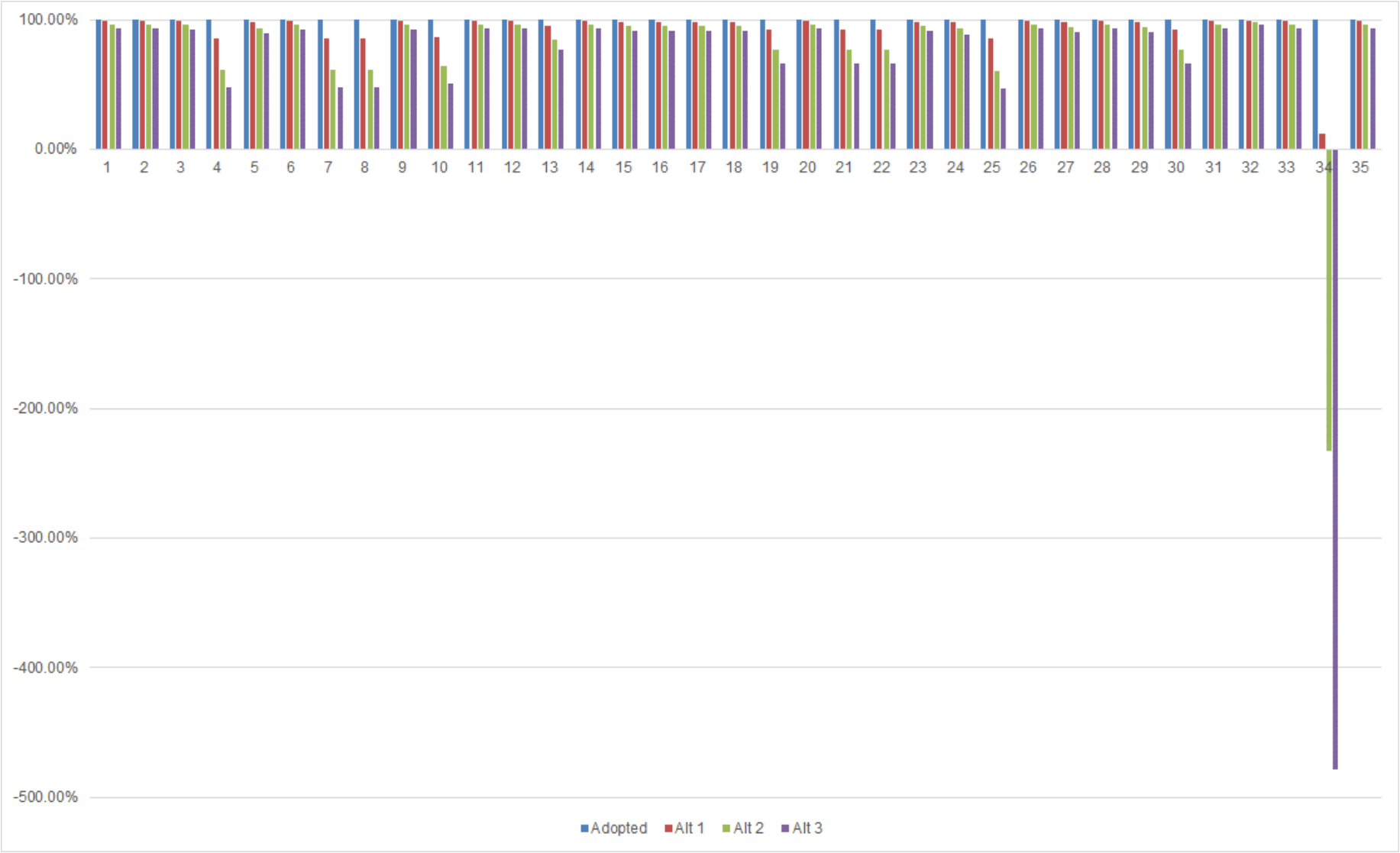


Figure 6.9.6: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area F (£3,750 per square metre)

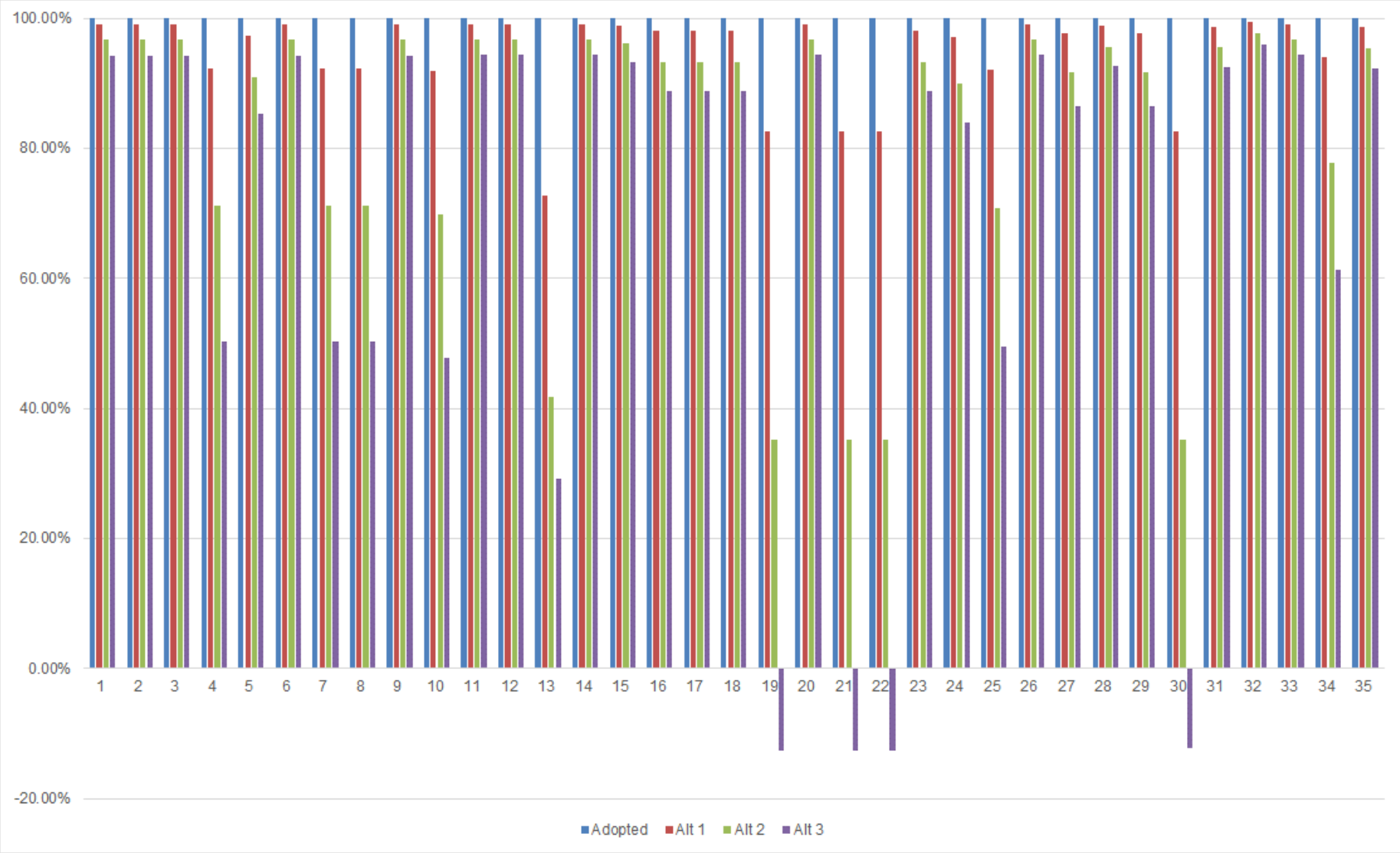


Figure 6.9.7: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area G (£4,000 per square metre)

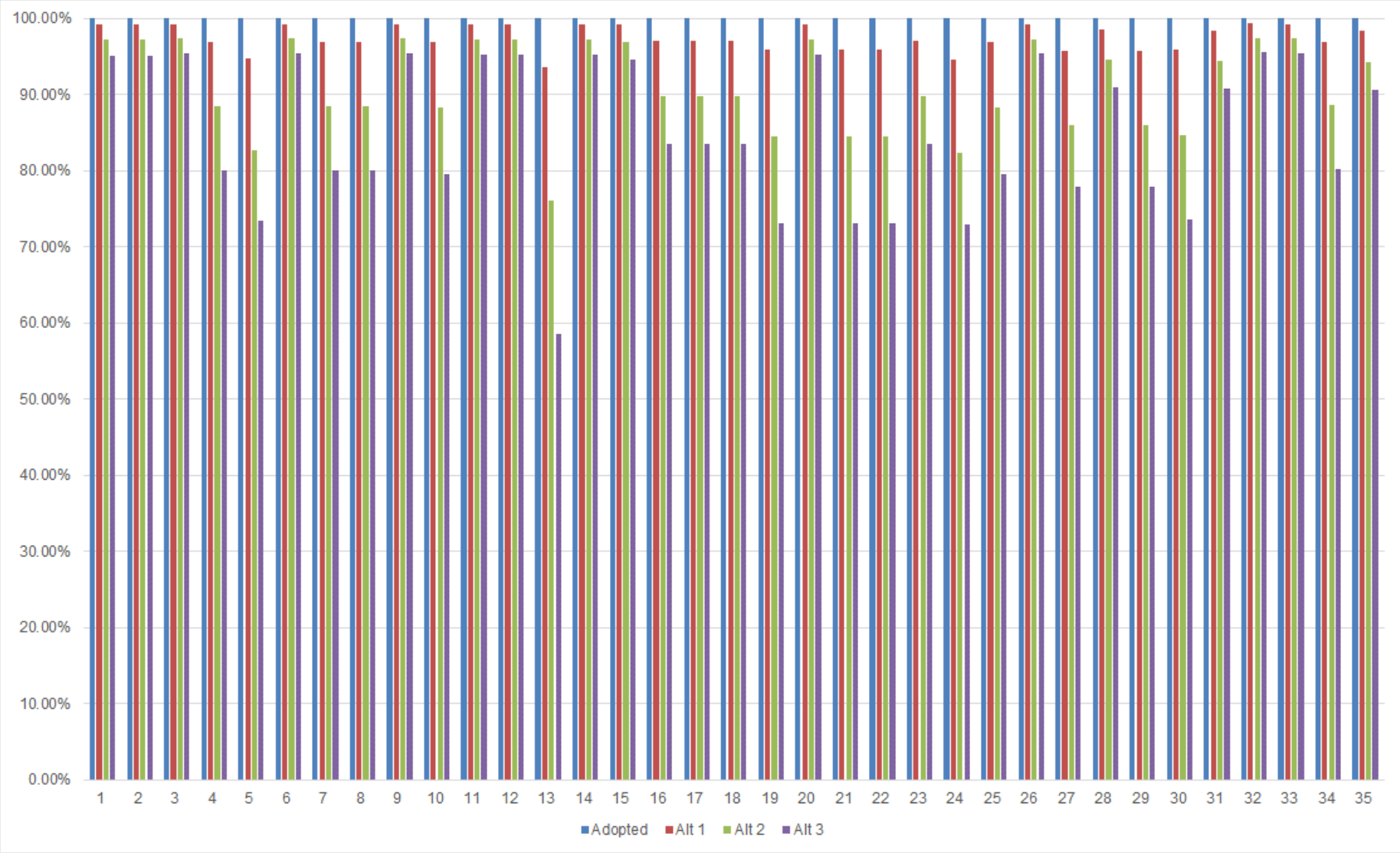


Figure 6.9.8: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area H (£4,250 per square metre)

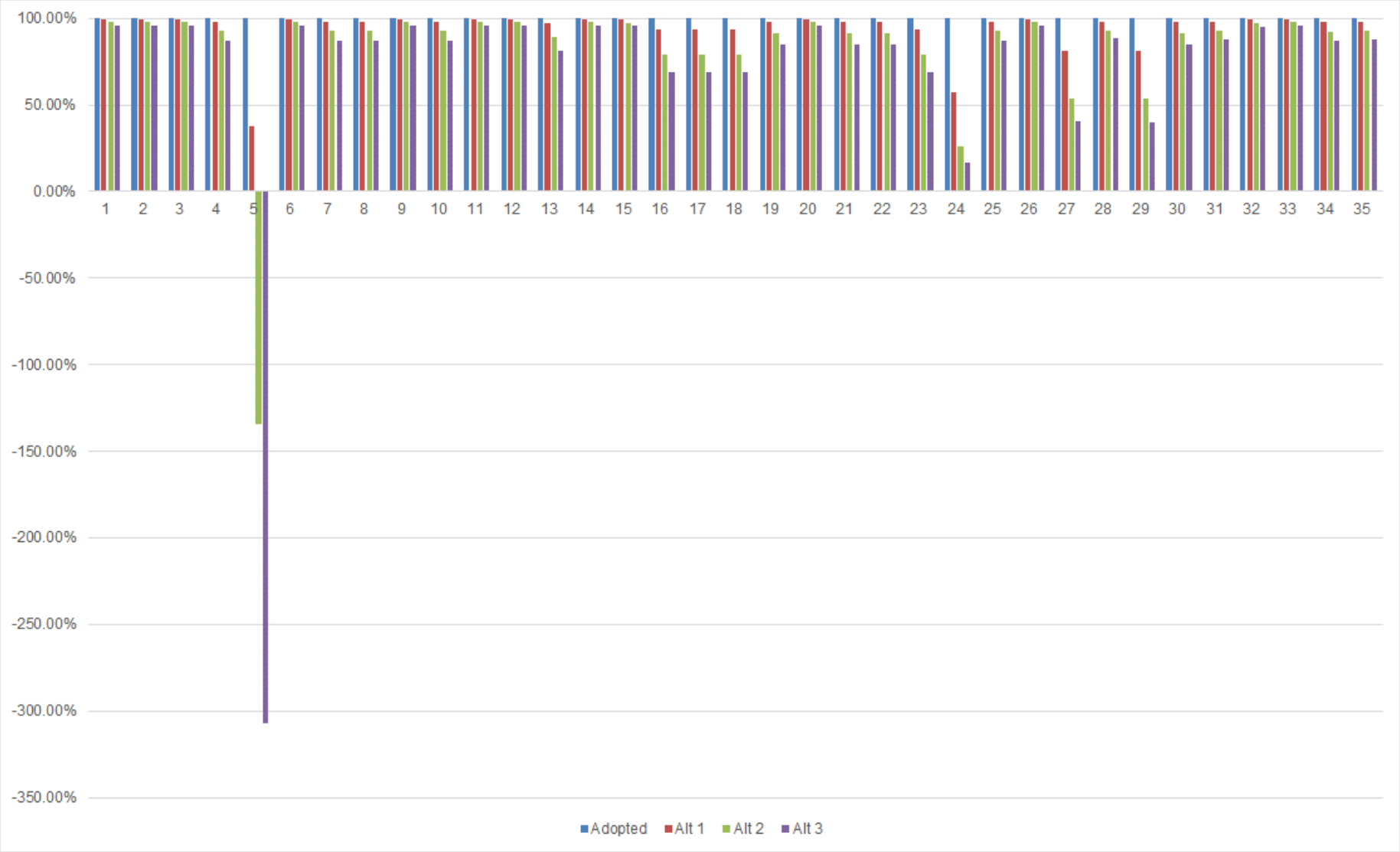
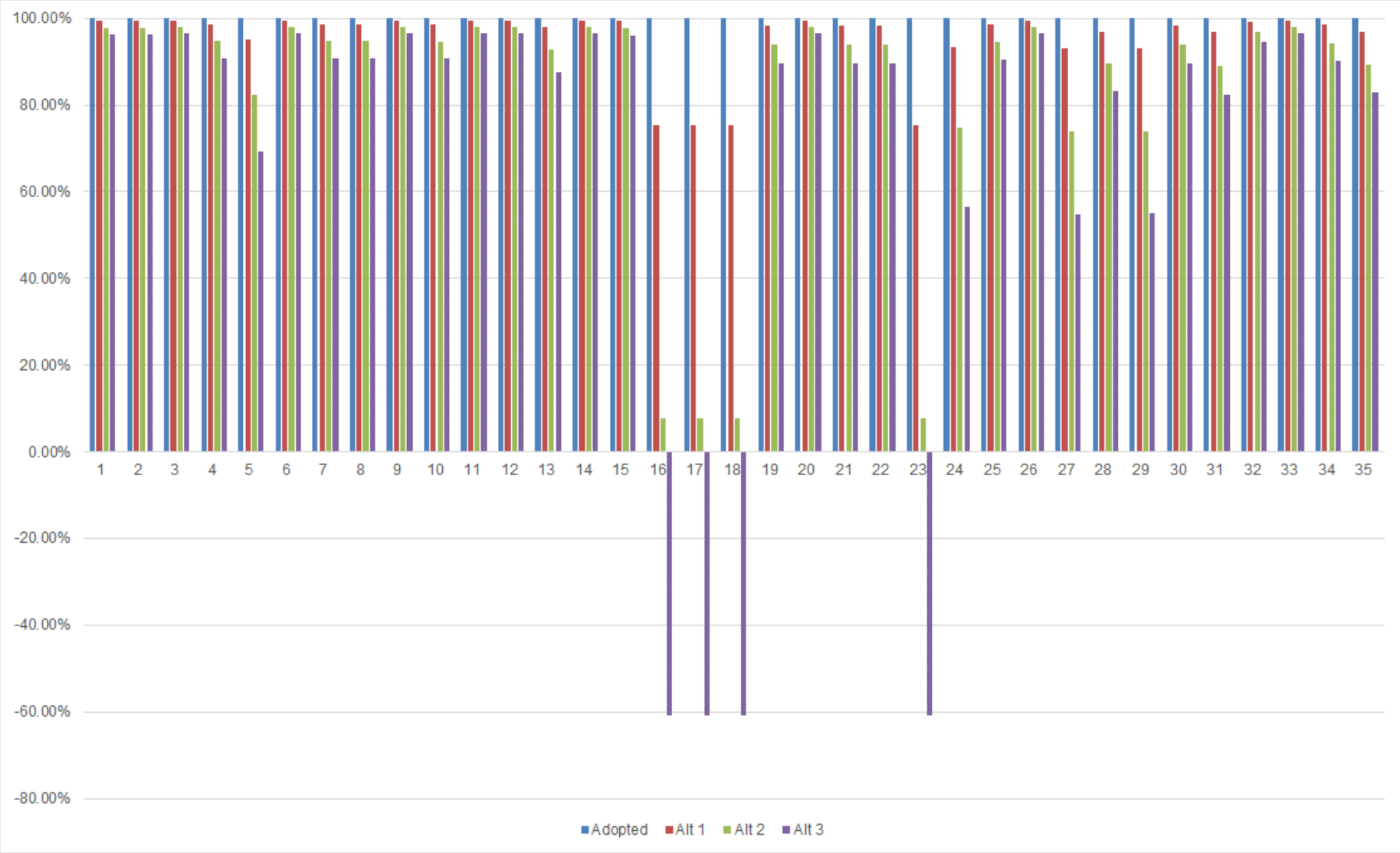


Figure 6.9.9: Residual values incorporating alternative CIL as percentage of residual values with adopted CIL rates (including nil rates) – sales value area I (£4,500 per square metre)



6.10 At any of the alternative CIL rates the burden on development would remain at an acceptably low level in most cases. However, the changes in residual land values in the lower value area are significant, which points to the need for a more cautious approach to rate setting in those areas.

Recommendations on residential rates

6.11 As noted earlier in the report, values in the City Centre and to the north are higher than those in the north. In these areas, our testing indicates that an increase from the adopted residential rate of £91 per square metre to £125 per square metre would typically reduce residual land values by less than 10% in most cases. These rates would remain comfortably below the maximum rates, typically leaving a buffer of 50% below the theoretical maximum rates.

6.12 In the lower values areas which are currently nil rated, viability is more challenging and seeking high levels of contributions through CIL are likely to have a more severe impact on residual land values than in the higher value areas. While flatted schemes in these areas are generally unviable, this is unlikely to be a common form of development, with the bulk of new housing being provided as houses. As developments in these areas will start to pay CIL for the first time, we would recommend an approach which seeks a modest contribution which should also minimise the impact on affordable housing delivery in these areas. The median alternative rates tested in these areas (£50 per square metre) would reduce residual land values modestly in most cases. This adjustment should be sufficiently modest as a first step to adjusting expectations of landowners in these areas.

6.13 Our key recommendations are therefore as follows:

- In the current value zones 1, 2 and 3, the rate be increased from the existing indexed rate of £91 per square metre to £125 per square metre;
- In the remaining value zones 4, 5, 6 and 7, the existing nil rate be replaced by a rate of £50 per square metre;
- The existing nil rate for Sustainable Urban Extensions should remain unchanged.

C2 Retirement housing and care home developments

6.14 Our appraisals of retirement housing schemes reflect the characteristics of these schemes that are not generally applicable to other housing developments. In particular, the ratio of sellable space to the gross internal area is typically lower than for standard housing developments. This is because a significant part of the 'offer' to purchasers of units is the communal facilities that are provided. Typical ratios of net saleable space to gross internal area are 70% to 75%, compared to a typical 80% to 85% for standard flatted developments. They are also typically built in urban areas on previously developed sites, where land values are higher than green field sites. Retirement schemes do, however, attract premium values typically 15% above prevailing market values.

6.15 Our appraisals include a Care Village Scheme (typology 24) and as can be noted in tables 6.7.1 to 6.7.9, this type of development has significantly lower capacity to contribute towards infrastructure than other residential schemes.

6.16 Other developments within the C2 use class, including hospitals and boarding schools, are unlikely to be brought forward as speculative developments but for operational reasons and will – in the main – be infrastructure in themselves. Colossal

Student housing

6.17 The existing charging schedule applies an indexed rate of £91 per square metre to student housing developments across the City (excluding any student housing included within SUEs). In contrast to other residential development, student housing does not have to provide affordable housing, although rents are set at a modest discount to market rents so that they are accessible to students relying upon maintenance loans. Consequently, the viability of student housing developments is similar to other residential development. The results of our appraisals indicate that an increased rate of £125 per square metre (in line with the proposed CIL rate for high value areas) could be absorbed by student

housing developments. We suggest that the existing nil rate for any student housing developed in SUEs should be retained.

Commercial rates

6.18 The adopted CIL Charging Schedule applies nil rates to offices, industrial and retail/retail convenience of less than 2,700 square metres and an indexed rate of £342 per square metre for retail convenience development exceeding 2,700 square metres.

6.19 Our development typologies include 12 commercial schemes (3 office schemes; 3 hotels; 3 industrial/ warehousing developments; 2 small retail developments; and 1 retail supermarket development). The full results of the appraisals are included in the results at Appendix 6 and the maximum CIL rates are summarised in tables 6.19.1.

Table 6.19.1: Commercial developments: maximum CIL rates

Development Type	Detail	Indexed rates per sqm	Suggested rate
Retail convenience	<2,700 sqm	£0	£0
Retail convenience	>2,700 sqm	£342	£342
Retail	All other	£0	£0
Retail	Greenbelt Development (Sustainable urban extension)	£0	£0
Residential	Value zones 1,2 & 3 (High value area)	£91	£125
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£50
Residential	Green Belt Development (SUE)	£0	£0
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£91	£125
Hotels	City centre	£36	£50
	Rest of City	£0	£0
Offices	City Centre	£0	£25
	Rest of City	£0	£0
Industrial / Employment	All areas	£0	£50
Leisure, Education, Health, Use class C2, All other development	All areas	£0	£0

6.20 In addition to running our appraisals to establish a set of maximum rates, we have also tested three alternative rates to those in the adopted Charging Schedule, as summarised in Table 5.6.1. These alternative rates are relatively modest, as offices, industrial and retail have not previously been required to make CIL payments. Figures 6.20.1 and 6.20.2 summarise the impact of these alternative rates on the residual land values generated by commercial developments.

Office development

6.21 In the City Centre, rents have increased since the first Charging Schedule was adopted and our appraisals indicate that new office developments will now be able to contribute towards infrastructure through CIL.

6.22 Given that this will be the first time offices have been required to contribute towards infrastructure, we have tested a modest set of alternative rates (£10, £15 and £25 per square metre). In the City Centre, residual land values generated by office developments would reduce modestly (typically by circa 5%) if

a rate at the higher end of this range were applied.

6.23 Outside the City Centre, developments of new offices will not generate sufficient additional value to generate a positive residual land value as rents remain relatively low. Given that office development is unlikely to come forward in significant quantities outside the City Centre, adopting a CIL rate would not generate a meaningful source of infrastructure funding. We recommend that office development outside the City Centre remains in the nil rate category.

Figure 6.20.1: Commercial developments (City Centre)

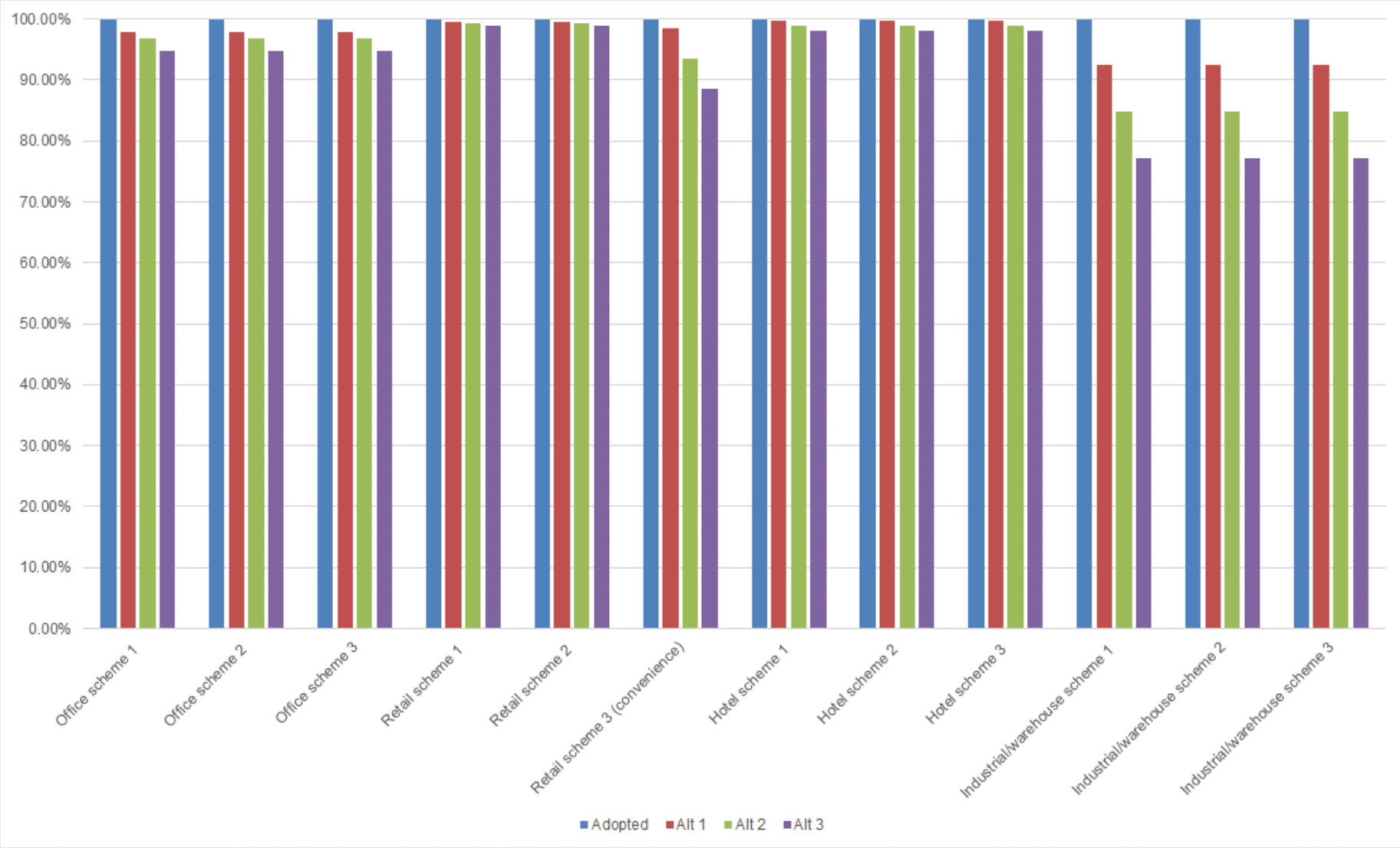
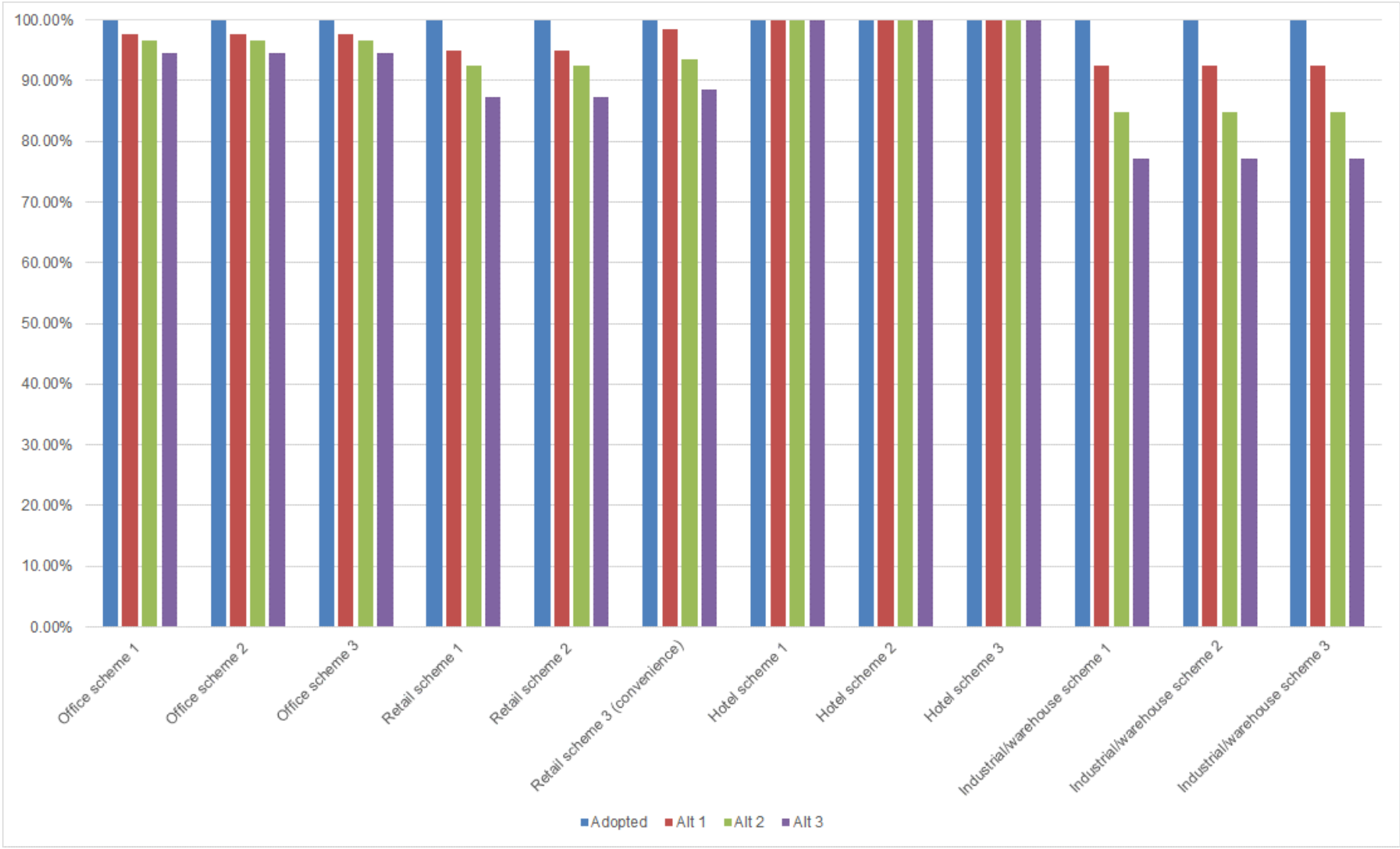


Figure 6.20.2: Commercial developments (all other areas)



Hotel development

6.24 Our appraisals indicate that hotel developments in the City Centre can absorb an increase in CIL from the indexed rate of £36 per square metre. We have tested an alternative set of rates at £40, £50 and £60 per square metre and an increase to £50 per square metre would reduce residual values by less than 2%.

6.25 The Hotel sector is clearly impacted by the measures put in place by the UK government to control the spread of coronavirus which have reduced demand for hotel rooms by both business and leisure travellers. Demand may remain below pre-March 2020 levels for some time, as businesses reduce travel in favour of virtual forms of communication. It is therefore unlikely that the City will see significant new developments of hotels over the life of any new charging schedule.

Retail and retail supermarkets

6.26 Our appraisals of large convenience retail indicate that the indexed rates remain affordable, with sufficient headroom to enable new developments to absorb the significant headwinds facing the sector. Although increases in rates are theoretically possible, given the structural changes in the retail sector, we would recommend against any changes at the present time.

6.27 Although our appraisals indicate that other retail in the City Centre could absorb high levels of CIL, it should be noted that the rental evidence these appraisals were based on pre-dated March 2020. Since March, the comparison retail sector has suffered a significant reduction in footfall and an acceleration of existing trends towards increasing proportions of consumer expenditure moving to online retailing. John Lewis Partnership recently announced the closure of its department store at Grand Central, which will release a significant quantum of space onto the market and potentially impact on the viability of other stores in the centre. Other retailers are seeking to convert existing lease terms from fixed to turnover rents, which could have a significant impact on the value of retail floorspace in new developments. In this context, we recommend that the existing nil rates for retail be retained.

Industrial and warehousing development

6.28 There has been a significant increase in demand for warehousing space for distribution and logistics, resulting in higher rents and sharpening yields. Our appraisals indicate that new developments would be able to make a contribution towards infrastructure of up to £159 per square metre on schemes with a 50% plot ratio. We suggest that the Council should consider a CIL of £50 per square metre would reduce residual land values generated by industrial development by no more than 15% and would not be material to any decision to proceed with a development.

Leisure, education and Health facilities

6.29 The adopted Charging Schedule applies a nil rate to leisure, education and health facilities, reflecting general practice in other charging authorities. There is no evidence that NHS or other public sector providers are in a position to make CIL contributions and any additional costs will ultimately need to be funded from service budgets. We therefore recommend that the nil rate be carried forward into any new charging schedule.

7 Conclusions and recommendations

7.1 The NPPF states that "*Plans should set out the contributions expected in association with particular sites and types of development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, green and digital infrastructure). Such policies should not undermine the deliverability of the plan*". This report and its supporting appendices test the ability of development typologies in Birmingham to support adopted local plan policies while making contributions to infrastructure that will support growth through a revised set of CIL rates.

7.2 The Council's adopted CIL rates have been in place since 4 January 2016 and there has been no demonstrable adverse impact on the supply of development land or upon the viability of developments coming forward across the City. Since the evidence base for the adopted CIL was prepared, there have been changes to sales values and build costs. Our testing of alternative CIL rates indicates that the viability of development has improved across the City. Increased CIL rates could be accommodated without adversely impacting on viability to a sufficient degree to impact on land supply.

7.3 As a result of indexation, the CIL rates are now circa 32% higher than they were adopted. For rates where we recommend no change, these will need to be amended in any new charging schedule to reflect indexation, otherwise this would be lost and the rates would revert to those in the original Charging Schedule at the time of adoption. It will be important to stress to stakeholders that this reflects the status quo and does not reflect any increase above existing liabilities.

7.4 The proposed CIL rates for the City are summarised in Table 7.4.1. We suggest that the existing zones are retained (Low value and High value). We recommend that CIL rates for residential development in the Higher Value Zone should increase from their indexed level of £91 to £125 per square metre. The Lower Value Zone is currently nil rated but we recommend that a rate of £50 per square metre be applied in this area.

Table 7.4.1: Proposed changes to CIL rates

Development Type	Detail	Indexed rates per sqm	Suggested rate
Retail convenience	<2,700 sqm	£0	£0
Retail convenience	>2,700 sqm	£342	£342
Retail	All other	£0	£0
Retail	Greenbelt Development (Sustainable urban extension)	£0	£0
Residential	Value zones 1,2 & 3 (High value area)	£91	£125
Residential	Value zones 4,5,6 & 7 (Low value area)	£0	£50
Residential	Green Belt Development (SUE)	£0	£0
Student housing	All areas, except Green Belt Development (Sustainable urban extension)	£91	£125
Hotels	City centre	£36	£50
	Rest of City	£0	£0
Offices	City Centre	£0	£25
	Rest of City	£0	£0
Industrial / Employment	All areas	£0	£50
Leisure, Education, Health, Use class C2, All other development	All areas	£0	£0

7.5 The economics of SUEs differ from other schemes due to the extent of onsite infrastructure requirements and the scale of Section 106 obligations typically sought. We therefore recommend that the existing nil rate for SUEs be maintained in any new Charging Schedule.

7.6 We have recommended that a rate of £25 per square metre be applied to new office development as rents have increased significantly since the first charging schedule was adopted. This rate is would represent a modest cost of office developments and would reduce residual land values by no more than 5%.

7.7 Hotel developments in the City Centre are currently charged at £36 per square metre after indexation is applied. Our appraisals indicate that this could be increased to £50 per square metre, leaving a sufficient margin below the maximum rate. We note, however, that occupation of existing hotels is likely to remain below the levels seen before March 2020 for some time and as a consequence there is unlikely to be significant development activity in the hotels sector, other than existing schemes in the pipeline.

7.8 Large convenience retail development currently attracts an indexed rate of £342 per square metre and our appraisals indicate that this remains a viable contribution with sufficient headroom below the maximum rate. The major supermarket chains have recently ceased expansion plans and it is unlikely that this sector will see any development over the life of a new charging schedule.

7.9 We recommend no changes to the nil rate for other retail development due to the significant structural changes currently affecting the sector, which have been accelerated by the measures taken by the UK government to control the spread of coronavirus.

7.10 Industrial and warehousing developments are currently nil rated. Since the preparation of the last Charging Schedule, there has been a significant increase in demand for industrial and warehouse floorspace, resulting in increased rents and sharpening yields. Consequently, residual land values generated by industrial developments have increased significantly. Our appraisals indicate that a CIL rate of £50 per square metre could be applied, leaving significant headroom below the maximum rate.

7.11 We have recommended that development for health, education and leisure purposes be retained at their existing nil rate as any developments will be predominantly brought forward by public sector agencies (or by private organisations on behalf of the public sector). Developments will typically be classified as community infrastructure and applying CIL would result in an additional administrative burden with any monies collected being recycled into the schemes that contributed.

7.12 Our testing indicates that the increase in CIL rates will have a relatively modest impact on residual land values in most cases. Where it is not possible to pass the cost of increased CIL rates back to the landowner through a reduction in land value (for example, due to high existing use values), the increase will have a modest impact on affordable housing levels that can be delivered. However, increases in sales values since the last Charging Schedule was formulated have outstripped increases in costs, which has resulted in improvements in viability and enhanced capacity for absorbing CIL requirements. The sensitivity analysis at Appendix 7 indicates that if forecast growth and cost inflation reflect outturn values, there will be a further enhancement in viability and an increased margin between the proposed rates and the theoretical maximum rates. The downside appraisals (Appendix 8) indicate that the proposed rates would still be well within the bounds of viability if values fall and increase at a slower rate.

7.13 There is clearly a need to balance the need to deliver affordable housing with the need to secure contributions to fund community infrastructure that will support development and growth. The Council cannot seek to prioritise securing affordable housing to the exclusion of securing funding for infrastructure and vice versa. In our view, the proposed rates strike this balance appropriately but prioritise the delivery of affordable housing at the target set in BDP policy TP31.

7.14 The Council needs to strike a balance between achieving its aim of meeting needs for affordable housing with raising funds for infrastructure, and ensuring that developments generate acceptable returns to willing landowners and willing developers. This study demonstrates that the Council's flexible approach to applying its affordable housing requirements ensures that these objectives are balanced appropriately.

Additional observations

7.15 Viability measured in present value terms is only one of several factors that determine whether a site is developed. Developers need to maintain a throughput of sites to ensure their staff are utilised and they can continue to generate returns for their shareholders. Consequently, small adjustments to residual land values resulting from changes to CIL rates can be absorbed in almost all circumstances by developers taking a commercial view on the impact. However, in most cases the impact on land value is sufficiently modest that this can be passed onto the land owner at the bid stage without adversely impacting on the supply of land for development.

7.16 In most cases, the change in residual land values required to accommodate the increased CIL rates is very modest and the CIL itself accounts for a very small proportion of overall development costs (typically well below 5%). The imposition of CIL is therefore not the critical factor in determining whether or not a scheme will come forward.

7.17 In considering the outputs of the appraisals, it is important to recognise that some developments will be unviable regardless of the Council's requirements. In these cases, the value of the existing building will be higher than a redevelopment opportunity over the medium term. However, this situation should not be taken as an indication of the viability (or otherwise) of the Council's policies and requirements.

7.18 It is critical that developers do not over-pay for sites such that the value generated by developments is paid to the landowner, rather than being used to provide affordable housing. The Council should work closely with developers to ensure that landowners' expectations of land value are appropriately framed by the local policy context and adjusted for the proposed CIL rates. There may be instances when viability issues emerge on individual developments, even when the land has been purchased at an appropriate price (e.g. due to extensive decontamination requirements). In these cases, some flexibility in relation to other planning requirements may be required subject to submission of a robust site-specific viability assessment.

7.19 This study demonstrates that the proposed increase to the CIL charges and the Council’s flexible approach to applying policy requirements will ensure an appropriate balance between delivering affordable housing, sustainability objectives, necessary infrastructure and the need for landowners and developers to achieve a reasonable return and for schemes to be deliverable.

Appendix 1 - Policy review

Birmingham City Council
Development Management in Birmingham – Development Plan Document (Publication Version issued 2 September 2019)

Policy No	Policy requirement	Cost implications for developments
DM1	**Air quality** Developments will need to contribute towards management of air quality, including mitigation measures such as low and zero carbon, green infrastructure. Developments should include vehicle charging points and should consider the introduction of car clubs	**Cost of reducing carbon emissions from developments.** **Cost of green infrastructure.** **Cost of vehicle charging points.**
DM2	**Amenity** Development must be appropriate to its location. Council will consider the impact of developments on visual privacy and over looking; sunlight, daylight and overshadowing; aspect and outlook; access to amenity space; noise, vibration odour, fumes etc; safety considerations; compatibility of adjacent uses; and cumulative impacts of development proposals in the vicinity on amenity.	Predominantly land use issues which may affect the ability of certain sites to be brought forward. No specific cost implications for developments.
DM3	**Land affected by contamination, instability and hazardous substances** Proposals for new development will need to ensure that risks associated with land contamination are fully investigated and addressed by appropriate measures to minimise or mitigate harmful effects to human health and the environment. Developments will be required to submit a risk assessment where land is known to be contaminated or unstable. Developments within the vicinity of existing hazardous installations will only be permitted where all necessary safeguards are in place as required by Control of Major Accidents Hazards (COMAH).	Standard requirement for development and would be addressed through normal fees budget. Developers would not be able to sell units unless contamination caused by historic uses has been addressed. Cost of risk assessment deminimis. Predominantly a land use issue. Any abnormal costs associated with safeguards addressing adjacencies with hazardous facilities should be reflected in land value.

Policy No	Policy requirement	Cost implications for developments
DM4	**Landscaping and trees** All developments to provide high quality landscapes and townscapes that enhance existing landscape character and green infrastructure network. This should include the provision of new trees and support habitat creation. Developments to avoid the loss of/minimise harm to existing trees, woodland or hedgerows including but not limited to trees protected by TPOs. Loss of trees to be justified by an Arboriculture Impact Assessment.	Developments typically incorporate hard and soft landscaping works. **Extra-over cost added for enhanced quality of landscaping.** May impact on the built form or quantum of development on sites which have protected trees.
DM5	**Light pollution** Developments which provide external lighting should seek to mitigate adverse impacts of such lighting on amenity and public safety. Must also be energy efficient.	No particular cost implications. Cost of lighting assessment report will be deminimis and included within overall professional fees budget.
DM6	**Noise and vibration** Development to be designed to reduce exposure to noise and vibration. Developments which generate noise and/or vibration to be subject to an assessment of the impact of this noise on neighbouring residents. Measures to mitigate impacts to be proposed. Sensitive developments (including residential) to be assessed for impact of existing or planned sources of noise and vibration. Adverse impacts to be mitigated.	This would be a market requirement necessary to achieve sales in a timely manner. Cost of assessment deminimis. Market requirement for mitigation in order to achieve sales in a timely manner.
DM7	**Advertisements** Addresses siting and appearance of advertisements; requirements to avoid obscuring architectural features; avoiding creating dominant skylines; and designed to preserve or enhance the character or appearance of any heritage assets which are affected.	No impact on development proposals. Will mainly impact on revenues that existing building/site owners can secure from letting space for advertisements and is not a matter that will impact on development viability.

Policy No	Policy requirement	Cost implications for developments
DM8	**Places of worship and other faith related community facilities** Sets out preferred locations for the development of places of worship and faith related community uses to ensure that there are no unacceptable impacts on local amenity, parking, public highway safety. Sites to be suitable for the scale of facility proposed and the number of users it would attract.	Land use issue only.
DM9	**Day nurseries and early years provision** Defines criteria for assessing suitable locations for the development of day nurseries and similar facilities, including accessibility by walking, cycling and public transport; avoids unacceptable impacts on local amenity, parking and highway safety; sites are appropriate for its purpose in terms of setting, scale and number of children proposed; and has access to sufficient suitable playspace.	Land use issue only.
DM10	**Standards for residential development** Developments to meet Nationally described space standards Major development should include a proportion of accessible and adaptable homes as defined by Building Regulations Part M4 (2) unless financial unviable. Separation distances between buildings should protect residents' privacy and outlook. New development to provide sufficient private useable outdoor space appropriate to the scale and function of the development. Development to ensure adequate outlook and daylight to dwellings, including existing homes, in line with long established 45-degree code. Exceptions to the requirements above will be considered in order to deliver innovative high quality design, or to deal with exceptional site issues, or respond to local character.	**Space standards incorporated into viability testing** **Tested in appraisals.**

Policy No	Policy requirement	Cost implications for developments
DM11	**Houses in multiple occupation (HMO)** Addresses conversions of existing houses into HMOs and development of new HMOs.	With regards to development of new HMOs, the policy directs where they can be located in relation to other housing stock. Consequently, this is a land use impact rather than viability related.
DM12	**Residential conversions and specialist accommodation** Criteria for the conversion of existing residential property.	No impact on the viability of new build development.
DM13	**Self and custom build housing** Encourages (but does not compel) developers to "consider incorporating" an element of self-build plots into development schemes as part of the housing mix. Affordable self-build plots will be considered and encouraged in place of affordable housing units.	There should be no impact on viability as the plot price payable by purchasers of self-build plots will be based on the residual land value generated by the development. It will be an equivalent plot price that would be generated by the Developer's own units, both in the case of private housing and affordable.

Policy No	Policy requirement	Cost implications for developments
DM14	**Highway safety and access** Requires that new development takes safety of highways users into consideration and that it does not have an adverse impact on highway safety. Requires that developments provide safe, convenient and appropriate access for all users. Developments should provide for the efficient delivery of goods and access by services and emergency services. Developments generating significant amounts of traffic to be accompanied by a Transport Assessment. Developments should be located in locations which are readily accessible by sustainable transport modes. Developments required to implement a Travel Plan to encourage use of sustainable modes of transport. Unnecessary access points to the strategic highway network to be avoided.	Standard requirement for development. Predominantly a design issue – unlikely to result in additional costs. Standard requirement for development. Cost of TA deminimis. Land use issue. Cost of TP deminimis. No additional cost.
DM15	**Parking and servicing** Development required to contribute to the delivery of an efficient comprehensive and sustainable transport system. New development required to ensure that the needs of the development are catered for, including disabled parking, cycle parking and vehicle charging points.	**Costs of provision incorporated into allowances in appraisals for external works.**

Policy No	Policy requirement	Cost implications for developments
DM16	**Telecommunications** The Council will promote the development of an advanced communications structure. New developments to consider opportunities for sharing masts or sites; and demonstrate that there are no suitable alternatives available in the locality. Any new equipment to be sited to minimise impact on visual and residential amenity. Equipment placed on buildings should be designed and sited to minimise the impact on the external appearance of buildings. Equipment should not have unacceptable harm on areas of ecological importance and areas of landscape importance. Equipment to conform to the International Commission on Non-Ionising Protection guidelines.	None of these requirements have a cost implication for developments; new developments will require access to up to date telecoms and broadband infrastructure and developers will factor provision into their scheme costs. Policies relating to siting of new equipment are unlikely to impact on development, as they relate in the main to equipment placed on existing buildings. The requirements may impact on revenue received by landowners whose sites are judged to be unsuitable locations for new equipment.

Local Plan (Birmingham Development Plan) Adopted January 2017

Policy No	Policy requirement	Cost implications for developments
PG3	Requires that new development demonstrates high quality design quality, contributing to a sense of place.	**Design allowed for within professional fees allowance**
TP1	Reducing City's carbon footprint 60% reduction in carbon footprint from 1990 levels by 2027 through other specific BPD policies.	See comments on specific BDP policies below.
TP2	Adapting to climate change Refers to other BDP policies. Requires developments to minimise use of Air Con systems Provide green infrastructure and green roofs where feasible and viable.	No cost implications of reducing use of air con systems. Green roofs to be provided where viable only.
TP3	Sustainability construction requirements Requires that developments meet BREEAM excellent standard from the point that zero carbon standards are introduced through the Building Regulations, unless it can be demonstrated that this would make schemes unviable.	**Cost allowances for BREEAM factored into the assessment.**
TP4	Low and zero carbon energy generation New developments to incorporate provision of low and zero carbon energy generation, including CHP, photovoltaics, wind turbines, biomass or ground source heat.	Standard requirement for schemes now reflected in build costs.
TP6	Management of flood risk Flood risk assessments required. Developments required to manage surface water through Sustainable Drainage Systems (SuDS).	Deminimis cost. Standard requirement now reflected in build costs.

Policy No	Policy requirement	Cost implications for developments
TP7	Green infrastructure network Developments that would reduce green infrastructure will be resisted.	Land use issue only.
TP8	Biodiversity and Geodiversity Sets out policies relating to developments near SSSIs, NNRs, LNRs, SINCs and SLINCs.	Land use issue only.
TP9	Open space Prevents developments on open space, unless it can be demonstrated that the space in question is surplus or where the open space is to be reprovided. Sets out standards for access to public open space throughout the City. New developments expected to contribute to provision of on-site public open space.	Land use issue only. Reflected in normal net to gross site ratios.
TP13	Sustainable management of waste Developments on sites over 5 hectares to have a strategy for prevention, minimisation and management of waste.	De-minimis cost
TP16	Minerals Development sites of over 5 hectares to be investigated for potential mineral extraction prior to development commencing.	Land use issue only. May delay delivery of some sites into later parts of plan period.
TP26	Local employment Encourages developers to identify and promote job training opportunities for local people.	No costs to development.

<table>
<tr><th>Policy No</th><th>Policy requirement</th><th>Cost implications for developments</th></tr>
<tr><td>TP27</td><td>Sustainable neighbourhoods

Developments required to demonstrate they meet the requirements of creating sustainable neighbourhoods.</td><td>No direct costs to development.</td></tr>
<tr><td>TP28</td><td>Location of new housing

Directs housing development to particular sites/sites with particular characteristics</td><td>Land use issue only.</td></tr>
<tr><td>TP30</td><td>Type, size and density of new housing

Minimum densities of 100 dph in City Centre; 50 dph in areas served well by public transport; and 40 dph elsewhere.

Developments are to provide a range of dwellings to meet local needs and create mixed, balanced and sustainable neighbourhoods. To take account of SHMA; local market assessments; demographic profiles; locality; and market signals and market trends.</td><td>No costs for development.</td></tr>
<tr><td>TP31</td><td>Affordable housing

35 % affordable housing required on schemes of 15 or more units.

<table>
<tr><th>Tenure</th><th>One bed</th><th>Two bed</th><th>Three bed</th><th>Four bed</th><th>Total</th></tr>
<tr><td>Market</td><td>8.1</td><td>14.9</td><td>17.3</td><td>21.9</td><td>62.2</td></tr>
<tr><td>Shared ownership</td><td>1.1</td><td>1.2</td><td>2.2</td><td>0.3</td><td>4.8</td></tr>
<tr><td>Affordable rent</td><td>3.7</td><td>11.6</td><td>5.3</td><td>0.9</td><td>21.6</td></tr>
<tr><td>Social rent/ requires subsidy*</td><td>1.7</td><td>3.0</td><td>1.6</td><td>5.0</td><td>11.4</td></tr>
<tr><td>Total</td><td>14.6</td><td>30.8</td><td>26.3</td><td>28.1</td><td>100</td></tr>
</table>
* Can be provided in either the social or private sector.
Note: Figures may not sum due to rounding.
Figure 2 Tenure of housing required (as a percentage)</td><td>Specifically tested in the viability study.</td></tr>
</table>

Policy No	Policy requirement	Cost implications for developments
TP33	Student housing Seeks to focus student housing development on campus. Sets out requirements for off campus developments.	Land use issue only.
TP40	Cycling Requires that new developments incorporate appropriately designed facilities which promote cycling as an attractive, convenient and safe travel method.	Inclusion of storage and other facilities in developments.
TP43	Low emission vehicles New developments to include adequate provision for vehicle charging points.	Included in DMB policies.
TP44	Traffic and congestion management Prevention of development on transport grounds where the residual cumulative impacts of development are severe.	Land use issue only.
TP45	Accessibility standards for new development Requires new developments which generate more than 500 person trips per day should aim to provide appropriate levels of public transport provision to main public transport interchanges at most relevant times of day. Cycle access with cycle stands to be provided.	Land use issue – directs larger developments towards areas of the city with high levels of public transport accessibility. Cycle storage provision addressed in DMB policies.
TP46	Digital communications New developments to include appropriate infrastructure – wireless and wired – to provide high speed internet access.	Standard requirement that occupiers would expect to be provided and included as standard development cost.