

COMMUNITY INFRASTRUCTURE LEVY | ADDENDUM TO VIABILITY STUDY

UPDATE FOLLOWING EXAMINATION IN PUBLIC

Solihull Metropolitan Borough Council

September 2015



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INTRODUCTION

FOREWORD

This report is to be read in conjunction with the Community Infrastructure Levy (CIL) Viability Study (dated December 2012, revised August 2013) as prepared by CBRE and this report forms an Addendum to that Study.

INTRODUCTION

- 1.1 CBRE has been instructed by Solihull Metropolitan Borough Council (the Council) to provide further information following the Council's CIL Examination Hearings held on 2nd June 2015. This report therefore provides an update to the Community Infrastructure Levy (CIL) Viability Study (dated December 2012, revised August 2013).
- 1.2 The CIL Examination was held following submission of the Council's CIL Draft Charging Schedule (June 2014) in accordance with Part 11 of the Planning Act 2008 (as amended) and Regulation 19 of the Community Infrastructure Levy Regulations 2010 (as amended).
- 1.3 The Examiner has asked the Council to provide additional information to support the submitted draft schedule following the review of viability at the hearings. This further evidence will subsequently inform the Council's decision in considering whether or not the Council wishes to propose modifications to the rates and/or zones proposed, including in relation to the development site known as Blythe Valley Park.
- 1.4 As part of this process, CBRE has been commissioned by the Council, as authors of the CIL Viability Study, to provide additional information on the following issues:
 1. Update the Viability Study with an additional generic site based on assumptions relevant to Blythe Valley Park that have been partly informed by cost information provided by IM Properties;
 2. Identify CIL as a percentage of development costs (excluding land);
 3. Provide a narrative on the process used to arrive at sales values for units including figures in relation to sales values for Blythe Valley Park;
 4. Provide a narrative on benchmark land values and methodology used;
 5. Identify the percentage viability buffer;
 6. Consider the impact on the viability analysis of an 'off-plot' infrastructure allowance for highways/sewers etc. on sites where a minimum of 50 units is provided;
 7. Consider the impact of the Council policy 'Meeting Housing Needs' on CIL rates in relation to the mix of units;
 8. Provide a narrative on how the value of affordable housing units was determined using data from Registered Providers.
- 1.5 This Addendum therefore presents this additional information and sensitivity analysis required to allow the Council to consider whether amendments should be made to the Draft Charging Schedule.

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Context

- 2.1 This section of the report is in response to the representation made by IM Properties (IMP) in respect of Blythe Valley Park (BVP) to the Council's CIL Examination Hearings. In their Written Statement dated May 2015 which was considered at the CIL Examination Hearings, IM Properties requested (para 6.4) 'that BVP is carved out as a separate charging zone with a nil charge rate within the SMBC CIL Draft Charging Schedule'. It was subsequently agreed with the Officer team that a site to match the characteristics of the Blythe Valley Park site would become a subsequent addition to the Viability Study.
- 2.2 We have therefore tested the viability of this site, on the basis set out in para 2.6 below, to establish whether it is capable of supporting the proposed £150 per sq m charge for residential development due to its 'Rural Area' designation and as per the Council's CIL Draft Charging Schedule.
- 2.3 In the Solihull Local Plan (December 2013), BVP is an allocated site for mixed use development (Proposed Mixed Use Site 10, Rural Area) where 'approximately 12.5 ha of land within the business park will be developed for housing' as per Policy P5 Provision of Land for Housing. It is anticipated to be brought forward for development in Phase 1 of the Plan period i.e. by 2018.
- 2.4 It is the largest single site allocated for residential development in the Borough within the Local Plan period. The site characteristics are that it is green field development land adjacent to an existing business park where various site specific costs are required to bring residential development forward including on site and off site infrastructure.
- 2.5 The site was acquired by IMP in December 2014. IMP has been working with the Council to prepare a Vision Document for the site and we understand that the Vision Document was approved by the Council early in September 2015. Further mixed use development is proposed which may include residential dwellings, additional employment floorspace, hotels and local retail facilities within Use Classes A1 to A5. A planning application has not yet been lodged for the development of the site and the current proposals are high level only.

Methodology

- 2.6 In testing the subject site, we have not undertaken a detailed appraisal of an actual proposed scheme for BVP but, as agreed with Officers, we have used a hypothetical example that has similar characteristics to the subject site.
- 2.7 We have adopted a standard residual development appraisal approach to test this site in line with the Viability Study. This is in conjunction with applying a benchmarked site value (BSV) where this is compared with the Residual Land Value (RLV) to identify the potential margin for CIL. Any margin between the value of the site for redevelopment (the RLV) and its BSV could be subject to CIL charging provided viability is protected and there is a sufficient margin to provide an incentive for the site to come forward for development.
- 2.8 The aim of the viability testing is to demonstrate the residual sum that would be available for CIL. This would be once the affordable housing requirement is taken into account together with relevant S.106 payments.

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- 2.9 It has been agreed with the Officer team that the residual development appraisal is to be based on current costs and current values. This is in line with the recommendation of the Harman Report¹.
- 2.10 We have had regard to the following information in structuring the development appraisal for the site:

Build Cost Information

- 2.11 Build cost information in relation to the development of the site for 600 no. residential units has been provided by the landowner/developer IMP and their consultant team. This information is at a high level and is not able to be substantiated with detailed firm evidence at this early stage of the development process.
- 2.12 IMP’s cost information provides estimated costs to deliver the residential elements of BVP assuming a fully compliant mix of housing units and includes on-site and off-site abnormal costs to bring the site forward. The information provided has been reviewed by CBRE’s cost consultant whose brief has been to complete a high level construction cost review to sense check the information but in the knowledge that the information supplied is not fully detailed at this stage.
- 2.13 We understand that IMP is separately providing a brief summary of its cost information for publication but we have not seen this summary prior to submission of this report.
- 2.14 In assessing the development costs to bring forward a hypothetical site that has similar characteristics to BVP, CBRE has used the IMP cost information to help inform the benchmarking inputs to its high level development appraisal.

Planning Policy and S.106 Cost Information

- 2.15 The Council has provided estimates of the cost to the development of likely S.106/planning policy compliance requirements that may be applicable to the residential units on a per plot basis. This is on the basis that the site, partly due to its characteristics as a large scale green field residential development, will generate various S.106/planning policy compliance requirements in addition to any CIL liability.
- 2.16 In addition the Council’s Officers have reviewed and commented on the assumptions used by IMP in relation to planning policy compliance and the relevant costings. This has informed the assumptions that CBRE has made in respect of the cost uplift to deliver policy.

Assumptions for the hypothetical site analysis

Scale of development

- 2.17 As stated in para 2.4 above, BVP is the largest site allocated for residential development in the Borough within the Local Plan period and is therefore unique in terms of the nature of sites coming forward in the Borough.
- 2.18 Within the Harman Report it is recommended (in Appendix A) that:

¹ Viability Testing Local Plans – Advice for Planning Practitioners – Local Housing Delivery Group chaired by Sir John Harman, June 2012

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‘planning authorities should consider using a typology of sites and apply different average costs, values etc. accordingly. Factors that may impact on the viability of the various typologies include:

- *Differential costs of infrastructure depending on site size.*
- *High costs of building at high density, eg. if basement and/or undercroft car parking is required.*
- *The potential for ‘abnormal’ costs such as remediation and decontamination on previously used sites, in addition to costs of site clearance.*
- *Consideration of phasing of development of larger sites, in line with rates of market absorption.*
- *The value at which land will be released for development, differentiating urban sites, small and medium sized edge of town and larger urban extensions.’*

- 2.19 The Harman Report sets out categories and figures for typical density and size which are taken from the 2010 Code for Sustainable Homes Cost Review. The proposed development of 600 no. units on the site would fall into the category of ‘Greenfield Medium Edge of Town’ i.e. with a net density per hectare of 40 no. units and 650 dwellings as defined. The Harman Report describes the category of ‘large’ edge of town greenfield sites as being 3,300 dwellings (i.e. 5 times the size of BVP).
- 2.20 The modelling of the hypothetical site therefore takes into account this typology. As such it is assumed that such a large scale greenfield development with these characteristics would be undertaken by large national or regional housebuilders who can benefit from economies of scale and modern construction methods. Also the scale of development and the infrastructure works required to bring forward the development of the site would result in front loaded enabling works.

Base Build Costs

- 2.21 As with the Viability Study, we have used current BCIS rates² for the base build cost. These rates comprise £917 psm for ‘Estate Housing - Generally’ and £1,098 psm for ‘Flats (apartments) - Generally’ (July 2013 figures). These rates assume current day build costs without inflation applied.
- 2.22 The BCIS rates per sq m do not take into account potential economies of scale that a hypothetical large site could benefit from and conversely we have not taken into account any specification upgrade required to reflect the site’s location.
- 2.23 An allowance of an uplift of 10% has been included to take account of external works which are otherwise excluded from the BCIS figures. These external costs are an allowance for ‘on-plot’ (i.e. within the curtilage) externals to include paths, driveways, plot drainage and landscaping which are otherwise excluded from the BCIS base build cost rates.
- 2.24 The same base build cost has been applied to both affordable and private market housing.

² Royal Institution of Chartered Surveyors - Building Cost Information Service (BCIS) (regionally adjusted West Midlands region).

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Planning Policy Compliance and S.106

- 2.25 In the Viability Study, to address climate change provisions (Policy P9 Climate Change in the Solihull Local Plan), we allowed for an uplift of £8,000 per unit above the base build cost. This included costs for the delivery of an enhanced specification for Code Level 4 (Code for Sustainable Homes) together with a contingency for cost items related to climate change. We also allowed the sum of £1,000 per unit for S.106 costs.
- 2.26 It has been agreed with Planning Officers that the previous £1,000 allowance per unit for S.106 costs and the £8,000 per unit allowance for climate change policy in total remains a valid sum in total in representing S.106 contributions and planning policy compliance for sites generally in the Borough.
- 2.27 However for this hypothetical site with characteristics similar to BVP it has been agreed with Planning Officers to adopt a more generous allowance of £14,000 per plot for planning policy compliance through the S.106. to reflect the larger scale green field development proposed.
- 2.28 The allowance of £14,000 per unit includes allowances for contributions towards such cost items as education (Policy P21) and biodiversity (Policy P10), cycling and public transport.
- 2.29 It is assumed that such S.106 payments would be due in addition to any CIL liability as they are relevant to the delivery of a large site including on-site mitigation.

Affordable Housing

- 2.30 Affordable housing provision is in accordance with Council policy and assumes a 40% affordable housing contribution of which 65% is affordable/social rent and 35% is shared ownership. This is in accordance with the Viability Study.

Off-Plot Costs and On-site Infrastructure/Enabling works

- 2.31 We have made an allowance of £21,000 per plot in respect of costs related to highways and services within the development site which are not otherwise represented in the base build and external on-plot costs. This includes allowances for the following:
- Roads, sewers and drainage (including Policy P11 compliance)
 - Services (gas, water and electrical)
 - Environmental works
 - Open space (Policy P20 compliance)
 - Site preparation
- 2.32 This cost allowance is broadly in the middle of the range cited within Appendix B of the Harman Report as allowances for 'Strategic Infrastructure and Utility Costs' which are 'typically in the order of £17,000 - £23,000 per plot for larger scale schemes' in relation to 'the costs associated with providing serviced housing parcels.'

On-site and Off-site Abnormal/Site Specific costs

- 2.33 We acknowledge that there are various costs that are site specific to bring forward the delivery of this site. These include infrastructure costs related to alterations to the highways layout to facilitate residential development, adoption of the motorway

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bridge and costs to facilitate adoption of the existing internal road network. However for the purposes of this high level hypothetical appraisal we have not taken these into account as cost inputs to the development appraisal as they are site specific.

Profit level

- 2.34 We have assumed a profit level of 20% of Gross Development Value (GDV) in respect of open market housing and 6.5% of GDV on affordable housing which is assumed to be transferred to the Registered Provider on a turnkey contract. This assumption is as per the Viability Study and reflects that the site would be brought forward by national or regional housebuilders. The profit level provides a blended return of 16.67% on GDV.

Benchmark site value

- 2.35 We have adopted a benchmark site value that reflects that the hypothetical site has been allocated for residential development within the Solihull Local Plan but does not yet have the benefit of planning permission. The principle of residential development is therefore established for the site when reviewing its value on a current day basis.
- 2.36 On this basis we are assuming a benchmark land value of £1.5m per ha (£607,000 per acre). This is a broad approximation and does not take into account any site specific on-site or off-site abnormal costs to deliver a residential scheme such as site clearance, remediation or off-site highway works. It also takes into account that, whilst the site is allocated, planning permission has not yet been granted.
- 2.37 The source is takes into account information from various sources including the following:
- Our experience of marketing residential sites in the area
 - Actual S.106 viability appraisals
 - Reported deals and agents and developer comments
 - Our residual development appraisal analysis for residential development sites

Sales Values and Development Content

- 2.38 We are using current sales values as per the Harman Report recommendation. These values have been determined by current market conditions and the location of the site which is in the Rural Area. The values have been informed by desk-top research related to asking prices and market values of new build properties. These have been evidenced by a range of developments currently under construction or recently completed. The data has included input from the Council and sense checked by ourselves.
- 2.39 The proposed mix of units reflects the Council policy Meeting Housing Needs³ whereby 50% of the units on sites in this part of the Rural Area⁴ are to be 1-bed or 2-bed dwellings to meet local requirements. We comment further on this policy, adopted after the Viability Study was completed, and its impact in Section 6 below.

³ 'Meeting Housing Needs' Supplementary Planning Document (July 2014)

⁴ The SPD has a finer grain of areas (where different thresholds apply) than the CIL charging zones.

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2.40 The conclusions as to appropriate sales values for a hypothetical site and adopting the proposed mix are as follows:

Table 2.1: Blythe Valley Park - Private Sales Values

UNIT TYPE	VALUE PER SQ M	UNIT VALUE
1-bed flat	£3,175	£143,000
2-bed flat	£3,175	£190,000
2-bed house	£3,380	£220,000
3-bed house	£3,272	£295,000
4-bed house	£3,272	£395,000
4-bed townhouse	£3,154	£350,000
5-bed house	£3,326	£495,000

Source: CBRE/SMBC

Summary of Assumptions

2.41 We set out below a summary of the inputs to the current cost/current values development appraisal that we have structured:

Table 2.2: Summary Table of Development Appraisal Assumptions

ITEM	ASSUMPTION
Proposed development	600 no. dwellings
Gross site area	12.5 ha (30.9 acres)
Development content	75 no. 1-bed apartments 40 no. 2-bed apartments 184 no. 2-bed houses 189 no. 3-bed houses 59 no. 4-bed houses 32 no. 4-bed townhouses 21 no. 5-bed houses Total – 600 units
Affordable housing	40% contribution of which 65% is affordable/social rent and 35% is shared ownership
Base build cost	£917 psm, estate housing
Externals	10%
Planning policy compliance /S.106 contributions	£14,000 per unit
Off-plot works and on-site infrastructure	£21,000 per plot
Build cost contingency	5%
Stamp duty	Standard scale rates
Site acquisition fees	Legal - 0.5% Agents – 1%
Disposal fees	Legal – 0.5% Agents – 1%
Professional and other fees including planning	10%
Sales and marketing	4% of GDV for open market

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Finance (including arrangement fees)	7% p.a.
Private sales values	£3,154 psm to £3,380 psm
Affordable sales values	Social rented – 45% of private sale value Shared ownership – 65% of private sale value
Developer’s profit	16.67% profit on GDV (blended)

Results

- 2.42 The results of the modelling of the development appraisal for this site on a hypothetical basis are set out below. This is on the ‘traffic-light’ basis to be consistent with the Viability Study where the scenario is modelled to show whether there is sufficient margin between the Benchmarked Site Value (BSV) and the Residual Land Value (RLV) that can be subject to CIL.
- 2.43 In the table below the colour **green** comprises a viable scheme; **amber** comprises a marginal scheme where the RLV sits between EUV and BSV; and **red** indicates an unviable scheme at different CIL rates.
- 2.44 The development appraisal inputs are as set out in Table 2 above and do not take account of on-site and off-site abnormal/site specific costs.
- 2.45 As can be seen from the table below there is an insufficient margin to fund CIL payments as the RLV generated is less than the BSV. On this basis the site cannot support a CIL charge.

Table 2.3: Base Appraisal – CIL Rate Testing for Blythe Valley Park

Site and Location	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 44 - Blythe Valley Park, Rural Area							

- 2.46 We therefore recommend that, in relation to the C3 Use Class, the Council imposes a zero charge for CIL for Blythe Valley Park which would be as treated as a separate site within the Draft Charging Schedule.
- 2.47 We would also recommend that the C2 Use Class has a zero charge for CIL at Blythe Valley Park to reflect similar extensive development costs related to off-plot works and on-site infrastructure costs for a larger scale green field residential site. The previous Viability Study analysis of C2 development sites demonstrated a lack of viability whereby Site 33 was not viable for CIL and Site 32 had demonstrated marginal viability.

PROPOSED CIL RATES ANALYSIS – COMMERCIAL & RESIDENTIAL

- 3.1 We have been requested to provide an analysis of the CIL rates proposed in the Draft Charging Schedule dated June 2014. This is in terms of:
- a. Identifying CIL as a percentage of development costs (excluding land)
 - b. The extent to which there is a 'buffer' between the proposed CIL rates as set out in the Draft Charging Schedule and the maximum rate before the developments become unviable
- 3.2 An important principle of CIL is that the rates proposed should not be at the limit of viability. The two methods of analysis cited in 3.1 a) and b) above are recognized measures of testing the impact of CIL on viability. For commercial development there is not the opportunity to lessen the impact of CIL through reducing S.106 obligations and for residential development the impact of CIL charges being too high could be a reduction in the provision of affordable housing.
- 3.3 In reviewing 3.1 a), we have made the following assumptions:
- Total development costs are as per the Viability Study comprising all costs allowed for in the development appraisals including base build costs; external works (residential); Code Level 4 compliance plus delivery of policy related to climate change (residential); disposal fees; professional fees; S.106 costs; contingencies; finance and developer's profit.
 - Land value is excluded from TDC
 - CIL is itself excluded from TDC
- 3.4 In terms of the 'buffer' referred to in 3.1 b) above, this is shown at Appendix 1 on a site by site basis together with the resultant percentage that this bears to the maximum CIL rate i.e. the maximum CIL rate is where it becomes 'amber' on the traffic-light schedules in the Viability Study.
- 3.5 The CIL charge should be set beneath this viability threshold. This is to allow for ongoing changes to individual site viability during the development cycle as a result of, for example:
- Increased costs
 - Reduced values
 - Differing cost and value inputs between different sites when a more granular and site specific approach is used in practice to determine individual site viability
 - Site specific cost issues such as abnormal costs and on and off-site enabling infrastructure
- 3.6 The principle of the buffer is endorsed in the Harman Report⁵ which recommends the principle that *'the plan includes a viability cushion so that modest changes in the*

⁵ see Harman Report, Keeping the Viability of Plan Policies Under Review, page 40

PROPOSED CIL RATES ANALYSIS – COMMERCIAL & RESIDENTIAL

value of development variables, or changes in the types of sites being developed, do not render the Plan unviable and undeliverable.'

Results

- 3.7 We set out at Appendix 1 the summary table of the Commercial and Residential sites that identifies on a site by site basis a) the percentage that CIL bears to total development cost and b) the buffers as a percentage of the maximum CIL rates.
- 3.8 For the residential sites the percentage of total development cost that CIL represents for the various residential areas comprises:
 - Mature Suburbs – 2.24% to 2.98%
 - Rural Areas – 4.6% to 5.63%
 - Sheltered Apartments – 2.27% to 2.31%
- 3.9 The residential buffer as a percentage of the maximum CIL rate varies from 45% to 92%.
- 3.10 In terms of the commercial sites there is a wider range of outputs for the percentage of total development cost that CIL represents for the various commercial scenarios. These range as follows:
 - Foodstores and convenience stores – 9.24% to 13.15%
 - Retail warehouse – 3.6%
 - Retail units – 1.1% to 2.3%
 - Hotels – 1.7% to 3.1%
 - Restaurants – 4.9% to 5.3%
 - Residential care – 1.86% to 2.0%
 - Car dealership – 5%
- 3.11 The commercial buffer as a percentage of the maximum CIL rate varies from 33% to 89%. It should be noted however that some sites (retail, drive through restaurant and hotels) in effect have a 'negative' buffer due to these scenarios not being able to demonstrate CIL viability. In these cases only a low CIL rate has been proposed.
- 3.12 It should be noted for both the commercial and residential sites that CIL is applied to the total gross internal area of the development scenarios analysed and there is no off-set for the floor area of existing buildings on site that would be demolished. This itself provides a further buffer to protect viability on brownfield sites.

RESIDENTIAL SALES VALUES METHODOLOGY

- 4.1 The methodology as to how we arrived at the sales values that were used as the inputs to the Viability Study is set out below. In the Viability Study (para 4.10) we considered the sales values relevant to the notional sites and took into account then market conditions (the market at that point in 2012 still had low levels of activity).
- 4.2 In summary we undertook the following research to come to the sales figures in the Viability Study.

CBRE Research

- 4.3 For a high level overview of the Solihull property market, we used our in-house Residential Research team to look at the overriding market conditions and trends on a national, regional and local basis. The Research team provided input to inform the wider overview with the benefit of skills including economics, business studies, location and market analysis, and information management.
- 4.4 The Research team’s output informed the data at Appendix 2 of the Viability Study that included ‘heat maps’ of the house prices on a postcode basis with average house prices shown across the Borough. This helped with illustrating patterns of value differentials across the Borough where there are wide variations in house prices. Data sources used by the Research team include Land Registry, Zoopla, Rightmove, Nationwide, Nomis, Focus, the Association of Residential Letting Agents and the Royal Institution of Chartered Surveyors.

Local Market Analysis

- 4.5 We consulted with a range of sources with knowledge of the residential market. These included CBRE’s Residential Land Agency team based in Birmingham. This team has considerable experience of land values being achieved, awareness of activity in the market, contacts with housebuilders and developers and information on new build house prices in the Solihull area.
- 4.6 At the time of the Viability Study, CBRE had a corporate tie-up with up with Countrywide, the national chain of estate agents. We were therefore able to access more granular information from their Land and New Homes Team based in Birmingham.
- 4.7 Countrywide broke down the Borough into a selection of postcodes:
 - B90 Shirley, Monkspath, Wythall, Majors Green and Dickens Heath
 - B91 Covering central Solihull, Hillfields and Catherine de Barnes
 - B92 Olton Hobs Moat and Bickenhill
 - B93 Knowle and Dorridge
 - B36 Castle Bromwich and Smiths Wood
 - B37 Chelmsley Wood, Marston Green and Kingshurst
- 4.8 The outputs included a detailed schedule of average house prices which set out the postcodes, house types and average selling price. The schedule also detailed the

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average price paid for each house type over the previous 12 months. This was partly informed by information from the property web site Zoopla.

- 4.9 Countrywide also provided a brief summary of the current availability for each of the postcodes, sourced via Rightmove. The New Build properties available were listed and the schedule detailed where possible the square footage on offer along with the £ per sq ft asking price. Also the current number of resale properties being offered was shown giving the highest and lowest asking prices.
- 4.10 We also worked closely with the Officer team, SMBC’s Strategic Land and Property, who provided additional data relating to comparables for sold prices for housing in the location of the hypothetical sites and information on new developments and their achieved values and sale prices. We also worked closely with the Officer team in identifying benchmark site values for the respective sites (see Section 5) and the proposed mix of units and densities on each site.

RESIDENTIAL BENCHMARK SITE VALUES

- 5.1 As stated in the Viability Study, the Benchmark Site Values (BSV) are the threshold land value above which it is assumed a landowner would be prepared to sell to facilitate redevelopment. The margin between the RLV and BSV are then used in determining the proposed level of CIL that a scheme can afford to contribute:

Residual Land Value less Benchmark Site Value (BSV) = potential margin for CIL

- 5.2 The Harman Report (section on Treatment of Threshold Land Value) recommends that *'the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below...)'*. Alternative use values are stated to be *'most likely to be relevant in cases where the Local Plan is reliant on sites coming forward in areas (such as town and city centres) where there is competition for land among a range of alternative uses'*. We have therefore followed these principles in identifying BSVs for the respective sites.

- 5.3 As stated in the Viability study (para 3.16) we have adopted the following assumptions in assessing BSVs:

- in the majority of cases the BSV is on the basis of Existing Use Value (EUV) plus a 20% return to justify development. The 20% return has been adopted by practitioners in many CIL viability studies and been used as a precedent in many CIL reviews held at public examination.
- the EUV analysis has considered likely passing rents/yields related to that use including information from Rateable Values.
- for some brownfield sites, we have adopted a BSV to reflect generic employment land prices related to location. This includes sites where the previous use could not be evaluated or where sites are allocated for employment uses.
- where a site has a current use, some demolition costs or costs to obtain vacant possession have been taken into account in the RLV.

- 5.4 The source of information for evaluating the BSVs has been ascertained from a number of sources including the VOA, reported deals, agents and developer consultations. As with identifying the residential sales values (see Section 4), we have also had input from Countrywide, CBRE's Birmingham-based Residential Land Agency team and we have worked closely with the Council's Strategic Land and Property team.

- 5.5 Data sources include included VOA Residential Land information; Land Registry data; Rightmove; and Zoopla.

- 5.6 It is important to state that any BSVs should comprise broad approximations and are subject to a wide number of variations. It would be the landowner who ultimately would take the view as to whether the premium that could be generated above current use value merits undertaking the redevelopment taking into account the individual circumstances of the site.

- 5.7 We have therefore arrived at a broad judgement on the range of BSVs relevant to the hypothetical sites. We have applied a standard assumption of a 20% premium

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over current use value (CUV), in most cases, to reflect the incentive that the landowner would seek to release the site for development. The CUVs reflect the typology and characteristics of sites that come forward within the Borough and relate to hypothetical sites.

5.8 A summary table of the resultant CUVs/BSVs applied to the residential sites is set out below. This includes a note on the assumptions used for each hypothetical site to arrive at the CUVs:

Table 5.1: Summary of Residential Current Use Values and Benchmark Site Values

SITE	LOCATION	DEVELOPABLE AREA	CUV PER HA	BSV PER HA	CURRENT USE	ASSUMPTION ON EXISTING USE FOR HYPOTHETICAL SITES
1	Mature Suburbs	0.47 ha	£502k	£602k	Brownfield windfall	Former public house. £502k per ha/£203k per acre.
2	Mature Suburbs	1.96 ha	£50k	£60k	Greenfield	Only alternative use is residential. Hypothetical current use as agricultural/pasture. £50k per ha/£20k per acre
3	Mature Suburbs	2.43 ha	£619k	£743k	Brownfield, edge of centre	Alternatives uses to include mixed use development including office and leisure plus residential. Site valued on basis of temporary parking @ £64k per ha/£26k per acre
4	Mature Suburbs	0.96 ha	£1.77m	£2.124m	Brownfield, town centre	Hypothetical current use as a surface car park.
5	Mature Suburbs	0.13 ha	£619k	£743k	Brownfield, suburbs	Vacant/derelict land in a residential location.
6	Rural Area	3.64 ha	£50k	£60k	Greenfield	Agricultural.
7	Rural Area	2.63 ha	£239k	£287.3k	Greenfield	Part agricultural/part residential
8	Rural Area	1.13 ha	£123k	£148k	Green Belt	Rural exception. Open storage assumed.
9	North Solihull Regen Area	1.72 ha	£193k	£232k	Brownfield/part green field	Regeneration area. Public open space and storage land.
10	North Solihull Regen Area	0.15 ha	£50k	£60k	Brownfield	Cleared site, not income producing. Former public house.
36	Rural Area	0.38 ha	£2.237m	£2.684m	Brownfield, village	Existing house plus land.
37	Rural Area	0.75 ha	£123k	£148k	Green Belt	Open storage
38	Rural Area	1.61 ha	£20k	£24k	Greenfield	Agricultural
39	Rural Area	7.5 ha	£740k	£888k	Greenfield	Employment land
40	Mature Suburbs	0.24 ha	£2.5m	£3m	Brownfield	Police houses
41	Rural Area	0.31 ha	£1.387m	£1.664m	Brownfield	Offices, showroom and additional land

Source: CBRE/SMBC

RESIDENTIAL SITES- ADDITIONAL SENSITIVITY TESTING

- 6.1 We have run additional sensitivity testing to take account of the following:
- a. a cost allowance for off-plot infrastructure for highways/sewers etc. on sites where more than 50 units are to be built
 - b. changes to the mix of units to reflect the impact of the Meeting Housing Needs policy
- 6.2 The methodology follows that set out in the Viability Study whereby the residual land values (RLVs) have been calculated for the various uses and locational scenarios. The RLVs are compared to the benchmark site values (BSVs) (see Section 5 of this report) to establish the relevant margin available for CIL.
- 6.3 Each development scenario is assessed using a colour-coded traffic light system:
- RLV less than EUV = Red** - unviable for CIL.
- RLV is between EUV and BSV = Amber** - reasonable prospect of being viable for CIL.
- RLV is greater than BSV = Green** - good prospect of being viable for CIL.
- 6.4 Each scenario is expressed in terms of RLV per hectare compared to the BSV per hectare against CIL increments of £25 per sq m.
- 6.5 No allowance has been made in the development appraisal analysis for any reductions in CIL liability that would apply, in the case of brownfield sites, to the offset of existing floorspace thereby enhancing the viability position of such sites.

Off-Plot Infrastructure Costs

- 6.6 We have tested the inclusion of estimated costs for 'off-plot'/enabling site works within the development appraisals for the larger proposed schemes i.e. those with a minimum of 50 no. dwellings. This is in addition to the standard appraisal allowance that we have used of 10% on base build costs for 'on-plot' externals to include paths, driveways, plot drainage and landscaping which are excluded from the BCIS base build cost rates.
- 6.7 This additional allowance would allow for the costs to bring forward larger schemes where site infrastructure is required such as spine roads, strategic landscaping, drainage and lighting and in particular affects green field development rather than brownfield where some infrastructure may already be in place.
- 6.8 The need to allow for additional infrastructure/enabling costs is highlighted in the Harman Report (Appendix B, para 2 Strategic Infrastructure and Utility Costs) where it refers to 'larger scale' schemes requiring strategic infrastructure costs '*typically in the order of £17,000 - £23,000*'. In the case of most sites coming forward in the Borough, these would not be described as 'larger scale' schemes and Blythe Valley Park as featured in Section 2 is unique in terms of it being a large scale green field site for circa 600 dwellings.

For the purposes of this CIL analysis we have therefore used a rate of £10,000 per unit in the sensitivity analysis for off-plot infrastructure costs. We consider that this allowance is sufficiently generous taking into account the smaller scale nature of residential sites coming forward in the Borough which do not accord with the definition of 'larger scale' schemes in the Harman Report. In addition the

RESIDENTIAL SITES- ADDITIONAL SENSITIVITY TESTING

development appraisals as standard make an allowance of 5% contingency on base build cost for site specific abnormal costs.

- 6.9 In total 8 no. sites have 50 units are more and have been tested:
- Site 2 Mature Suburbs
 - Site 3 Mature Suburbs
 - Site 4 Mature Suburbs
 - Site 6 Rural Area
 - Site 7 Rural Area
 - Site 9 North Solihull Regeneration Area
 - Site 38 Rural Area
 - Site 39 Rural Area

Meeting Housing Needs policy

- 6.10 We have also been asked to consider the impact of the Council’s Meeting Housing Needs Supplementary Planning Document which was adopted by Solihull Council on 3rd July 2014 to support Policy P4 of the Local Plan: Meeting Housing Needs. This policy document was adopted after the date of the Viability Study and therefore its implications were not taken into account in previous viability testing.
- 6.11 The effect of the policy is that developers/housebuilders are required to provide a greater proportion of smaller dwellings (1-bed and 2-bed) with consequent higher densities. The range of 1 and 2-bed properties is to be between 30% and 50% of the total mix of dwellings depending on the location within Solihull.
- 6.12 For the purposes of the sensitivity testing we have assumed a worst-case scenario of 50% provision on all sites. In most cases, where the sites are suitable for apartment development, we have assumed that 25% of the smaller unit provision will be 1-bed apartments i.e. 12.5% of the total. Otherwise we have assumed 2-bed housing provision for the smaller sites.

Results

- 6.13 The comparison tables overleaf demonstrate the combined impact of both a) the additional infrastructure enabling costs for certain larger sites with b) the revised mix of units affecting all sites.
- 6.14 We present below the sensitivity tables from the Viability Study alongside the revised tables so that the impacts of the combined changes to the development appraisal inputs can be easily seen.
- 6.15 For the various sites there are no significant changes other than:
- Site 2 Mature Suburbs – this becomes unviable at the CIL rate of £100 psm (previously £300 psm). The proposed CIL rate is £75 psm leaving a small buffer of £25 psm.
 - Site 4 Mature Suburbs – this becomes amber at £75 psm (previously red at £300 psm) which is the proposed CIL rate i.e. leaving no buffer

RESIDENTIAL SITES- ADDITIONAL SENSITIVITY TESTING

- Site 36 Rural Area – this is immediately red at £0 psm (previously amber)
- Site 39 Rural Area – this has a significant impact and becomes immediately red at £0 psm (previously amber at £300 psm).

Base Site Appraisals

Table 6.1: Base Site Appraisals – base position

Site	Location	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 1	Mature Suburbs							
Site 2	Mature Suburbs							
Site 3	Mature Suburbs							
Site 4	Mature Suburbs							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regeneration Area							
Site 10	North Solihull Regeneration Area							
Site	Location	£200 psm CIL	£225 psm CIL	£250 psm CIL	£275 psm CIL	£300 psm CIL	£325 psm CIL	£350 psm CIL
Site 1	Mature Suburbs							
Site 2	Mature Suburbs							
Site 3	Mature Suburbs							
Site 4	Mature Suburbs							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regeneration Area							
Site 10	North Solihull Regeneration Area							
Site	Location	£500 psm CIL	£525 psm CIL	£550 psm CIL	£575 psm CIL	£600 psm CIL	£625 psm CIL	£650 psm CIL
Site 1	Mature Suburbs							
Site 2	Mature Suburbs							
Site 3	Mature Suburbs							
Site 4	Mature Suburbs							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regeneration Area							
Site 10	North Solihull Regeneration Area							

Table 6.2: Base Site Appraisals adjusted for revised unit mix and infrastructure

Site and Location	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 1 - Mature Suburbs							
Site 2 - Mature Suburbs							
Site 3 - Mature Suburbs							
Site 4 - Mature Suburbs							
Site 5 - Mature Suburbs							
Site 6 - Rural Area							
Site 7 - Rural Area							
Site 8 - Rural Area							
Site 9 - North Solihull Regeneration Area							
Site 10 - North Solihull Regeneration Area							
Site and Location	£175 psm CIL	£200 psm CIL	£225 psm CIL	£250 psm CIL	£275 psm CIL	£300 psm CIL	£325 psm CIL
Site 1 - Mature Suburbs							
Site 2 - Mature Suburbs							
Site 3 - Mature Suburbs							
Site 4 - Mature Suburbs							
Site 5 - Mature Suburbs							
Site 6 - Rural Area							
Site 7 - Rural Area							
Site 8 - Rural Area							
Site 9 - North Solihull Regeneration Area							
Site 10 - North Solihull Regeneration Area							
Site and Location	£350 psm CIL	£375 psm CIL	£400 psm CIL	£425 psm CIL	£450 psm CIL	£475 psm CIL	£500 psm CIL
Site 1 - Mature Suburbs							
Site 2 - Mature Suburbs							
Site 3 - Mature Suburbs							
Site 4 - Mature Suburbs							
Site 5 - Mature Suburbs							
Site 6 - Rural Area							
Site 7 - Rural Area							
Site 8 - Rural Area							
Site 9 - North Solihull Regeneration Area							
Site 10 - North Solihull Regeneration Area							

RESIDENTIAL SITES- ADDITIONAL SENSITIVITY TESTING

Additional Site Appraisals

Table 6.3: Additional Site Appraisals – base position

Site and Location	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 36 Rural Area							
Site 37 Rural Area							
Site 38 Rural Area							
Site 39 Rural Area							
Site 40 Mature Suburbs							
Site 41 Ruiral Area							
Residual Land Value per Ha	£175 psm CIL	£200 psm CIL	£225 psm CIL	£250 psm CIL	£275 psm CIL	£300 psm CIL	£325 psm CIL
Site 36 Residential							
Site 37 Residential							
Site 38 Residential							
Site 39 Residential							
Site 40 Sheltered Apartments							
Site 41 Sheltered Apartments							
Residual Land Value per Ha	£350 psm CIL	£375 psm CIL	£400 psm CIL	£425 psm CIL	£450 psm CIL	£475 psm CIL	£500 psm CIL
Site 36 Rural Area							
Site 37 Rural Area							
Site 38 Rural Area							
Site 39 Rural Area							
Site 40 Mature Suburbs							
Site 41 Ruiral Area							

Table 6.4: Additional Site Appraisals adjusted for revised unit mix and infrastructure

Site and Location	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 36 - Rural Area							
Site 37 - Rural Area							
Site 38 - Rural Area							
Site 39 - Rural Area							
Site 40 - Mature Suburbs							
Site 41 - Rural Area							
Residual Land Value per Ha	£175 psm CIL	£200 psm CIL	£225 psm CIL	£250 psm CIL	£275 psm CIL	£300 psm CIL	£325 psm CIL
Site 36 - Rural Area							
Site 37 - Rural Area							
Site 38 - Rural Area							
Site 39 - Rural Area							
Site 40 - Mature Suburbs							
Site 41 - Rural Area							
Residual Land Value per Ha	£350 psm CIL	£375 psm CIL	£400 psm CIL	£425 psm CIL	£450 psm CIL	£475 psm CIL	£500 psm CIL
Site 36 - Rural Area							
Site 37 - Rural Area							
Site 38 - Rural Area							
Site 39 - Rural Area							
Site 40 - Mature Suburbs							
Site 41 - Rural Area							

AFFORDABLE HOUSING VALUES

- 7.1 This section is to provide a commentary on how CBRE arrived at the values for the affordable housing units in the development appraisals for the respective sites. Whilst affordable housing is exempt from CIL, it has implications for overall scheme viability due to the lower sales values that are achieved.
- 7.2 The affordable housing values were arrived at following various consultations in February 2012 with:
- 3 no. Registered Providers (RPs) that are active in the Solihull area;
 - An affordable housing consultant;
 - SMBC Officers who deal specifically with housing matters
- 7.3 The information provided by the RPs and consultants is indicative and on a confidential basis with requests not to be individually quoted. The information was subsequently used to inform the Affordable Housing Viability Study⁶ and the CIL Viability Study.
- 7.4 The RPs were asked to provide information on the following matters:
- Indicative property sizes for affordable units on the basis of general needs and also for Lifetime Homes
 - ‘Rule of Thumb Values’ - percentage of open market value that an RP would pay to a developer in North Solihull and South Solihull with the aim of identifying variations across the Borough and on the assumption that there is no Homes and Communities Agency grant or other capital grant.
 - On the assumption that BCIS cost yardsticks would be used and Code Level 4
- 7.5 We attach at **Appendix 3** a high level summary of the responses that were received from the three RPs. This information was similarly endorsed by the affordable housing consultant who advised of *‘social rent units tend to be of 40-50% market value; shared ownership tend to be 63% – 67%’*.
- 7.6 As a consequence of the information provided by the parties, the values that we have applied throughout the Viability Study comprise:
- Social rented units – assumed to be 45% of the private sales value
 - Shared ownership – assumed to be 65% of private sale value

⁶ Affordable Housing Viability Study – Solihull Metropolitan Borough Council – June 2012 (author CBRE)

SUMMARY

- 8.1 In this Addendum, CBRE has addressed the various issues affecting the Viability Study that were requiring clarification and further research following the Council’s CIL Examination Hearings held in June 2015.
- 8.2 We have included an additional generic site based on the assumptions that would apply to Blythe Valley Park as provided by IM Properties. We have reviewed and audited these assumptions and inputted some different assumptions where appropriate. This is following a review by CBRE’s in-house cost consultant and alongside the Officer team. The findings of the viability testing are that the development proposals as described would not be able to support a CIL charge.
- 8.3 We have subsequently recommended that, in relation to C2 and C3 Use Classes, the Council imposes a zero charge for CIL for Blythe Valley Park which would be treated as a separate site within the Draft Charging Schedule.
- 8.4 We have also provided the following information:
 - On a site by site basis, clarification of the percentage of total development cost that the proposed CIL rates would comprise together with the viability buffer from the maximum CIL rates;
 - An explanation as to the methodology behind the residential sales values inputs;
 - The methodology behind how we arrived at the residential benchmark site value inputs and details of the current use values and benchmark site values;
 - Additional sensitivity analysis to test the inclusion of estimated costs for ‘off-plot’/enabling infrastructure works on sites with more than 50 units together with the proposed Meeting Housing Needs mix of units with a higher proportion of smaller units;
 - A summary of the affordable housing data received from consultations with Registered Providers that has informed the proposed values for the affordable housing content in the development appraisals.

APPENDICES

APPENDIX 1 – CIL RATE ANALYSIS

Appendix 1

Table 1: Residential Sites - CIL Rates Analysis

SITE	TYPE	LOCATION	PROPOSED CIL RATE PSM	CIL AS % OF TDC*	HIGHEST RATE OF CIL BEFORE AMBER	BUFFER	BUFFER AS % OF MAXIMUM CIL RATE
Site 1	Houses	Mature Suburbs	£75	2.84%	£900 psm	£825 psm	92%
Site 2	Houses	Mature Suburbs	£75	2.97%	£275 psm	£200 psm	73%
Site 3	Apartments/houses	Mature Suburbs	£75	2.67%	£0	N/A	N/A
Site 4	Apartments	M42 Gateway/Solihull Town Centre	£75	2.24%	£275 psm	£200 psm	73%
Site 5	Houses	Mature Suburbs	£75	2.98%	£350 psm	£275 psm	78%
Site 6	Houses	Rural Area	£150	5.18%	£975 psm	£825 psm	85%
Site 7	Houses	Rural Area	£150	5.27%	£775 psm	£625 psm	81%
Site 8	Apartments	Rural Area	£150	4.6%	£650 psm	£500 psm	77%
Site 9	Apartments/houses	North Solihull Regeneration Area	£0	0%	£0	N/A	N/A
Site 10	Apartments	North Solihull Regeneration Area	£0	0%	£0	N/A	N/A
Site 36	Houses	Rural Area	£150	5.32%	£0	N/A	N/A
Site 37	Houses	Rural Area	£150	5.63%	£750 psm	£600 pam	80%
Site 38	Houses	Rural Area	£150	5.33%	£1,075 psm	£925 psm	86%
Site 39	Houses	Rural Area	£150	5.1%	£275 psm	£125 psm	45%
Site 40	Sheltered Apartments	Mature Suburbs	£75	2.31%	£0	N/A	N/A
Site 41	Sheltered Apartments	Rural Area	£75	2.27%	£250 psm	£175 psm	70%

APPENDIX 1 – CIL RATE ANALYSIS

Appendix 1
Table 2: Commercial Sites - CIL Rate Analysis

SITE	USE	PROPOSED CIL RATE PSM	CIL AS % OF TDC	HIGHEST RATE OF CIL BEFORE 'AMBER'*	BUFFER	BUFFER AS % OF MAXIMUM CIL RATE
Site 11	Retail	£ 0	£ -	£0	N/A	N/A
Site 12	Offices	£ 0	£ -	£0	N/A	N/A
Site 13	Healthcare	£ 0	£-	£0	N/A	N/A
Site 14	Retail warehouse	£50	3.6%	£75 psm	£25 psm	33%
Site 15	Foodstore	£300	11.6%	£625 psm	£325 psm	52%
Site 16	Small convenience	£150	9.24%	£325 psm	£175 psm	54%
Site 17	Retail units	£25	1.1%	£0	N/A	N/A
Site 18	Retail units	£25	2.3%	£0	N/A	N/A
Site 19	Retail units	£25	2.1%	£0	N/A	N/A
Site 20	Drive thru restaurant	£100	4.9%	£0	N/A	N/A
Site 21	Restaurant	£100	5.06%	£75 psm	N/A	N/A
Site 22	Restaurant	£100	5.3%	£925	£825 psm	89%
Site 23	Town centre office	£ 0	£ -	£0	N/A	N/A
Site 24	Edge of centre office	£ 0	£ -	£0	N/A	N/A
Site 25	Suburban Office	£ 0	£ -	£0	N/A	N/A
Site 26	business park office	£ 0	£ -	£0	N/A	N/A
Site 27	Industrial	£ 0	£ -	£0	N/A	N/A
Site 28	Town centre hotel	£25	2.8%	£0	N/A	N/A
Site 29	Suburban hotel	£25	2.9%	£0	N/A	N/A
Site 30	Edge of centre hotel	£25	3.1%	£0	N/A	N/A
Site 31	Gym	£ 0	£ -	£0	N/A	N/A
Site 32	Residential care	£25	1.86%	£0	N/A	N/A
Site 33	Residential care	£25	2.0%	£0	N/A	N/A
Site 34	Healthcare	£ 0	£ -	£0	N/A	N/A
Site 35	Car dealership	£75	5%	£200 psm	£125 psm	62.5%
Site 42	Foodstore	£300	13.15%	£950 psm	£650 psm	68%
Site 43	Hotel	£25	1.7%	£50 psm	£25 psm	50%

APPENDIX 2 – AFFORDABLE HOUSING DATA

SOLIHULL - VIABILITY ASSESSMENT Registered Provider 1- Responses

1. PROPERTY SIZES

Bed Size, Indicative internal size range and tenure	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
	35-45m2	45-60m2	61m2-70m2	71-100m2	101-120m2
Indicative sizes (general needs)	41m2	57m2	64m2	77m2	101m2
Indicative sizes – Lifetime Homes (general needs)	45m2	60m2	70m2	85m2	104m2

2. 'RULE OF THUMB VALUES' - % OF OPEN MARKET VALUE THAT YOU WOULD PAY

(A) North Solihull

Bed Size/Affordable Tenure	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
Social Rent	48%	48%	48%	48%	48%
Affordable Rent	55%	55%	55%	55%	55%
Shared Ownership	67%	67%	67%	67%	67%
Intermediate Rent	55%	55%	55%	55%	55%

(B) South Solihull

Bed Size	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
Social Rent	45%	45%	45%	45%	45%
Affordable Rent	55%	55%	55%	55%	55%
Shared Ownership	64%	64%	64%	64%	64%
Intermediate Rent	57%	57%	57%	57%	57%

APPENDIX 2 – AFFORDABLE HOUSING DATA

SOLIHULL - VIABILITY ASSESSMENT Registered Provider 2 - Responses

1. PROPERTY SIZES

Bed Size, Indicative internal size range and tenure	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
	35-45m2	45-60m2	61m2-70m2	71-100m2	101-120m2
Indicative sizes (general needs)	1b/1p	2b/3p	2b/3ph	3b/4ph	100 - 110
Indicative sizes – Lifetime Homes (general needs)	35 – 40 1b/2p 40 - 50	52-62 2b/4p 60-70	52 – 64 2b/4ph 60 - 72	80 - 85 3b/5ph 82 - 95	

2. ‘RULE OF THUMB VALUES’ - % OF OPEN MARKET VALUE THAT YOU WOULD PAY

(A) North Solihull

Bed Size/Affordable Tenure	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
Social Rent	As a rule it works out around 50% – 55% (rented) and 65 – 70% (S/O), however there is no set percentage; as each site is different, it depends entirely on how the appraisal works out and what it is able to generate by way of value, once assumed omv’s, build costs and overheads have been built in.				
Affordable Rent					
Shared Ownership					
Intermediate Rent					

(B) South Solihull

Bed Size	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
Social Rent	As a rule it works out around 50% – 55%(rented) and 65 – 70% (S/O), however there is no set percentage; as each site is different, it depends entirely on how the appraisal works out and what it is able to generate by way of value, once assumed omv’s, build costs and overheads have been built in.				
Affordable Rent					
Shared Ownership					
Intermediate Rent					

APPENDIX 2 – AFFORDABLE HOUSING DATA

SOLIHULL - VIABILITY ASSESSMENT Registered Provider 3 - Responses

1. PROPERTY SIZES

Bed Size, Indicative internal size range and tenure	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
	35-45m2	45-60m2	61m2-70m2	71-100m2	101-120m2
Indicative sizes (general needs)	45m2	55m2	70m2	85m2	100m2
Indicative sizes – Lifetime Homes (general needs)	47m2	58m2	80m2	90m2	110m2

2. 'RULE OF THUMB VALUES' - % OF OPEN MARKET VALUE THAT YOU WOULD PAY

(A) North Solihull

Bed Size/Affordable Tenure	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
Social Rent	43%	46%	41%	40%	37%
Affordable Rent	52%	51%	53%	51%	53%
Shared Ownership	63%	64%	65%	64%	63%
Intermediate Rent	52%	51%	53%	51%	53%

(B) South Solihull

Bed Size	1 Bed flat	2 Bed flat	2 Bed house	3 Bed house	4+ Bed house
Social Rent	43%	46%	41%	40%	37%
Affordable Rent	52%	51%	53%	51%	53%
Shared Ownership	63%	64%	65%	64%	63%
Intermediate Rent	52%	51%	53%	51%	53%

* End of document*

