COMMUNITY INFRASTRUCTURE LEVY | VIABILITY STUDY

Solihull Metropolitan Borough Council

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CONTENTS

APPENDICES

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1. Introduction

1.1 CBRE has been commissioned by Solihull Metropolitan Borough Council (the Council) to provide a viability study to assess whether the built economy in Solihull is capable of supporting the Community Infrastructure Levy (CIL) and which levels of CIL would affect overall viability of development in the Borough.

1.2 The main objectives of the CIL viability study are as follows:

a. To recommend charge rates for the Council's CIL charging schedule including appropriate charging zones and / or use rates.

b. To provide robust viability evidence to support the recommended charge through analysing residual land values to support the proposed charge rates relating to residential and other uses including retail, offices, industrial, hotels, leisure and community facilities.

c. To be fully compliant with appropriate legislation and guidance including the Planning Act 2008, Localism Act 2011, CIL Regulations 2010 (as amended in 2011 and 2012) and 2010 CLG Statutory Guidance.

1.3 A key focus of this study is to assess the level of CIL, across a range of uses and locations in the Borough, that can be supported without making development in the area economically unviable. The study takes into account that when setting rates for CIL, it is necessary to establish an appropriate balance between the need to fund infrastructure and the economic viability of the development. This is set out in CIL Regulation 14 which is detailed in Appendix 1, the Commentary on the Legislative Background to CIL.

1.4 The CLG document "Community Infrastructure Levy – an Overview, May 2011" states that "charging authorities wishing to introduce the levy should propose a rate which does not put at serious risk the overall development of their area".

1.5 It is noted that the development of brownfield sites, a proportion of which comprise the conversion or redevelopment of existing buildings, is unlikely to generate any substantial CIL revenue due to high existing use values and/or high costs of development.

1.6 The CLG statutory guidance states that charging authorities may need to sample a limited number of sites but where differential rates are to be set they may need to undertake more "fine grained sampling" to estimate the boundaries for their differential rates. The ability to set differential rates gives charging authorities more flexibility to deal with the varying circumstances within their area, for example where the local authority such as Solihull has a range of land values that vary between urban, suburban and rural areas.

1.7 The principal approach to this study relies on analysing Residual Land Values (RLV) from a series of development scenarios and benchmarking these against notional comparable sites that could come forward for development to assess potential margins that could justify CIL. Our analysis is supported by a broad property market review of the Borough (see Appendix 2).

1.8 It must be fully recognised that the approach to these appraisals is at a high level where the extent of cost and value variables within the residual valuations means that the RLVs can only serve as a guide to viability and do not constitute valuations. Individual sites have unique characteristics which provide differing opportunities and constraints leading to differing revenue and cost profiles which are not reflected in adopting broad assumptions. The output to this exercise must be considered as a high level guide to likely scheme viability and subsequently recognised as having its limitations.

1. Introduction

1.9 In accordance with the brief, we have undertaken the following:

- a market review of the residential and non-residential property sectors within Solihull to inform our development appraisal assumptions.
- formulated development appraisals to reflect the development context and diversity of development across the Borough.
- considered planning and policy requirements including the provision of affordable housing and design standards and the subsequent impact on development values and costs.
- reviewed a range of notional sites across the various geographic areas within the Borough for residential development or a range of commercial uses. The criteria for site selection are that the subject sites are representative of similar sites in the Borough that have recently come forward for development or may come forward during the Local Plan period.
- adopted a standard residual valuation approach to allow comparisons between the various sites and to test development appraisal variables.
- evaluated potential CIL rates by assessing affordable amounts that could be payable by different types of development across the Borough.

2. Study Context

The Community Infrastructure Levy

2.1 The Community Infrastructure Levy came into force in April 2010 and allows Local Authorities, known as the "charging authority", to raise funds from developers undertaking new building projects in their area. The money can then be used to fund a wide range of infrastructure that is needed as a result of development.

2.2 CIL takes the form of a tariff per sq metre of **additional** floor space and will apply to new buildings with a minimum size of 100 sq m of gross internal floor space or development of less than 100 sq m of new build floor space that results in the creation of one or more dwellings. The gross floor space of any existing buildings on site that would be demolished will be deducted from the final liability. However, floor space subject to demolition or resulting from change of use will only be disregarded where it has been in continuous lawful use for at least six months in the 12 months prior to the development being permitted.

2.3 CIL becomes non-negotiable when the tariff is adopted by the charging authority.

2.4 There are some exemptions to CIL:

- social housing[1].
- development of less than 100 m2 of new build floor space provided that it is does not create a new dwelling.
- development of buildings and structures into which people do not usually go (e.g. pylons, wind turbines, electricity substations).
- development by registered charities for the delivery of their charitable purposes where they are entitled to mandatory relief.
- the charge does not apply to change of use situations unless the property has not been in continuous lawful use for at least six months in the 12 months prior to the development being permitted.

2.5 CIL would therefore become the main source of developer contributions towards infrastructure beyond the immediate needs of the development site. It does not replace Section 106 completely as affordable housing provision will continue to be secured through this mechanism. Section 106 may also continue to be used for local infrastructure requirements on development sites such as local access or connection to services but necessarily avoiding double charging of infrastructure contributions with CIL. Section 38 and Section 278 Agreements will also, for example, still be used by highway authorities.

2.6 In terms of the setting of its charge, CLG guidance states that charging authorities should seek an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the imposition of the levy upon the economic viability of development across their area. Charging authorities should also take account of other sources of available funding for infrastructure when setting CIL rates. In this report, we have addressed viability only and not considered other sources of funding available to the Council.

2.7 In terms of process, charging authorities must consult local communities and stakeholders on the proposed rates for the levy in a preliminary draft charging schedule. Following two

[1] see Appendix 1 for the definition of Social Housing Relief

2. Study Context

statutory phases of consultation, this charging schedule must be examined in public by a hearing or written representations to an independent person appointed by the charging authority.

2.8 The CIL Regulations allow for differential rates both in terms of, firstly, different types of development and, secondly, rates to reflect the local economic conditions of different parts of the local authority area.

2.9 The Council is able under the CIL Regulations to propose an instalments policy (under Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended)).

Infrastructure Requirements

2.10 In preparing the CIL for Solihull, there will need to be an identified gap in the funding required for the Borough's infrastructure. Solihull's Infrastructure Delivery Plan (September 2012) has been updated as part of the submission of the Local Plan to the Secretary of State. It currently identifies an aggregate funding gap of over £100m, which CIL would contribute to in part or in whole. However, CIL is not meant to replace existing funding streams and it is understood that, for most charging authorities, the aggregate funding gap will exceed the potential CIL revenue.

2.11 There is outstanding infrastructure capacity work to be carried out on a strategic scale in the Borough, primarily the M42 Economic Gateway Study, which is seeking to promote a phased Implementation and Investment Plan for managed economic growth in the M42 Economic Gateway area. Whilst this may increase the aggregate funding gap eligible for CIL revenue, it would also deliver more development eligible to pay CIL.

Property Market Context

2.12 We attach at Appendix 2 CBRE Research's overview of the property market on a national and local basis to establish the context of property market conditions which will inform the viability testing.

2.13 The overview highlights the lack of activity in the commercial property market. Private sector-led development is currently constrained by a lack of occupational/purchaser demand; low capital values; restricted finance; and a general lack of confidence. The viability assessment for Solihull has therefore been undertaken at a time when the economic outlook for the UK remains challenging and this has impacted significantly on the ongoing viability of commercial development projects and limited the number of sites that will come forward.

2.14 The residential market in Solihull however remains more buoyant and resilient to the wider economic picture. Whilst house prices have slipped considerably on a national basis since 2008, the Solihull market has generally outperformed the rest of the region and the rest of the country over the last year. Average house prices have increased by 12% since the trough of the market in 2007, compared with only 1% across the rest of the West Midlands and 6% across the rest of England and Wales. Average house prices are currently around £241,600 based on Q2 2012 Land Registry quarterly figures.

2.15 Solihull has contrasting residential areas characterised by significantly higher prices in the more affluent south of the Borough in the popular residential areas of the Mature Suburbs and Rural Area. In the south of the Borough there is an acute shortage of affordable housing and housing suitable for older people. The north of the Borough is subject to a large regeneration programme and highlights the inequality that exists within the Borough

2. Study Context

and disparity in residential land values. Housing in the north is dominated by post-war local authority-developed housing estates with lower values.

2.16 In terms of market trends, the latest RICS housing market survey suggests a renewed sense of optimism for the residential property sector with a pick-up in sales and a slowdown in house price falls anticipated. However latest UK house price data remains muted across most regions of the UK excluding London. The wider UK market remains weak and any meaningful recovery is likely to be painfully slow. (CBRE Residential Research Q3 2012).

2.17 The latest Nationwide UK house price index showed that values fell by 0.5% in Q3 2012 although increasing by 0.6% in October reflecting a 0.9% annual fall. UK residential transactions remain 45% below their Q3 2006 levels (HMRC) and national new build supply remains stagnant.

2.18 The market factors affecting the commercial property market are summarised in the recent Bank of England Agents Summary of Business Conditions (October 2012). This Summary states that there was a modest pick-up in consumer sales in the early autumn following a disappointing summer for non-food retailers and consumer services firms. In the business services sector, turnover continued to increase at a gradual pace with the volume of activity edging higher compared to a year ago. Investment intention by firms had continued to ease back suggesting there would be little change in the level of capital spending by firms over the next six months. Manufacturing output growth slowed further and was now broadly flat on a year ago.

2.19 There was also a reported further decline in construction output as the slow recovery in private sector activity remained below the scale needed to replace public sector projects as they reached completion. There was reported to be little in the way of new commercial property development and the pace of retail expansion has been somewhat slower than before. The Summary states that confidence and credit constraints remain significant drags on private sector activity.

2.20 Property performance has continued to be dogged by weak investor sentiment and fragile occupier markets. Regional divergence in the office market is still a major feature of the market as income security and the worries surrounding occupier markets outside London continue.

2.21 Despite witnessing the most active quarter for commercial property investment since the end of 2010, prime UK yields increased marginally on both the quarter and the year. Investor appetite for commercial property in UK markets outside of the South East remains subdued. Yield increases and a consequent fall in capital values therefore remain a possibility outside of the South East where investor risk aversion is impacting on liquidity. Overall prime UK rents remained unchanged in Q3 2012 remaining completely flat over 2012 and continuing a trend of general stability that began approximately three years ago.

2.22 There has been a recent slightly negative trend in prime retail rents driven by rental depreciation in regional high streets, out of town shopping centres and retail warehouses. In contrast prime office and industrial rents were generally flat or slightly positive.

2.23 CBRE Research (Q3 report 2012) reports that average rents and yields for All Property and West Midlands property have experienced the following trends:

2. Study Context

Table 2.1: Prime rent and yield monitor

	RENTAL GROWTH			ACTUAL YIELDS (%)		YIELD SHIFT (PPTS)	
	Q/Q	Y/Y	5 Year pa	Q1 2012	Q2 2012	Q/Q	Y/Y
All Shops	-0.5	-0.9	-2.1	5.6	5.8	0.2	0.2
West Midlands Shops	-5.1	-8.4	-4.3	6.3	6.7	0.4	0.5
All Shopping Centres	0.4	0.0	-2.5	5.9	5.9	0.0	0.0
All Retail Warehouses	-0.1	-0.5	-3.0	6.1	6.1	0.0	0.3
All Offices	0.1	0.7	-2.9	6.0	6.2	0.1	0.2
West Midlands Offices	-0.4	1.9	-0.8	8.2	8.2	0.0	0.7
All Industrial	0.1	0.8	-0.8	7.4	7.5	0.1	0.1
West Midlands Ind.	1.3	2.7	-2.5	7.3	7.4	0.1	0.2

Source: CBRE

2.24 While general movements in the market are not unexpected, it should be emphasised that the property market is constantly dynamic with schemes and uses becoming more or less viable depending upon general and local economic factors and local demand and supply characteristics.

2.25 Our study has looked at appraisals based on current day values and costs and also applied sensitivity analysis on potential development appraisal variables to demonstrate the impact of both improving and worsening market conditions on development delivery.

2.26 The CIL schedule should be subject to updating at regular intervals and when there are considerable shifts in market values. Charging authorities are required to keep their charging schedules under review although no timeframes are specified for this process.

3. Methodology

3.1 The methodology adopted in this viability study uses a standard approach to testing development outputs at a strategic level. This method, in broad terms, seeks to test the likely Residual Land Value (RLV) in comparison with benchmarked site values for a number of development scenarios in Solihull taking into account local market conditions and existing planning policy.

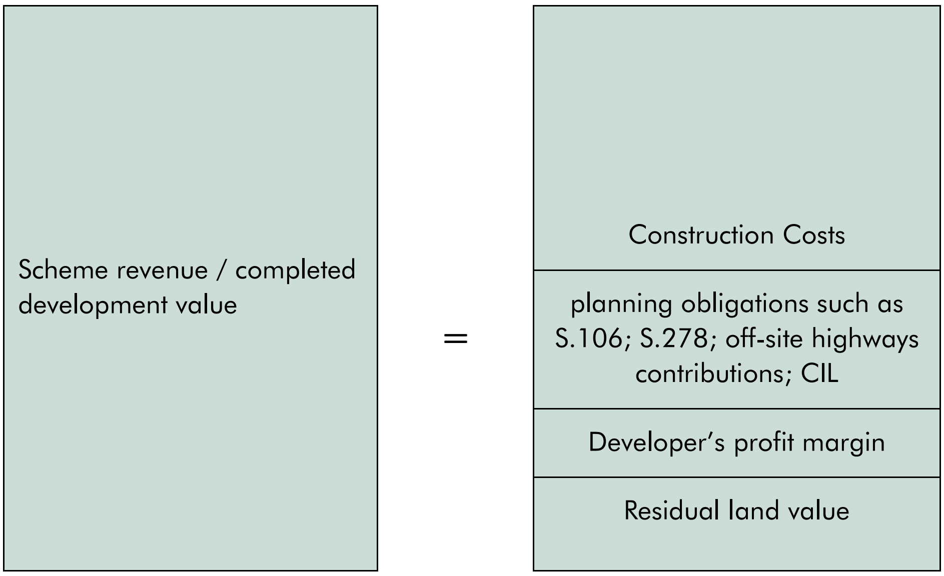
3.2 This methodology follows a standard residual development appraisal approach whilst considering also a benchmarked site value (see below). Any margin between the value of the site for redevelopment (the RLV) and its benchmarked value (BSV) can be subject to CIL charging provided viability is protected and there is sufficient margin to provide an incentive for the landowner to release the site for development.

Residual Land Value (RLV)

3.3 The RLV is derived from a change of use or intensification of use anticipated by the site's redevelopment. It is the value that a developer will pay a landowner for the land that can justify the implementation of development. Generally only commercially driven schemes which produce a positive RLV will proceed to delivery. A scheme exhibiting a negative RLV is unlikely to be delivered unless there is available funding to bridge any finance gap.

3.4 The residual method is adopted in the valuation of development land on the premise that the price which the purchaser/developer can pay for such land is the surplus after the cost of construction, cost of planning obligations, professional fees, costs of purchase and sale, cost of finance and an allowance for profit required to carry out the project has been deducted from the proceeds of the sale of the finished development.

3.5 The diagram below summarises the principles of the residual method approach:



3.6 Where planning obligation liabilities, including CIL, reduce the site value to the landowner and/or reduce the profit margin below an appropriate level, development would not take place.

3.7 In terms of assembling generic development appraisals for this study, key variables have been identified that are specific to development and market conditions reflecting the time at which the appraisals have been undertaken. The development appraisals and RLVs

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supporting any CIL contribution will require ongoing review in the light of changing market circumstances and planning polices both on a local and national basis.

3.8 In practice, site specific residual appraisals can be affected by a number of factors including but not limited to the following:

- "abnormal" costs related to, for example, ground conditions and the need for remediation and demolition
- interest rate fluctuations
- changes in market sentiment
- build costs in terms of the proposed quality envisaged by the respective developers and market fluctuations in terms of rising/falling building prices
- (for non-residential properties) rental levels, letting incentives, void periods and yields
- (for residential properties) the effect on sales value and rates of sale related to the performance of the local housing market and incentives offered to purchasers
- the extent of any planning obligations
- development phasing
- amount of developer's profit which will be correlated with the risk profile.

3.9 In the light of the extent of these development appraisal variables, future changes in the financial, property and construction market together with policy requirements will all impact on development viability.

3.10 We comment in Section 4 below on the standard assumptions that we have adopted for the purposes of this viability review.

Benchmark Site Values (BSV)

3.11 The basis of the analysis for this study to determine CIL is to compare the RLVs for various example sites to their benchmark site value (BSV). The BSV is essentially the threshold value above which it is assumed a land owner would be prepared to sell to facilitate redevelopment. The margin between the RLV and the BSV will be used in determining the proposed level of CIL that a scheme can afford to contribute. In summary, this is as follows:

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

3.12 There is an assumption that the landowner must be incentivised to bring the site forward for development. A margin above the landowner's expectations of its value is required to reflect the commercial risk and return that any prudent landowner would seek to undertake a development project.

3.13 To date there has been little guidance available as to what should constitute the benchmark value yet this is one of them most important factors in assessing CIL. More recently the Royal Institution of Chartered Surveyors (RICS) has issued a Professional Guidance Note entitled "Financial Viability in Planning – First Edition (GN 94/2012)". The defined document status is "a document that provides users with recommendations for accepted good practice as followed by competent and conscientious practitioners". The Guidance Note highlights that a variety of practices have evolved to benchmark land value. It refers to the approach of exclusively adopting current use value plus a margin but states that this

3. Methodology

singular approach does not fully reflect the workings for the market. Instead, the RICS refers to the use of 'Site Value' in the context of viability testing.

3.14 Para 3.45 of the Guidance Note states that Site Value will be based on market value, which will be risk-adjusted, so it will normally be less than current market prices for development land for which planning permission has been secured and planning obligation requirements are known. The practitioner should therefore have regard to current use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy in deriving the Site Value.

3.15 Establishing the benchmark site value is therefore complex and challenging. Mindful that our benchmark figures are intended to be broadly indicative yet representative of the price which a land owner would accept to bring forward their site for development, we have adopted the following assumptions in assessing BSV:

- 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 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 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.

3.16 Where higher EUV values do exist, the likelihood is that they would be redeveloped by only the most viable of uses. The incentive to redevelop would be much lower as the value of the asset is already considerable and would not be enhanced by redevelopment.

Site Selection

3.17 To determine benchmark site values and RLVs, various 'notional' sites across the Borough have been selected by the Council to be representative of the various development sites that could come forward for development during the Plan period. These have been chosen to reflect a diversity of location and characteristics, existing uses, site areas and land values.

3.18 The Borough has a population of 206,100 (2011 census) and covers a wide area (17,828 ha) with distinct and diverse characteristics. Some 67% of the Borough is located in Green Belt. There is a wide range of house prices, development site values and development activity.

3.19 Solihull's own motto of "Town in the Country" is characterised by the popular town centre and suburbs; rural villages; the Regeneration Area in the North of the Borough; and attractive countryside.

3.20 The draft Local Plan (Section 2.4) defines three broad area types: "Mature Suburbs"; the "Rural Area"; and the "North Solihull Regeneration Area", as well as Solihull Town Centre and the M42 Economic Gateway. We have used these area types in classifying the various residential and commercial site locations as they each provide broadly similar characteristics in property and value terms.

3. Methodology

3.21 The "notional" sites have been suggested by the Council. We have not been provided with any valuation or transactional information that would be commercially confidential. Sensitivity analysis testing and the impact of the proposed affordable housing policy have been applied to these sites. The analysis has not been informed by any actual development proposals or transactional data.

Residential Sites

3.22 Each of the residential sites that have been selected for this study was previously analysed in CBRE's Affordable Housing Viability Study dated June 2012. This allows the two studies assessing affordable housing requirements and CIL contributions to be on a consistent basis.

3.23 A summary of the various residential sites is set out below and further information is provided in Section 4 on the hypothetical assumptions that have informed the development appraisals. The sites range in size from small windfall sites of as few as three plots, up to a substantial development sites with circa 150 plots.

Table 3.1: Residential Site Summary

	DEVELOPABLE AREA	LOCATION	CURRENT USE
Site 1	0.47 ha	Mature Suburbs	Brownfield, former public house
Site 2	1.96 ha	Mature Suburbs	Greenfield, pasture
Site 3	2.23 ha	Mature Suburbs	Brownfield, employment
Site 4	0.96 ha	M42 Gateway/Solihull Town Centre	Brownfield, mixed use
Site 5	0.13 ha	Mature Suburbs	Brownfield, scrubland
Site 6	3.64 ha	Rural	Greenfield, farmland
Site 7	2.63 ha	Rural	Greenfield, pasture
Site 8	1.13 ha	Rural	Open storage, Green Belt
Site 9	1.72 ha	North Solihull Regen Area	Greenfield and part brownfield
Site 10	0.15 ha	North Solihull Regen Area	Brownfield, former public house

Commercial Development Sites

3.24 As with the residential sites, the Council has proposed a number of commercial sites for high level analysis and which offer generic development opportunities. We understand that these sites are representative of the characteristics and scale of development sites that may come forward during the Plan period and reflective of the nature of current and proposed growth across the Borough.

3. Methodology

3.25 A summary of the commercial sites is as follows:

Table 3.2: Commercial Sites Summary

	LOCATION	SITE AREA	CURRENT / PREVIOUS USE	PROPOSED USE CLASS	PROPOSED USE
Site 11	North Solihull Regeneration Area	0.14 ha	Local centre	A1-A5	Retail parade/local centre
Site 12	North Solihull Regeneration Area	0.14 ha	Local centre	B1	Offices
Site 13	North Solihull Regeneration Area	0.14 ha	Local centre	D1	Healthcare – GP surgery/dentist
Site 14	Mature Suburbs	0.75 ha	Leisure	A1	Large format retail
Site 15	Rural	0.87 ha	Local centre	A1	Foodstore
Site 16	Mature Suburbs	0.05 ha	Industrial/retail	A1	Small convenience store
Site 17	M42 Gateway/Solihull Town Centre	0.42 ha	Retail	A1	Town centre retail units
Site 18	Mature Suburbs	0.32 ha	Employment use	A1	Out of centre retail units
Site 19	Rural	0.11 ha	Retail	A1	Suburban town centre retail units
Site 20	Mature Suburbs	0.32 ha	Employment use	A3	Drive thru' restaurant
Site 21	Mature Suburbs	0.75 ha	Leisure	A3	Restaurants
Site 22	Mature Suburbs	0.61 ha	Employment use	A3	Restaurants
Site 23	M42 Gateway/Solihull Town Centre	0.44 ha	Employment use	B1	Town centre office
Site 24	M42 Gateway/Solihull Town Centre	1.60 ha	Employment use	B1	Edge of town office
Site 25	Mature Suburbs	0.4 ha	Employment use	B1	Suburban office
Site 26	Mature Suburbs	0.64 ha	Employment use	B1	Business park office
Site 27	Mature Suburbs	0.95 ha	Employment use	B2	Industrial
Site 28	M42 Gateway/Solihull Town Centre	0.212 ha	Retail	C1	Town centre hotel
Site 29	Mature Suburbs	0.61 ha	Employment use	C1	Suburban hotel
Site 30	M42 Gateway/Solihull Town Centre	0.20 ha	Employment use	C1	Edge of centre hotel
Site 31	Mature Suburbs	0.64 ha	Employment use	D2	Gym
Site 32	Mature Suburbs	1.0 ha	Employment use	C1	Residential care
Site 33	Mature Suburbs	0.39 ha	Employment use	C1	Residential care
Site 34	Rural	0.60 ha	Brownfield	D1	Health centre
Site 35	Mature Suburbs	1.1 ha	Employment use	Sui Generis	Car dealership

Development Typologies

3.26 The Council has provided a number of sample sites that would bring forward differing development schemes encompassing a variety of uses that could be subject to a potential CIL charge.

3. Methodology

3.27 We set out below a summary of the development uses tested as part of the study:

Table 3.3: Summary of development uses

USE CLASS	PROPERTY TYPE
A1-A5	Retail – including foodstore, retail parade/local centre, town centre units, large format retailing, restaurants
B1	Offices
B2	Industrial
C1	Hotel
C2	Residential institutions
C3	Dwelling houses
D1	Healthcare
D2	Leisure
Sui Generis	Car dealership

4. Development Appraisal Assumptions

4.1 Outlined below are the following assumptions that were identified as key factors to inform the base case development appraisals that define the residual land values (RLVs) of the various notional sites. The development scenarios are based on general views regarding the likely development forms expected to come forward on the notional sites in Solihull and how they may be reflected on a one-hectare plot of land.

Residential Development Scenarios

Local Planning Policy Requirements

4.2 Assumptions are also made regarding affordable housing and the revenue that this could achieve. The present affordable housing system is subject to adoption of the draft Local Plan policy Affordable Housing Policy P4. Based on the draft SPD guidelines, we have assumed the following base position in the development appraisals for the residential development sites:

- a contribution of 40% affordable dwelling units on each residential development site.
- a tenure split of 65%/35% in respect of social/affordable rent and intermediate.
- small sites – a contribution to affordable housing required on residential sites with a minimum area of 0.2 ha or housing developments of three or more (net) homes.

4.3 Developer infrastructure contributions/planning obligations - these will vary according to individual development sites but we have assumed a contribution of £1,000 per unit for Section 106 costs related to site specific on-site infrastructure costs and policy-related costs. This allowance has been discussed with the Council and in practice the amount will vary on a site by site basis.

4.4 Code for Sustainable Homes – based on discussions with the Council we have tested the feasibility of requiring Code Level 4 as encouraged by draft Policy P9. This will result in increased costs above base build cost assumptions. We set out in table 4.4 below the adjustment to reflect the uplift from Code Level 3.

4.5 Lifetime Homes and Gold/Silver Building for Life – we have assumed that developers comply with the requirement to build to Lifetime Homes standards as required in draft Policy P15 Securing Design Quality. This is allowed for in the base building costs and floor areas for the residential units. We have also allowed for "Gold/Silver" Building For Life design standards in the Base Cost (see para 4.16 and table 4.4 below).

Residential Unit Mix

4.6 We set out in Table 4.1 below the assumptions in respect of unit mix relating to the various notional sites. This takes into account current market sentiment to optimise the number of family housing units, i.e. 3-bed and 4-bed houses within any development scheme together with a reduction in the number of apartments. The table shows the densities assumed in the base-line appraisal, as advised by the Council.

CBRE

4. Development Appraisal Assumptions

Table 4.1: Residential Unit Mix

UNIT TYPE	SITE 1	SITE 2	SITE 3	SITE 4	SITE 5	SITE 6	SITE 7	SITE 8	SITE 9	SITE 10
1 bed flat						31	6	32		
2 bed flat				56		9	6	57		15
3 bed flat								6		
2 bed house		47	25		32		21			
3bed house		47	25	32	32		21		3	
4 bed house	10	47	25		9		0			
4 bed townhouse				12	21		21			
5 bed house	2	9	5		6					
Total	**12**	**150**	**80**	**100**	**100**	**40**	**75**	**95**	**3**	**15**

Source: Solihull MBC

Residential Unit Areas

4.7 Based on discussions with the Council and comments received from local Registered Providers (RPs) the areas that we have adopted for the respective unit types are set out in table 4.2 below.

Table 4.2: Residential Unit Areas

UNIT TYPE	GROSS INTERNAL AREA (M2)	GROSS TO NET	NET INTERNAL AREA (M2)
1 bed flat	53	85%	45
2 bed flat	71	85%	60
3 bed flat	94	85%	80
2 bed house	65	100%	65
3bed house	90	100%	90
4 bed house	121	100%	121
4 bed townhouse	111	100%	111
5 bed house	149	100%	149

Source: Solihull MBC

4.8 It has been assumed the same unit areas apply to affordable and private market housing.

4.9 Table 4.2 also demonstrates the gross to net floor space assumptions adopted. High density apartment accommodation requires common areas including entrance areas and stair cores and a gross to net ratio of 85% for flats has been allowed. In the case of houses it is assumed that houses provide 100% sellable space.

Residential Sales Values

4.10 Sales values will be determined by a number of variables including the location of the development; the specification/quality to which the units are to be built; and then market conditions. We have considered all of the notional sites and taken into account current market conditions (see CBRE's research at Appendix 2) together with input from the Council, local agency advice and detailed in-house research.

4.11 The conclusions as to appropriate sales values are set out in table 4.3 below. This adopts the hypothetical mix of units and densities as described in Table 4.1 above.

4. Development Appraisal Assumptions

Table 4.3: Residential Private Sales Values - £ per sq. m.

UNIT TYPE	SITE 1	SITE 2	SITE 3	SITE 4	SITE 5	SITE 6	SITE 7	SITE 8	SITE 9	SITE 10
1 bed flat						£3,588	£1,794	£3,812		
2 bed flat				£2,318		£3,643	£1,656	£3,726		£1,656
3 bed flat								£3,004		
2 bed house		£3,229	£2,307		£2,768		£1,845			
3bed house		£3,052	£2,219	£3,052	£2,774		£1,554		£2,774	
4 bed house	£3,188	£2,898	£2,277	£2,484	£2,898					
4 bed townhouse					£3,140		£1,525			
5 bed house	£2,691	£3,027	£2,018		£2,960					

4.12 As stated in para 4.2 above, the base case appraisals assume a 40% affordable housing contribution of which 65% is affordable/social rent and 35% is intermediate.

4.13 The value for social rented units is assumed to be 45% of the private sale value and for shared ownership this percentage increases to 65%. These values were derived from the views of Registered Providers.

4.14 Affordable housing sales are assumed to follow a 'Golden Brick Rule' where 40% of value gets paid when the initial third of the gross area is built, 40% when two thirds is built and the remaining 20% is paid when all of the gross affordable area is developed.

Residential Build Cost

4.15 The build costs that we have adopted are taken from the industry standard, the current RICS Building Cost Information Service (BCIS) (regionally adjusted). We have also taken account of Spon's Architects' And Builders' Price Book 2012 which is a further industry publication advising of average build prices. The build costs used are shown in table 4.4 below as the Base Cost per sq m. These assume current day build costs without inflation applied.

4.16 Table 4.4 demonstrates additions to the Base Cost to allow for the following:

- an uplift of 10% to take account of external works which are otherwise excluded from the BCIS figures.
- an uplift to reflect Code Level 4 of £8,000 per unit.
- the draft Policy P15 Securing Design Quality proposes Lifetime Homes standards and at least "Gold/Silver" Building For Life design standards and these are allowed for in the Base Cost.

Table 4.4: Residential Base Build Cost

UNIT TYPE	BASE COST PSM	UPLIFT FOR EXTERNAL WORKS	UPLIFTED COST FOR EXTERNAL WORKS PSM	CODE LEVEL 4 ADDITIONAL COST PER UNIT	TOTAL COST PSM
1 bed flat	959	10%	1,055	£8,000	1,206
2 bed flat	959	10%	1,055	£8,000	1,168
3 bed flat	959	10%	1,055	£8,000	1,140
2 bed house	828	10%	911	£8,000	1,034
3 bed house	828	10%	911	£8,000	1,000
4 bed house	828	10%	911	£8,000	977
4 bed townhouse	828	10%	911	£8,000	983
5 bed house	828	10%	911	£8,000	965

4. Development Appraisal Assumptions

4.17 The same Base Cost has been applied to both affordable and private market housing to reflect the quality standards required by the Council and RPs.

4.18 In respect of S.106 costs, as per para 4.3 above, we have assumed a contribution of £1,000 per unit for site specific requirements on the basis that the majority of existing planning obligations would otherwise be addressed by CIL.

4.19 We have also made assumptions in respect of the base case appraisals in relation to phasing the development. This is in terms of both the construction period which varies between the schemes based on the size of the development and also the projected sales rates whereby the developer will only build out the units in line with sales being achieved.

Commercial Development Scenarios

Development Appraisal Assumptions

4.20 The high level assumptions that we have adopted for each site are summarised in Table 4.5 overleaf.

Yields

4.21 In adopting yields for the various scenarios, we have examined investment evidence and the general tone of yields for each use to form a reasonable view on sustainable rates. It is acknowledged that changes to the yield can have a very significant impact on appraisal outputs and a broad judgement on sustainable yields is needed. A yield profile can fluctuate considerably over time, reflecting market sentiment and general demand and supply characteristics.

Rental Values

4.22 From property market analysis and data research we have established rents for each use. To these rental values are applied the relevant yields in order to assess indicative net capital values for each use. As with yields, rental values and incentives to encourage occupiers can vary in reflecting market conditions.

Build Costs

4.23 Build costs will vary depending upon the design characteristics of a scheme, the building specification and other potential constraints relating to the construction process. While mindful of these caveats there is a considerable body of data available to provide reasonably robust, average build costs for a range of uses together with our experience.

4.24 The costs are primarily sourced from the RICS Building Cost Information Service (BCIS), regionally adjusted. No build cost inflation has been applied. Costs such as major infrastructure or utilities works required to facilitate a scheme on a site specific basis or individual site abnormal costs are excluded (see below).

4. Development Appraisal Assumptions

Table 4.5: Summary Table of Viability Appraisal Inputs for Commercial Uses

	SITE 11	SITE 12	SITE 13	SITE 14	SITE 15	SITE 16	SITE 17	SITE 18
LOCATION	North Solihull Regeneration Area	North Solihull Regeneration Area	North Solihull Regeneration Area	Mature Suburbs	Rural	Mature Suburbs	M42 Gateway/Solihull Town Centre	Mature Suburbs
USE CLASS	A1	B1	D1	A1	A1	A1	A1	A1
DESCRIPTION	Retail Parade	Office Building	GP Surgery / Dentist	Retail Warehouse	Foodstore	Small convenience store	Retail units	Retail units
SITE AREA (Ha)	0.14	0.14	0.14	0.75	0.87	0.05	0.42	0.32
LETTABLE AREA (sq m)	604	1,400	1,150	1,660	4,400	355	2,275	1,208
CAR SPACES	20	20	20	92	174	N/A	N/A	20
INPUTS								
HEADLINE ERV (psm)		£135	£167	£188	£195	£150	£320 ave	£135
INCENTIVES (Rent Free mths)	9	18	N/A	18	N/A	12	18	12
YIELD	11%	12%	6.25%	7.5%	5%	6.25%	7%	8%
BUILD COST (psm)	£793	£1,050	£1,450	£606	£1,025	£793	£857	£529
PROFIT (ON COST)	25%	25%	20%	17.50%	17.50%	17.50%	17.50%	17.50%

4. Development Appraisal Assumptions

	SITE 19	SITE 20	SITE 21	SITE 22	SITE 23	SITE 24	SITE 25	SITE 26
LOCATION	Rural	Mature Suburbs	Mature Suburbs	Mature Suburbs	M42 Gateway/Solihull Town Centre	M42 Gateway/Solihull Town Centre	Mature Suburbs	Mature Suburbs
USE CLASS	A1	A3	A3	A3	B1	B1	B1	B1
DESCRIPTION	Retail units	Drive thru restaurant	Restaurant units	Restaurant units	Town centre office	Edge of centre office	Suburban office	Business park office
SITE AREA (Ha)	0.11	0.32	0.75	0.61	0.44	1.60	0.4	0.64
LETTABLE AREA (sq m)	380	170	1,133	1,133	3,250	8,360	1,860	2,790
CAR SPACES	0	43	92	100	15	290	60	109
INPUTS								
HEADLINE ERV (psm)	£120 ave	£242	£258	£258	£215	£194	£156	£194
INCENTIVES (Rent Free mths)	9	18	18	18	30	30	30	30
YIELD	8.5%	7%	7%	7%	7.5%	7.75%	8.5%	8%
BUILD COST (psm)	£793	£793	£793	£793	£1,240	£1,240	£1,240	£1,240
PROFIT (ON COST)	20%	17.50%	17.5%	20%	20%	20%	25%	20%

4. Development Appraisal Assumptions

	SITE 27	SITE 28	SITE 29	SITE 30	SITE 31	SITE 32	SITE 33	SITE 34	SITE 35
LOCATION	Mature Suburbs	M42 Gateway/Solihull Town Centre	Mature Suburbs	M42 Gateway/Solihull Town Centre	Mature Suburbs	Mature Suburbs	Mature Suburbs	Rural	Mature Suburbs
USE CLASS	B2	C1	C1	C1	D2	C2	C2	D1	Sui Generis
DESCRIPTION	Industrial	Town centre hotel	Suburban hotel	Edge of centre	Gym	Residential care	Residential care	Healthcare/GP surgery	Car dealership
SITE AREA (Ha)	0.95	0.12	0.61	0.20	0.64	1.0	0.39	0.60	1.1
LETTABLE AREA (sq m)	5,063	112 beds	80 beds	99 beds	1,709	5,505 (76 beds)	2,880 (60 beds)	1,380	3,185
CAR SPACES	N/A	N/A	N/A	N/A	152	60	50	66	156
INPUTS									
HEADLINE ERV (psm)	£62.97	£4,330 per bed	£3,750 per bed	£4,000 per bed	£91.50	£105k per bed (cap value)	£75k per bed (cap value)	£178	£145
INCENTIVES (RF mths)	N/A	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A
YIELD	7.5%	6%	7%	7%	9%	N/A	N/A	6.25%	6.75%
BUILD COST (psm)	£484	£50k per bed	£45k per bed	£45k per bed	£1,391	£60k per room	£60k per bed	£1,453	£799
PROFIT (ON COST)	20%	17.50%	20%	20%	20%	12.5%	12.5%	20%	20%

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4. Development Appraisal Assumptions

Other Viability Appraisal Assumptions - Residential and Commercial Developments

4.25 The development appraisal assumptions can vary from scheme to scheme, depending on the type of uses and the complexity of development involved. The figures as summarised below are considered to be typical property industry assumptions for the forms of development envisaged:

Table 4.6: Summary table of other viability appraisal assumptions

	RESIDENTIAL	COMMERCIAL
Stamp Duty	Standard (scale) rates applied	Standard (scale) rates applied
Site Acquisition fees	Legal: 0.5% Agents: 1%	Legal: 0.5% Agents: 1%
Disposal fees	Legal: 0.5% Agents: 1%	Legal: 0.5% Agents: 1%
Professional and other fees including planning	10%	10-15%
Letting fees	N/A	Legal: 5% of 1st year's income Agents: 10% of 1st year's income
Build Cost Contingency	5%	5%
Sales and Marketing	4% of GDV	1% of GDV
Finance (includes arrangement fee)	7% p.a	7% p.a
Rent Free/Incentive	N/A	9-30 months
Developers Profit	16.67% Profit on GDV	17.5-25% Profit on Cost

4.26 **Developer's profit:** developers will seek to take a profit margin on their development costs and this will correlate with the perceived risk of the development. Developer's profit can vary considerably, say from 15%-25% profit on cost and sometimes lower, if the development risk profile is reduced, say by pre-letting. The measure which can be used to assess a scheme can also change from Profit on Cost to Profit on Gross Development Value or even measured as Internal Rates of Return. Our appraisals select a 17.5-25% profit on cost rate for all scenarios in respect of commercial development dependent on the risk profile.

4.27 For residential we have assumed for the base case appraisals a profit level of 20% of Gross Development Value (GDV) in respect of open market housing and 6.5% of GDV on affordable housing reflecting the limited sales risk on these units. This provides a blended yield of 16.67% on GDV.

4.28 **Site Abnormal Costs -** we have not taken into account in the base case scenarios any "abnormal" costs related to site specific items. This could include site clearance, remediation and/or extra-ordinary infrastructure costs. For example on previously developed land, and particularly industrial land, there could be contamination where remediation is needed. The strategic scoping of this study means it is not possible to pinpoint exceptional costs related to site specific development and we have therefore included a contingency, see below.

4. Development Appraisal Assumptions

4.29 **Contingency -** we have included a contingency element assumed at 5% of build cost for both commercial and residential development. The contingency is an allowance for unexpected or site specific cost items such as site abnormal costs as referred to above, demolition, remediation and on-site highway works. For the commercial scenarios it also allows for any S.106 costs that are not otherwise addressed by CIL.

5. Appraisal Analysis

Financial Modelling

5.1 The methodology behind our viability analysis is that the residual land values (RLVs) have been calculated for the various uses and locational scenarios adopting the assumptions set out in Section 4. The RLVs are compared to the benchmark site values (BSVs) which comprise existing use value (EUV) + 20%.

5.2 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.

5.3 Each scenario is expressed in terms of RLV per hectare compared to the BSV per hectare against CIL increments of £25 per sq m.

5.4 Assumptions in respect of the payment of CIL for the financial modelling are as follows:

- it is paid 100% at start on site i.e. commencement of a chargeable development[2]
- it is based on gross internal area developed.
- it is only payable on development greater than $100m^2$ of new build floor space except where a new dwelling is created.
- social housing is exempt (due to Social Housing Relief our residential analysis excludes CIL charges on both social rented and shared ownership properties)
- where existing sites are subject to demolition or change of use, these have not been in lawful use for 6 out of the last 12 months prior to the development being permitted and therefore the existing built area cannot be offset.
- CIL is treated as a development cost in its calculation. Interest charges and developer's profit are therefore taken on CIL to derive the appropriate figure.

5.5 In respect of the approach to the residential sites, we have tested a range of CIL rates at a fixed level of affordable housing comprising a contribution of 40% on each residential development site. This is the percentage that is being proposed to be adopted for the Local Plan. Sensitivity analysis has been undertaken to look at the impact of different scenarios comprising a range of higher and lower sales values and build costs.

5.6 The commercial uses have been tested against a range of differing rent and yield scenarios.

5.7 The impact of a fall or rise in benchmark site values for both commercial and residential sites has also been tested in case the sample sites are not fully representative of generic land values for the proposed use.

5.8 Due to the difficult economic climate, many sites are currently unviable to develop. Where there are sites showing negative or low RLV's, these are often in locations where development costs are higher than end values and redevelopment is difficult to justify without intervention due to poor viability, such as the North Solihull Regeneration Area.

5.9 The potential range of scenarios that could be tested is almost infinite. The scenarios examined however, are intended to capture in a succinct way the likely viability of

[2] Under the 2011 Amendment to the CIL Regulations, the charging authority may issue an instalment policy to facilitate cashflow and incremental payment of the levy.

5. Appraisal Analysis

development types in the Borough. Collectively these outputs help to inform the judgement in determining possible CIL charging rates.

5.10 The full outputs from our appraisals are attached at Appendix 3 (Residential Appraisals) and Appendix 4 (Commercial Appraisals). The various scenarios, sensitivity analysis and outcomes are set out in detail in these Appendices.

5.11 The traffic light model that we have adopted assumes that the entire margin between BSV and RLV funds CIL when it turns to red. As the examples in this study are hypothetical and high level, we consider that the potential for an appropriate CIL rate should in most cases be around the mid-point between zero and the maximum CIL rate demonstrated in the model.

Setting the CIL Charge

5.12 In the next section a more detailed analysis of the outputs is described leading to recommendations as to possible potential CIL rates that could be sought. CIL rates will need to be in the context as set out in the CIL Guidance whereby charging authorities should propose a rate that does not put at serious risk the overall development of the area. Care must therefore be taken with establishing appropriate CIL rates as:

- The imposition of CIL will reduce land values.
- It should not be the intention to push CIL rates to the maximum limit. By allowing a margin, this can accommodate changing market conditions and site specific issues.
- The potential CIL rates are clearly based on a series of hypothetical scenarios. The outputs must therefore be considered as guides. The appraisals are highly sensitive to changes in the inputs and cannot be expected to deal with all site specific matters.
- Any viability testing should seek to establish a "typical" viability condition and the selection of sites should therefore reflect this typicality. Sensitivity analysis testing can help to provide a balanced view of the site values and potential development values.
- The Council will need to form a view on the scale of the charge to meet infrastructure needs versus its potential impact on achieving economic development in the Borough.
- Whilst a single charge may be simpler to administer, it may not be appropriate for a Borough such as Solihull where sales values can vary significantly between areas, particularly in respect of residential development.
- In the case of residential sites, as CIL will effectively comprise a fixed charge, there may be an impact on the viability of some residential sites leading to the negotiation of reductions in the quantum of the affordable housing contribution or its tenure mix.

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6. Results of Appraisal Analysis – Residential (C3)

6.1 In the tables below, for each site and each level of CIL, 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.

6.2 Using the base information, the results from applying CIL rates in bands of £25 per sq m up to £150 psm are summarised in Table 6.2 below. As would be expected, residential development in lower value areas such as the North Solihull Regeneration Area is less economically viable.

Table 6.1: CIL Viability – Residential Sites

	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	M42 Gateway/Solihull Town Centre							
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							

6.3 All of the sites other than those located in the North Solihull Regeneration Area are capable of supporting a CIL charge. By testing the ability of the sites to support higher CIL rates in the different locations, the opportunity of having a differential residential rate per location can be tested.

6.4 In respect of the Mature Suburbs sites (including M42 Gateway/Solihull Town Centre), the majority of sites enter the red or amber zone by £300 per sq m CIL charge.

Table 6.2: Mature Suburbs Residential sites

	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							

6.5 Similarly we have tested the Rural sites to see where these enter the red or amber zone. It would appear that the Rural sites could support a higher differential rate than the Mature Suburbs sites where the majority of these become unviable at a £800 per sq m CIL charge:

Table 6.3: Rural Residential sites

	Location	£675 psm CIL	£700 psm CIL	£725 psm CIL	£750 psm CIL	£775 psm CIL	£800 psm CIL	£825 psm CIL
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							

Sensitivity Analysis

6.6 Through the use of sensitivity analysis, the financial modelling of the development appraisals can be used to further test the ability of the sites to support CIL. The detailed outputs from the sensitivity analysis for the residential sites are attached at Appendix 3.

6.7 We have tested a range of variables against the RLVs to see how these are affected by changing market conditions including sales values and build costs. We have also tested increases/decreases in EUV / BSV so that the sites selected can represent more generic and typical land values.

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6. Results of Appraisal Analysis – Residential (C3)

Increase/Decrease in Sales Values

6.8 The sensitivity analysis allows for sales values to either fall or increase by 10% and 20%. This demonstrates the impact of house prices on land value and is significant to the ability to pay CIL. On the basis of the results of the sensitivity analysis, a fall in sales values could potentially exclude the ability of the majority of the Mature Suburbs sites to fund CIL payments above £75 psm.

Table 6.4: Fall in Sales Values by 10%

RLV per Ha Sales Value -10%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

Increase/Decrease in Build Cost

6.9 The modelling has also taken into account an increase or decrease in the range of base construction costs (from + 20% to – 20%). In the current economic climate, uncertainty remains over trends in build costs which is partly due to the lack of construction activity.

Table 6.5: Increase in build costs by 10%

RLV per Ha Build Cost + 10%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

6.10 As with the reported effect of a fall in sales values, any increase in build costs excludes a number of sites from being able to make a viable CIL contribution as there is a marked impact on RLVs. A 10% rise in build costs could potentially exclude the ability of the majority of the Mature Suburbs sites to fund CIL payments above £125 psm.

Increase/Decrease in BSV

6.11 To allow the analysis to provide a more generic approach to CIL, we have also tested the viability of increases or decreases in BSV to reflect different site situations and to be more widely representative of sites that may come forward in the Borough. Even with an increase in the BSV of 20%, all of the sites remain capable of supporting CIL (excluding North Solihull Regeneration Area sites).

Table 6.6: Increase in BSV by 20%

RLV per HA - BSV +20%	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	M42 Gateway/Solihull Town Centre							
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							

6. Results of Appraisal Analysis – Residential (C3)

Concluding points on the ability of the residential sites to support CIL

6.12 On the basis that there is a significant land value differential between the North Solihull Regeneration Area (negative land values are evidenced here) and the remainder of the Borough and taking into account the difference in land values between the Mature Suburbs and Rural locations, the evidence justifies that a differential CIL rate could be considered. We therefore suggest that:

1. Sites in the North Solihull Regeneration Area attract a zero CIL charge. Whilst this is in response to the poor viability of development in this area, a zero CIL charge could help to encourage a greater development focus here.
2. There should be a differential between Mature Suburbs (including M42 Gateway/Solihull Town Centre) and the Rural areas where the overall sensitivity analysis shows that residential development would be capable of supporting a CIL charge.

6.13 The 'heat map' contained in the Property Market Review (Appendix 2) illustrates that defining different charging across a range of zones could lead to a complex and challenging CIL to administer. In the light of this, the preferred approach would therefore be for a differential rate only between Mature Suburbs and Rural areas.

6.14 The sensitivity testing has also taken into account the impact of likely implementation of a 40% affordable housing requirement. However as CIL is a fixed charge, developers may challenge the viability of this percentage of affordable housing provision and there is a risk that too high a CIL charge would therefore compromise affordable housing delivery.

6.15 Based on the scenarios tested, we would recommend a CIL charge in the mid-range of the rates that we have tested as follows:

- North Solihull Regeneration Area – zero CIL charge
- Mature Suburbs (including M42 Gateway/Solihull Town Centre) - £75 psm
- Rural areas - £150 psm

7. Results of Appraisal Analysis – Commercial

7.1 The results of the modelling of the development appraisals for the commercial sites are set out below. The development appraisals have been informed by the base case data as set out in Section 4 prior to any sensitivity analysis. The results seek to establish the viability of CIL on a number of generic sites based on general assumptions to create the base case RLVs. These assumptions may not be entirely relevant in actual scenarios where sites have site specific abnormal costs.

7.2 As with the residential sites analysis, using the base information we have applied CIL rates in bands of £25 per sq m and these are summarised in Table 7.1 below. This demonstrates that commercial sites in some sectors are under greater pressure in terms of being able to deliver economic viability. It is mainly the retail-led uses which are showing greater ability to support any CIL payments:

Table 7.1: CIL viability - Commercial Sites

	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

7.3 We have scenario tested the various sites with a range of variables against the RLVs to see how these respond to changes in market conditions. In summary, the sensitivity analysis applied comprises the following:

- Increases/decreases in rental values by +10%/-10% and +20%/-20%.
- Yield adjustments to reflect increases/decreases of 0.5%/-0.5% and 1%/-1%.
- Increase/decrease in BSV to allow the sites selected to represent more generic land values with increases/decreases of +10%/-10% and +20%/-20%.

7.4 A full breakdown of the results of sensitivity analysis of the commercial sites is attached at Appendix 4.

Retail

7.5 The analysis of retail sites has looked at different categories of retail comprising the following formats:

a. Foodstores (A1) – assuming a minimum retail sales area of 550 sq m. This size definition is based on advice from our retail agency team in differentiating between a large foodstore and a small convenience store.

b. Small convenience stores (A1) – assuming a maximum retail sales area of 550 sq m.

c. Large format retail and retail units out of centre

d. Retail units - (A1, A2) and excluding small convenience stores

7. Results of Appraisal Analysis – Commercial

Foodstores (A1)

7.6 The foodstore development scenario (Site 15) shows a foodstore development in one of the rural centres in the Borough on a brownfield site. This unsurprisingly demonstrates good viability and can support a high rate of CIL.

Table 7.2: Viability of CIL - Foodstores

	Location	Use	£525 psm CIL	£550 psm CIL	£575 psm CIL	£600 psm CIL	£625 psm CIL	£650 psm CIL	£675 psm CIL
Site 15	Rural	Foodstore							

7.7 Based on the analysis undertaken and in the light of foodstore land values remaining buoyant, we consider that a rate of £300 per sq m would be appropriate for these larger format stores. We are not suggesting a higher rate than this as it is important that foodstores can remain economically viable as, whilst they are not always a popular form of development, they can generate high site values that can cross-subsidise other less viable uses in mixed use developments and town centre schemes.

Small Convenience Stores (A1)

7.8 We have also tested small convenience stores to establish an evidence base to justify, if appropriate, a differential between large and small stores. To this end, we have tested a store of 355 sq m GIA which is a "local convenience format" found in most high streets, suburban and neighbourhood centres and retail parks.

7.9 The table below demonstrates the justification for a differential rate where the larger store (Site 15) is able to support a higher CIL rate than the convenience store. Accordingly we consider that a rate of £150 per sq m would be appropriate for the smaller format stores below a size threshold of 550 sq m retail sales area. The threshold of 550 sq m is advised by our commercial retail agency team based on market knowledge.

Table 7.3: Viability of CIL – Comparison of foodstores and small convenience stores

	Location	Use	£350 psm CIL	£375 psm CIL	£400 psm CIL	£425 psm CIL	£450 psm CIL	£475 psm CIL	£500 psm CIL
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							

Large Format Retail and Out of Centre Units (A1)

7.10 In reviewing Sites 14 and 18, large format retailing and retail development located out of existing town centres demonstrate a good prospect of being economically viable and therefore able to contribute to CIL. This is further demonstrated by the results of the sensitivity analysis in reducing rents, increasing yields and also increasing BSV.

Table 7.4: Viability of CIL – large format retail and out of centre units

	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 14	Mature Suburbs	Large format retail warehousing							
Site 18	Mature Suburbs	Out of centre retail units							

7.11 Differential rates for CIL for retail developments can be set according to the type and size of retailing (ie large foodstores and small convenience stores) and whether developments are within a town centre. For the purposes of this viability analysis, the town centre boundaries set out in the Local Plan were used for this form of development and found to support a differential rate. The differential zones for the charging schedule are therefore based on the town centre boundaries as set out in the Local Plan.

7.12 The evidence from the base case appraisals and subsequent sensitivity analysis would suggest that large format retailing and retail development outside the town centre boundaries could support a CIL in the range of £25 – £75 per sq m. We consider the mid-range of £50 per sq m could be appropriate.

7. Results of Appraisal Analysis – Commercial

Unit Retail (A1, A2)

7.13 Unit retail development under various scenarios is only likely to be viable in town centre locations with a high existing land value if it achieves an uplift in prevailing rental levels and a reduction in yields. Even at the upper end of higher value centres, the related site preparation costs including the cost of land assembly, obtaining vacant possession and the complexity involved with bringing forward schemes can make them challenging in viability. Town centre regeneration schemes have therefore been a major casualty in the ongoing recession.

7.14 The analysis of the town centre/neighbourhood centre sites (Sites 17 and 19) and the North Solihull Regeneration Area retail site (Site 11) all demonstrate a lack of viability. The replacement of existing retail/town centre uses with new retail development is not viable at this current snap-shot in time. However we consider that there will be different examples where viability can be demonstrated either on sites with lower existing use values and/or during the early-mid stages in the Plan period when a CIL charge would be applicable. We would therefore propose a low CIL rate of £25 psm at this stage.

Restaurants and Cafes, Drinking Establishments and Hot Food Takeaway (A3, A4 and A5)

7.15 The restaurant scenarios (Sites 20, 21 and 22) demonstrate viability for Sites 21 and 22 only. Viability begins to fall away around a CIL rate in excess of £250 psm. We would therefore suggest that a rate of £100 psm would be an appropriate CIL rate. This would make provision, as an example, for a town centre location (the examples here are suburban and out of town) where there may be a higher BSV due to existing land values and therefore less likely to be economically viable for redevelopment if the CIL rate is too high.

Table 7.5: Viability of CIL – restaurants and cafes

	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							

	Location	Use	£175 psm CIL	£200 psm CIL	£225 psm CIL	£250 psm CIL	£275 psm CIL	£300 psm CIL	£325 psm CIL
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							

Offices (B1)

7.16 None of the office development scenarios (Sites 23, 24, 25 and 26) demonstrate viability and would therefore be unable to make a potential contribution towards CIL. The application of CIL to office development would worsen the viability position and could prevent developments progressing. This is due to the fact that rent levels are unlikely to be sufficiently high and yields have further moved out in recent times on regional offices. Build costs are also high for office developments due to the quality of specification required to attract occupiers.

7.17 On this basis we suggest a nil CIL contribution for this form of development.

Industrial (B2)

7.18 The scenario undertaken for industrial/distribution development (Site 26) presents a low site value that is below the BSV where the BSV itself reflects a low value at £815,000 per ha. The result is therefore showing that when benchmarked against a reasonable EUV, this type of development could not support a CIL charge. Improvements in the rental level or yield do not justify any potential to have a CIL charge applied.

7. Results of Appraisal Analysis – Commercial

Hotel (C1)

7.19 The three hotel scenarios (Sites 28, 29 and 30) reflect different locations comprising the Mature Suburbs and Solihull Town Centre. All scenarios fail to show a positive margin above BSV that could support a CIL charge. The sensitivity analysis allowing for improvements in rent or yield do not improve the position.

7.20 However we consider that there will be different examples where viability can be demonstrated either on sites with lower existing use values and/or during the early-mid stages in the Plan period when a CIL charge would be applicable. We would therefore propose a low CIL rate of £25 psm at this stage.

Leisure (D2)

7.21 The commercial leisure development (Site 31) is not a viable proposition in the current market. Site 30 which reflects a leisure development comprising a gym use does not demonstrate economic viability and therefore would be unable to support CIL.

Healthcare (D1) and Residential Care (C2)

7.22 Site 13 comprising a healthcare unit in the North Solihull Regeneration Area and Site 34 a healthcare site in the Rural Area both demonstrate a negative land value and CIL would not be appropriate.

7.23 Sites 32 and 33 are residential care home developments in the Mature Suburbs. Whilst Site 32 is only showing a marginal ability to support CIL, from our market knowledge and awareness of activity in this market we consider that a low CIL charge of £25 psm could be appropriate.

Car Dealerships (Sui Generis)

7.24 The scenario undertaken for this use (Site 35) shows this form of development as providing a positive output where it can support a CIL rate up to £175 psm. It is only when rents fall or yields move out significantly that such form of development becomes economically unviable.

Table 7.6: Viability of CIL – restaurants and cafes

	Location	Use	£175 psm CIL	£200 psm CIL	£225 psm CIL	£250 psm CIL	£275 psm CIL	£300 psm CIL	£325 psm CIL
Site 35	Mature Suburbs	Car Dealership							

7.25 It is our view that this form of development is likely to take place on brownfield sites where viability can be justified. In the light of this we would recommend a CIL charge set at a rate of £75 per sq m.

Concluding points on the ability of the commercial sites to support CIL

7.26 As there is a significant land value differential between the North Solihull Regeneration Area (negative land values are evidenced here) and the remainder of the Borough, the evidence justifies the following:

1. Sites in the North Solihull Regeneration Area attract a zero CIL charge.
2. The remainder of the Borough attracts CIL charges for certain uses but which are not varied by location other than retail development outside the town centre boundaries.

7.27 We are not proposing a differential rate within the various Use Classes for the various commercial uses other than for retail units (A1). Here we are proposing differential rates

7. Results of Appraisal Analysis – Commercial

according to the type and size of retailing (ie large foodstores and small convenience stores) and whether retail developments are within a town centre.

7.28 A summary table of proposed commercial CIL charges is within Section 8 (Conclusions) of this report.

8. Conclusions

8.1 It should be recognised that this viability study has been undertaken at a high level and therefore the outputs are to be considered as guides only having been based on a series of hypothetical scenarios. The development appraisals that we have undertaken on the various sites have assumed inputs which can vary significantly between development sites and locations.

8.2 The appraisals reflect a snapshot in time in taking into account today's difficult economic conditions and the impact that has had on the national and local property markets. The proposed CIL charges therefore reflect this market context. The current development market is particularly restricted due to weak occupational markets, falls in capital values and the inability of developers to be able to raise finance.

8.3 In terms of the appropriate CIL rates for the various sectors, it is important that CIL is not damaging to overall economic viability and becomes a deterrent with an adverse impact on land supply and demand. Some forms of development in the various use classes are currently unviable taking into account current market conditions and here a zero CIL rate should be assumed for the time being with a view to encouraging sites to come forward for development as and when the market improves.

8.4 Going forward, the assumptions behind the CIL charging schedule will need to be subject to ongoing review to reflect any emerging changes in the market. We would recommend that this takes place every 3 years. Proposals emerging such as the M42 Economic Gateway Study may also lead to a review of CIL.

8.5 A regular review would also allow the opportunity to take stock and see how the local market has responded to CIL charges; to compare CIL rates of neighbouring authorities; and establish whether there has been impact on the delivery of other policies such as the provision of affordable housing and improving energy efficiency.

8.6 We have sought to establish a balance between the need to raise CIL contributions against being a deterrent to economic development in the Borough.

8.7 It is acknowledged that the inclusion of CIL will have the effect of reducing residual land values. However, in respect of the nature of the schemes where we are suggesting CIL rates, we do not consider that these would significantly or adversely affect the delivery of the sites or prevent them coming forward. The proposed rates are suggested at a 'moderate' level of CIL, which will not unduly burden development coming forward, but still ensure that developments make an appropriate contribution to required infrastructure.

8.8 It should be noted that our analysis assumes that CIL would be payable on 100% of the proposed development area. There are, however, in practice a number of exclusions in respect of the application of CIL. Floorspace subject to demolition or resulting from change of use can be excluded where it has previously been in continuous lawful use for at least 6 months in the 12 months prior to the development being permitted. This may, for example, negate the opportunity to charge CIL on town centre sites where there are buildings in current occupation prior to redevelopment.

8.9 Social housing is also a key exclusion which has been taken into account in our modelling. We have assumed a 40% affordable housing content in the residential scenarios (as per the "social housing" definition in the CIL Regulations).

8.10 We have considered whether there should be differential CIL rates linked to use class and/or location as the Council does have the ability to set differential rates. Our conclusions in respect of differential rates are evidence based and comprise the following:

8. Conclusions

- In terms of residential, there should be three rates across the Borough based on location and these locations coincide with the areas defined in the Local Plan ((1) Mature Suburbs including M42 Gateway/Solihull Town Centre, (2) Rural and (3) North Solihull Regeneration Area)
- Development in the North Solihull Regeneration Area should not generate any CIL requirement.
- Retail to be split into differential rates to allow for separate rates for larger foodstores; small convenience stores; large format retail and out of town retail units; A3, A4 and A5 units; and A1 and A2 units.

8.11 For hotels and in town A1and A2 retail units we have used local economic knowledge and commercial judgement to suggest a low CIL rate of £25 psm, even though the viability evidence from the examples does not support this using today's appraisal inputs.

8.12 Uses comprising office and industrial do not justify any CIL requirement at this point in time.

8.13 In summary, based on the economic viability analysis undertaken, there are a number of development uses identified which could potentially contribute to CIL. A summary table of the proposed CIL rates that have emerged from this study and that are supportable by our analysis is as follows:

Table 8.1: Proposed CIL charges per Use Class

USE CLASS	PROPERTY TYPE	PROPOSED CIL CHARGE
A1-A5	Retail	£300 psm - foodstores above 550 sq m retail sales area £150 psm – small convenience store below 550 sq m retail sales area £100 psm - A3 , A4 and A5 £50 psm – large format retail and out of centre units £25 psm - retail units (A1 and A2)
B1	Offices	£0 psm
B2	Industrial	£0 psm
C1	Hotel	£25 psm
C2	Residential institutions	£25 psm (excluding hospitals and training centres)
C3	Dwelling houses	£150 psm – Rural Area £75 psm – Mature Suburbs
D1	Healthcare	£0 psm
D2	Leisure	£0 psm
Sui Generis	Car dealerships	£75 psm
All other uses	e.g. B8, agricultural buildings, educational	£0 psm
All uses in North Solihull Regeneration Area		£0 psm

CBRE

APPENDICES

Appendix 1 - Legislative Background to Community Infrastructure Levy Charge Setting

2. SMBC commissioned the study as viability evidence is required by Regulation 14 of the CIL Regulations 2010 (as amended) to inform rates to be put forward in the Preliminary Draft Charging Schedule.

3. The legislative requirements for CIL are contained within:

    a. Planning Act 2008 (Sections 205-225)

    b. Localism Act 2011 (Sections 114-115)

    c. Community Infrastructure Levy Regulations (2010)

    d. Community Infrastructure Levy (Amendment) Regulations (2011)

    e. Community Infrastructure Levy (Amendment) Regulations (2012)

    f. CLG Statutory Guidance "Charge Setting and Charging Schedule Procedures" (March 2010)

CLG is yet to publish its response to the October 2011 consultation on revised CIL Regulations including the transfer of CIL funds to local neighbourhoods and on affordable housing[3].

4. The CIL Regulations came into force on 6th April 2010

5. As a unitary authority, SMBC is the sole charging authority for the Solihull area (although, an Urban Development Corporation could potentially charge CIL in the future)

6. Regulation 14 states that:

    "**14.**—(1) in setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between—

    (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and

    (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

    (2) In setting rates in a charging schedule, a charging authority may also have regard to actual and expected administrative expenses in connection with CIL to the extent that those expenses can be funded from CIL in accordance with regulation 61."

7. The CIL Regulations (as amended) also make provisions for exemptions from CIL, e.g. Affordable Housing and Charitable buildings; instalment policies for the payment of CIL; setting differential rates.

8. Charging Authorities may set differential rates according to a) different zones in which development would be situated; and/or b) different intended use of development. These rates may include nil rates.

[3] Community Infrastructure Levy - Detailed proposals and draft regulations for reform consultation. Source: http://www.communities.gov.uk/documents/planningandbuilding/pdf/1997385.pdf

Appendix 1 - Legislative Background to Community Infrastructure Levy Charge Setting

9. Notwithstanding the above, the Local Authority should avoid undue complexity in setting differential rates and this should be informed by the economic viability evidence and not driven by planning policy objectives. If a rate has a disproportionate impact on a particular sector or 'confers selective advantage', CIL may contravene European State Aid rules.

10. Statutory guidance also advises that charging authorities should avoid setting charges up to the margin of economic viability, as proposed rates should be robust over time and consider future changes in economic circumstances and land values[4].

11. Conversely, CIL rates do not need to be set at the lowest common denominator; it is the overall development of an area that should not be put at serious risk, not individual developments.

12. Exemptions for CIL include Social Housing Relief as stated in the CIL Regulations 2010. This includes relief for shared ownership properties. Regulation 49 states that:

    49.—(1) A chargeable development which comprises or is to comprise qualifying dwellings (in whole or in part) is eligible for relief from liability to CIL.

    (2) A qualifying dwelling is a dwelling which satisfies at least one of the following two conditions.

    (3) Condition 1 is that the dwelling is let by a private registered provider of social housing, a registered social landlord (within the meaning of Part 1 of the Housing Act 1996(1)) or a local housing authority on one of the following—

    (a) an assured tenancy (excluding an assured shorthold tenancy);

    (b) an assured agricultural occupancy;

    (c) an arrangement that would be an assured tenancy or an assured agricultural occupancy but for paragraph 12(1)(h) or12ZA of Schedule 1 to the Housing Act 1988(2);

    (d) a demoted tenancy;

    (e) an introductory tenancy;

    (f) a secure tenancy;

    (g) an arrangement that would be a secure tenancy but for paragraph 4ZA(3) or 12 of Schedule 1 to the Housing Act 1985;

    (h) an intermediate rent basis.

    (4) Condition 2 is that all of the following conditions are met—

    (a) the dwelling is occupied in accordance with shared ownership arrangements within the meaning of section 70(4) of the Housing and Regeneration Act 2008(4);

    (b) the percentage of the value of the dwelling paid as a premium on the day on which a lease is granted under the shared ownership arrangement does not exceed 75 per cent of the market value (where the market value at any time is the price which the dwelling might reasonably be expected to fetch if sold at that time on the open market);

[4] Para. 29 of statutory guidance.

Appendix 1 - Legislative Background to Community Infrastructure Levy Charge Setting

(c) on the day on which a lease is granted under the shared ownership arrangement, the annual rent payable is not more than three per cent of the value of the unsold interest;

(d) in any given year the annual rent payable does not increase by more than the percentage increase in the retail prices index for the year to September immediately preceding the anniversary of the day on which the lease was granted plus 0.5 per cent.

Appendix 2 – Property Market Review

Introduction

The aim of this review is to examine the broad dynamics of the property market for Solihull. In particular the assessment seeks to provide market information to understand the general tone of rent, yields and land values in the Borough based on available evidence together with more generic information to establish the overall context of the local market. It also seeks to identify if there are any significant variances in value in property sub-sectors in the Borough.

This review will then inform the viability appraisals used to underpin the community infrastructure level and charging schedule, where appropriate. The key sectors considered are:

- Offices
- Retail
- Industrial
- Residential

The Economic Backdrop

A weak economic climate continues to provide a very unsettling backdrop to the property market. Principally, the level of national debt still forms a structural long-term problem for the domestic economy, and this is reflected in the general lack of confidence within the public domain. Uncertainty in the Eurozone also lingers on, although a statement from the ECB, that they will do 'whatever it takes' to resolve the Eurozone crisis, provides some comfort.

Indeed, over the shorter term, economic indicators paint a mixed picture overall, with some elements to be positive about. In addition to a slight pick-up in confidence that the Eurozone issues might actually be resolved, the FTSE has also rallied to a four-month high, following good news on the US jobs front. There has also been a clear lift in the 'mood' of the country, following a highly successful Olympics, although it is too soon to tell whether this in itself will last, much less have any prominent impact on the economy.

Headline unemployment is down by 46,000 (1.8%) in the three months to June 2012, and now stands at 2.56m. However, there are fears that this figure masks the reality somewhat, with job seekers on the increase, up to 1.6 million in June; a costly increase for the government. The surveys for the business optimism and consumer optimism also seem to be at odds; consumer optimism is firmly pessimistic, while business surveys have only recently veered downwards.

However, overall, the headline figures remain bleak. The UK experienced worse than expected GDP growth figures for Q2, with output falling 0.7%. This is the worst quarterly fall in UK output since Q1 2009, the midst of the credit crunch. Output was affected by a loss in output caused by the Jubilee weekend, as well as a further slide in construction output of 5.2%, which continues to plague output figures; this accounts for 0.4% of the headline GDP decline this quarter. The Governor of the BoE has downgraded the GDP outlook for 2012 again, to zero growth. It is forecast to improve in 2013, potentially growing 1.4%.

Appendix 2 – Property Market Review

Offices

The office market in Solihull is generally regarded as part of the south Birmingham and M42 corridor out-of-town office market. Within Solihull there are two distinct types of office space: those found in Solihull town centre, and out-of-town units on business parks elsewhere in the Borough. The majority of office stock in Solihull comprises multi-let office blocks developed in the 1980s and 1990s. The largest group of occupiers are utility companies, with two of the largest occupiers being nPower and National Grid. Nevertheless, like many towns of a similar size, there are also a number of small professional and business service occupiers, generally servicing a local client base.

The Valuation Office Agency, in a recent experimental data release, estimated there to be 5.42 million sq ft (504,000 sq m) of office space within the Borough of Solihull. This represents an 18% increase over 10 years, but only a modest 6% increase since 2007. These increases are broadly in line with the pattern seen across the West Midlands.

Due to Solihull's location to the south-east of Birmingham the Borough benefits from high levels of connectivity to the motorway network. The M42, forming part of Birmingham's orbital motorway, passing through the middle of the Borough and connects with the M6 just to the north and the M40 just to the south. The Borough also is home to Birmingham International Airport. In addition there is important rail connectivity with the town itself, but also in the north of the Borough at Birmingham International rail station. The nearby National Exhibition Centre is also an important facility for both business and entertainment events.

Due to this high level of connectivity, the Borough is home to a number the Birmingham area's major business parks. Birmingham Business Park, close to junction 7 of the M42, lies just inside the Borough boundary. The bulk of the Park was developed in the 1980s and 1990s, with more recent additions generally being small units. For example, in 2008, Business Homes completed 23 office suits totally 55,000 sq ft at the park.

In terms of future development at Birmingham Business Park, Goodman have now secured planning consent to widen the permitted use from B1 to allow B2 and B8 uses on the remaining plots. As a result, the largest remaining plot was sold this year to Aero Engineering Controls for their 250,000 sq ft manufacturing and technology facility which is due to be an operational facility in 2014.

Blythe Valley Park is generally regarded as the main competitor to Birmingham Business Park. It is located at Junction 4 of the M42 in the south of the Borough. The overall age of buildings at Blythe Valley is more modern, with the first phase completing in 2000. It is a popular headquarters locations, particularly for companies in the property and construction sectors, including Goodman, Arup, BAM, Kier and Balfour Beatty. There has been further space developed, both speculative and purpose built, and the park has the greatest potential for further phases.

There are other smaller clusters of office development around Junction 4 including:

- 63,000 sq ft in two buildings at the FORE development close to Junction 4 of the M42, completed in 2009.
- Solihull Business Park, a mixed office and industrial complex of generally smaller office units.

These features of the office market in Solihull mean that the Borough is an intrinsic part of the wider Birmingham out-of-town office market. Whilst some of the largest and best

Appendix 2 – Property Market Review

business parks are located in the Borough, they do complete with other locations around the periphery of Birmingham and along the M6 and M40 corridors, as well as edge-of-town market closer into Birmingham city centre. As a result, the market statistics describe from here-on-in apply to the whole of the Birmingham out-of-town market, not specifically to Solihull.

As with many office markets demand for space has fallen over recent years as a response to an increasingly uncertain short-term economic future. Take-up in 2011 in the Solihull & Birmingham out-of-town market totalled just 103,000 sq ft, 57% below the five year average. In 2008 and 2009 take-up was able to reach around 300,000 sq ft per annum, but has never been able to reach the levels achieved in the late 1990s. This is, in part, a reflection of a shift in the local market. In the late 1990s, leasing activity was dominated by deals on larger HQ buildings. More recently there has been a dominance of small office units

Nevertheless the market has received a boost so far in 2012, thanks to two larger deals. In early 2012, Virgin Media agreed to take 66,000 sq ft in the Eagle Court 3 building in Sheldon. This scheme lies just to the west of Birmingham Airport, and just outside the Solihull boundary. In addition Jaguar Land Rover began development work on a new office building of 34,100 sq ft on Lode Lane, Solihull, part of wider expansionary activity from JLR across the West Midlands.

Major office occupier transactions over last 12 months

PROPERTY	OCCUPIER	SIZE (SQ FT)	DATE	RENT (PER SQ FT)
Eagle Court 3, Sheldon	Virgin Media	66,000	Q1 2012	£15.00
JLR site, Lode Lane, Solihull	Jaguar Land Rover	34,100	Q2 2012	Freehold
Tungsten, Blythe Valley Park	Kier Property	23,000	Q3 2011	n/a
Interface 100, Arleston Way, Shirley	Couch Perry & Wilkes	14,200	Q1 2012	£11.00
Solihull Business Park	Barratt Group	12,000	Q2 2012	n/a

Source: PM, CBRE

PMA estimate that available office space in the Birmingham out-of-town market stands at 1.126 million sq ft, a vacancy rate of 7.7%. Supply levels have remained relatively stable over the last ten years, buoyed by significant quantities of second-hand space, although much of it is still of still of relatively good quality. Established business parks, including the two in Solihull Borough (Blythe Valley and Birmingham Business Park) both continue to have a significant share to total availability, of c. 100,000 sq ft on each park.

Within the wider market there is currently no speculative development activity taking place. The largest development is currently under way is the new office for Jaguar Land Rover, which is being development by the occupier themselves. It is also worth noting the competition from Birmingham itself. From an occupier perspective, a city centre location may prove attractive to a number of companies, given major new office development proposed in the city centre and the benefits brought about for key city centre regeneration sites thanks to Enterprise Zone designation. The zone was selected by the Greater Birmingham & Solihull Local Enterprise Partnership, which covers both the City of Birmingham and Solihull areas. It is therefore unlikely, unless there is a change in government policy, that further EZs will be designated in this area, placing the city centre at a relative advantage.

CBRE currently estimate that prime rents in Solihull stand at £19.00 to £20,00 per sq ft. Lack of transactional evidence for a truly prime building makes it difficult to fully assess this

Appendix 2 – Property Market Review

level. We estimate that similar rental levels could also be achieved at Birmingham Business Park, although in the past the Park did have a marginal rental premium over Solihull itself. However, the gap has closed in recent years.

Retail

Solihull is categorised as a sub-regional retail centre, and based on analysis within CBRE's National Survey of Local Shopping Patterns, has a catchment population of 3.61 million people. The town attracts a regular comparison good shopping population from its catchment of 198,000 people – a catchment penetration rate of 5.5%.

Solihull's catchment ranks 44 nationally out of more than 2,000 comparison good locations, and its shopping population ranks 71. By shopping population size, Solihull is comparable to Uxbridge, Eastbourne and the White Rose Centre, Leeds.

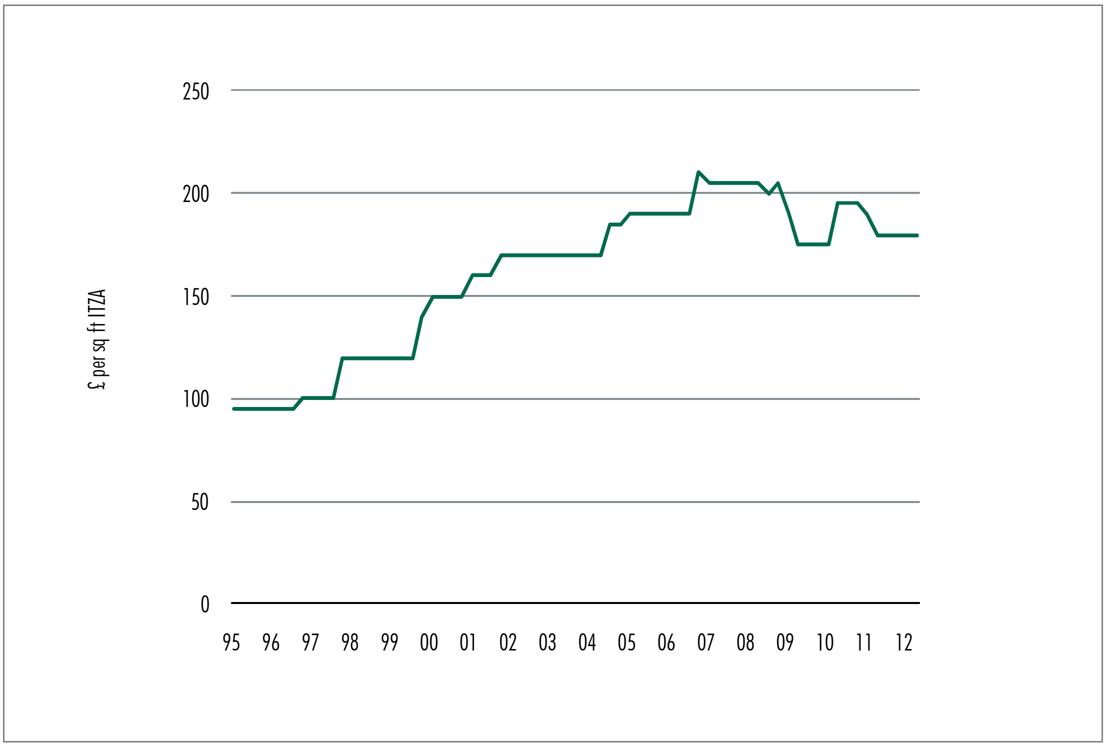
Solihull's town centre floorspace almost doubled in size in 2001 with completion of Lend Lease's 650,000 sq ft Touchwood shopping centre, anchored by John Lewis. Some 40,000 sq ft of space in Touchwood is devoted to leisure. Touchwood is Solihull's primary shopping centre with occupiers including many of the major fashion multiples such as Gap, H&M, Zara, Next, Topshop/Topman and Superdry. It is also home to more specialist brands including Apple, L'Occitane and Lakeland.

The town's only other managed shopping centre is Mell Square, a 464,000 sq ft open precinct dating from the 1960s and extended in 1995 to accommodate Bhs. Principal occupiers of Mell Square include TK Maxx, Marks & Spencer, WH Smith, House of Fraser and Sainsbury's.

Outside the two shopping centres, the pedestrianised High Street is the town's main shopping street. Major occupiers here include Laura Ashley, Monsoon, Waterstones and McDonalds.

Appendix 2 – Property Market Review

Chart 1: Prime town centre retail rent - Solihull



Source: CBRE

Prime rents in Solihull are currently estimated at £180 per sq ft In Terms of Zone A (ITZA). Prior to the start of the recession in 2008, rents in Solihull reached a maximum of £205 per sq ft ITZA. This followed a period of around 8 years when retail rents have continued to grow in Solihull. The fastest pace of rental growth experienced by Solihull was following the opening of Touchwood, when rents increased from £120 per sq ft ITZA in 1999 to £170 per sq ft ITZA in 2001.

In addition to town centre retailing, there are a number of retail parks in the area. Provision is mainly to the south of Solihull town centre in Shirley. PMA estimate a retail warehouse floorspace total of 546,000 sq ft, and floorspace per person is below the national average. However, residents of Solihull benefit from out-of-town retail provision outside the Borough within Birmingham, including The Fort shopping park, to the north of the town.

Within Solihull there are three main retail parks:

- Sears Retail Park – 116,000 sq ft over five units. Occupiers include Boots, Argos, Homebase, JJB Sports and Toys R Us.
- Solihull Retail Park – 190,000 sq ft over 12 units. Occupiers include B&Q, Harveys, Mothercare, Halfords and Pets At Home).
- Solihull Gate Retail Park – 45,000 sq ft. Occupiers include Currys and Furniture Village.

There are also a number of solus units, some close to Sears and Solihull Retail Parks. These include properties occupied by Comet, Multiyork and Magnet.

Solihull has an estimated 676,000 sq ft of supermarket and grocery space. Most supermarket floorspace is occupied by Tesco and Sainsbury's. Morrisons also has stores in Solihull and Shirley.

Appendix 2 – Property Market Review

Sears and Solihull Retail Parks have the highest rents in the local area, currently at £36 per sq ft, nevertheless there have been deals concluded in recent years at Solihull Retail Park at slightly lower levels. Solihull Gate Retail Park commands a lower rental level of £32.50 per sq ft, although this is based on the 2007 letting to Furniture Village.

Industrial

According to the latest data from the Valuation Office Agency, there is a total of 4.64 million sq ft (431,000 sq m) of industrial floorspace within the Borough of Solihull. This is the lowest total of any of the seven West Midlands metropolitan boroughs[5], and constitutes just 2% of industrial floorspace in this area. However, in line with all of these locations, industrial floorspace has been in decline in recent years, falling by 14% over the last ten years. The relative size of the Solihull market is also reflected in occupational data. CoStar, for example, have just 89 occupier transactions recorded since 2000 for the town.

The M42 corridor has primarily been the focus of office development. Nevertheless there are important concentrations of industrial land use in the Borough. The biggest occupier is Jaguar Land Rover, who operate a manufacturing facility on Lode Lane in Solihull. The site has been used by Rover, and subsequently the Tata Motors owned JLR, since 1945. Since the 1970s it has been the focus of Land Rover and more recently Range Rover manufacturing.

Elsewhere, in the far north of the Borough and close to Birmingham airport, the Elmdon Trading Estate and Birmingham International Park contain warehouses used by airport related occupiers, as well as tile supplier Porcelanosa, DHL, Palletline and most recently Smiths News.

Activity closer to Solihull town centre is mainly focussed on smaller industrial parks such as Monkspath Business Park and Cranmore Industrial Estate. These parks generally provide small trade counter and warehouse units, with the majority of these facilities occupied by local industrial and trade business.

So despite the motorway network within the Borough Solihull has relatively low levels of industrial land and property use, and from a property market perspective just forms one small part of the Greater Birmingham industrial and logistics market.

Solihull has been one of the beneficiaries of the significant growth and expansion by Jaguar Land Rover in the West Midlands over the last two years. Across the region both JLR and their suppliers have been actively acquiring space, particularly following the successful launch of the Land Rover Evoque. The Stirling 150 distribution unit in Solihull was chosen by DHL, specifically in relation to the provision of logistical services to JLR. This deal, for a unit of 150,000 sq ft, is the largest within the Borough for many years.

There have been other notable deals within the Borough so far this year. At Monkspath Business Park, Farmfoods are constructing a 57,500 sq ft extension to their existing facility. Meanwhile at Elmdon Trading Estate, Smiths News pre-let a 55,000 sq ft distribution facility in mid-2011.

These deals, however, are unusual. The majority of occupier transactions are for smaller, sub 20,000 sq ft units.

[5] Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

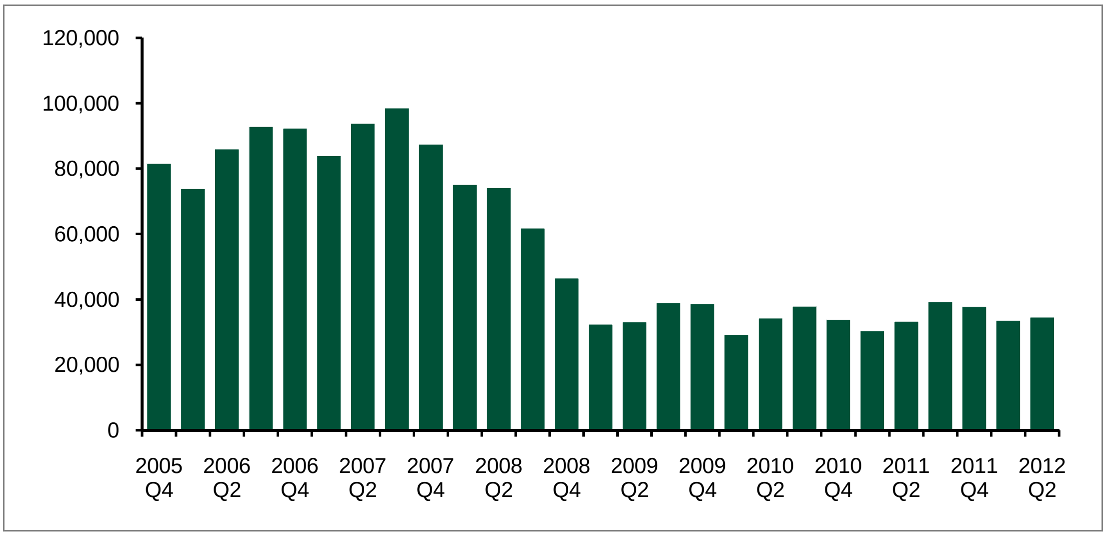
Appendix 2 – Property Market Review

Rental levels for industrial property in the Solihull area are currently at a maximum of £5.25 per sq ft, a similar level to the nearby Birmingham and Coventry markets. Compared to wider locations within the West Midlands, rents in these three locations are the highest for the region as a whole. Rents in other parts of the West Midlands conurbation are a little lower, for example Dudley, Walsall and Wolverhampton all with prime rents of £4.00 per sq ft.

The Residential Market

UK monthly housing data remains erratic, with a number of 'one-off' events distorting both the market and the underlying statistics. These included the end of the stamp duty holiday at the beginning of the year, then very poor weather, the jubilee weekend, and now more recently, the Olympics. Gross mortgage lending in Q2 2012 may be up 2.7% on Q1, but it is slightly short of the quarterly average for 2011. Over the longer term, at £34,559m, it is still less than half the quarterly average for 2007, before the recession took full hold.

Chart 3: Gross Lending

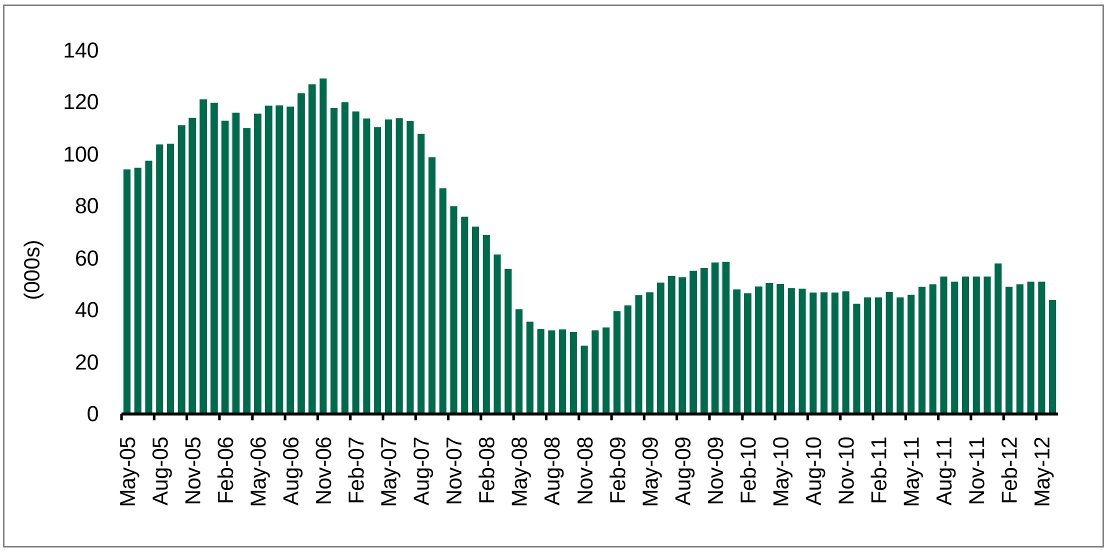


Source: BoE

Mortgage lending figures for the year to date are also erratic, but similarly, the overall picture is that activity has slowed. There were 44,000 mortgages approved in June, down 14% on the month prior, and also the monthly average for the year, which is currently around 51,000. The last time mortgage levels were this low was in December 2010.

Appendix 2 – Property Market Review

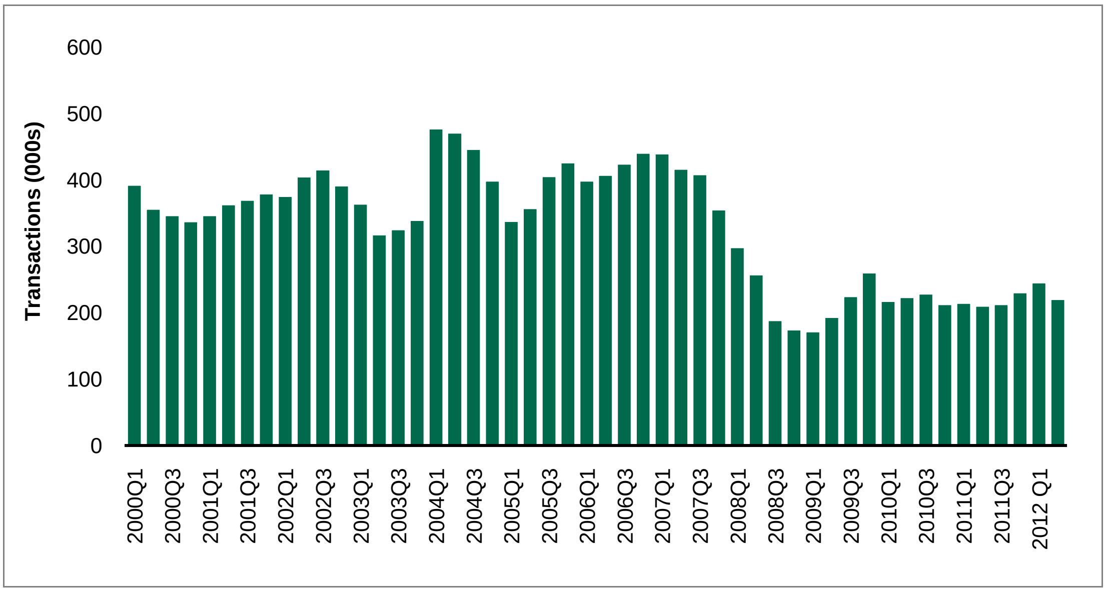
Chart 4: Mortgage Approvals



Source: CML

Lending patterns are reflected directly in the market, by transaction volumes. There were 220,000 sales in Q2 2012, a 10% fall from the previous quarter. Overall, activity levels are still roughly half their pre-recession levels.

Chart 5: Transaction Levels

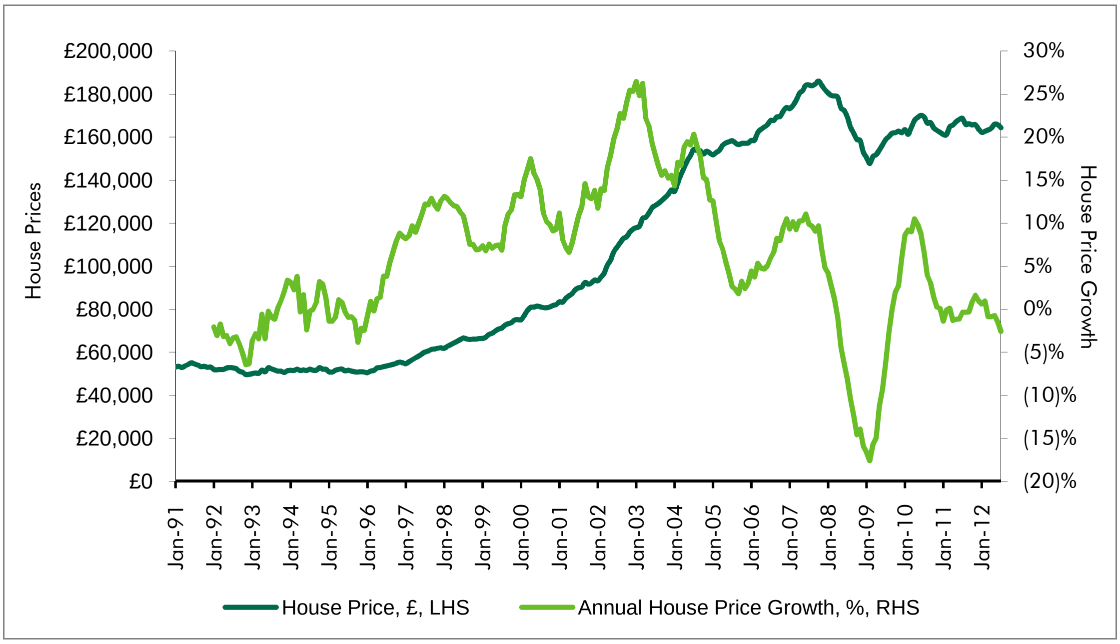


Source: HMRC

Ongoing low levels of activity are reflected in house prices, which fluctuate marginally each month. According to Nationwide, they now stand at £164,389, just 0.8% down from the previous month, and down 2.6% annually.

Appendix 2 – Property Market Review

Chart 6: House Price Growth



Source: Nationwide

National Rental Market

Over the past few years, the rental market has noticeably strengthened, as lending restrictions continue to restrict home ownership. The most recent RICS Residential Lettings Survey (July 2012) confirms that this is still the case and as a result, average rents at a national level have increased by 4.3% over the past year and are expected to increase by 2% and 3.9% over the next six and twelve months respectively. Surveyors estimate that average gross yields currently stand at 5.2%. Surveyors confirm that these increases have been driven by sustained- albeit modest – growth in demand, and a broadly stable base of supply. Tenant demand net balance registered at +4; a little down from +15 last time, but still indicative of positive growth.

However, the picture appears to be mixed across the country. The RICS reports claims that rental growth over the last year has been highest in the North East (at 6.9%), as well as London and Scotland (at 5.9%).

The most recent report from ARLA (Association of Residential Letting Agents, Q2 2012) confirms the strengthening of the market over the last quarter at a national level, but point out that there is some discrepancy across the country in relation to the average value of returns on both houses and flats. For example, the capital asset value of rented houses has risen by 3.6% over the last three months, but this is due o an increase of 13.5% in the South East. The rest of the UK actually saw a decrease of 4.3%. Similarly, in the flat market, average values rose by 5.9% across the country, but this was due to a 5% in Prime Central London, and a 15% increase across the rest of the South East. Values fell by 7.4% across the rest of the UK.

However, in terms of demand – the proportion of survey respondents that said that there were more tenants than properties available to them – the situation is reversed. During the

Appendix 2 – Property Market Review

last three months, the proportion seeing more tenants than properties has improved slightly across the UK from 56% to 58%, but fell in Prime Central London, from 56% to 48%.

According to the RICS report, surveyors estimate that average gross yields currently stand at 5.2%. However, again there is some divergence at a regional level; for example, 9.6% has been reported in Yorkshire and Humberside, yet they are closer to 4.5% in London.

Table 2: Change in Average Rents, by Region, Flats

GEOGRAPHIC REGION	Q1 2012			Q2 2012		
	WEEK	MONTH	YEAR (000)	WEEK	MONTH	YEAR (000)
Prime Central London	£835	£3,617	£43.4	£838	£3,631	£43.6
Rest of London	£328	£1,422	£17.1	£342	£1,482	£17.8
Rest of South East	£192	£831	£10.0	£195	£844	£10.1
South West	£168	£727	£8.7	£160	£692	£8.3
Midlands	£104	£450	£5.4	£112	£486	£5.8
North West	£151	£656	£7.9	£150	£651	£7.8
North East	£127	£550	£6.6	£124	£538	£6.5
Scotland / Wales / NI	£135	£585	£7.0	£136	£591	£7.1

Source: ARLA Members Survey of the Private Rented Sector, Q2 2012

UK Housing Supply

Even prior to the recession, the level of housing building was inadequate to satisfy household formation. At its peak in 2007, completions totalled 174,530, below the 240,000 target. Since the onset of the recession, the situation has worsened; developers have been forced to delay projects until better market fundamentals return. A lack of access to funding, potential sales, loss of land value and general uncertainty has stunted development across the country. House-building starts have fallen considerably.

There were around 109,000 completions in England last year; this is up very slightly (5%) on the previous year. Despite a fall in RSL completions, there was a marginal increase in the private sector, but more notably, an increase from Local Authority building. There were around 2,400 Local Authority completions last year; although this is not a huge volume given that it is for the whole of England, it is quite positive compared with the five year average prior to this, or around 440 completions per year.

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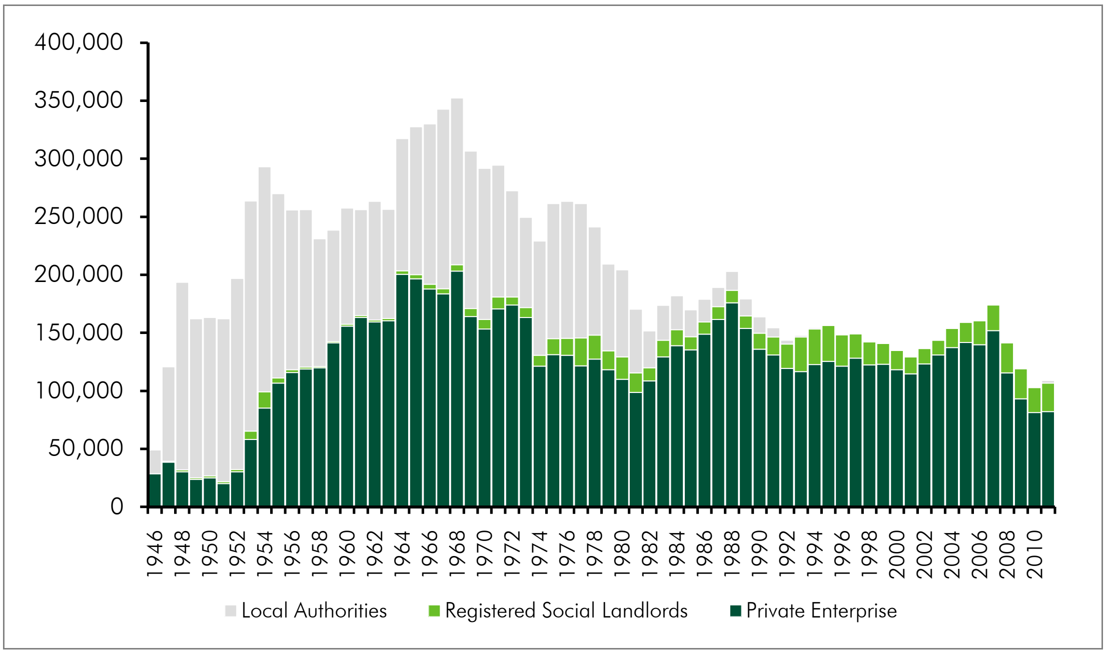
Chart 7: Housing Completions, England



Source: CLG

A number of government funded schemes have helped provide some stimulus over the past couple of years. In addition, a slight pick-up in sentiment and lending allowed an improvement in sales, which has injected some spur back into the London development market. However, development overall remains muted and it is likely to be some considerable time before house-building rates return to their previous levels, and even more time for them to reach the levels required to meet actual demand across the UK.

In line with national trends, the housing market in Solihull has shown some signs of recovery over the last couple of years, but activity levels have once again dropped dramatically. There were only 130 sales in April 2012 (most recent data available). This is down considerably on the first quarter of the year, where the monthly average was closer to 200. Indeed, the monthly sales average over the last two years has been around 200, albeit with frequent fluctuations. The most recent dramatic drop was most likely a result of the significant high in the first quarter of the year as buyers tried to get in before the stamp duty holiday ended.

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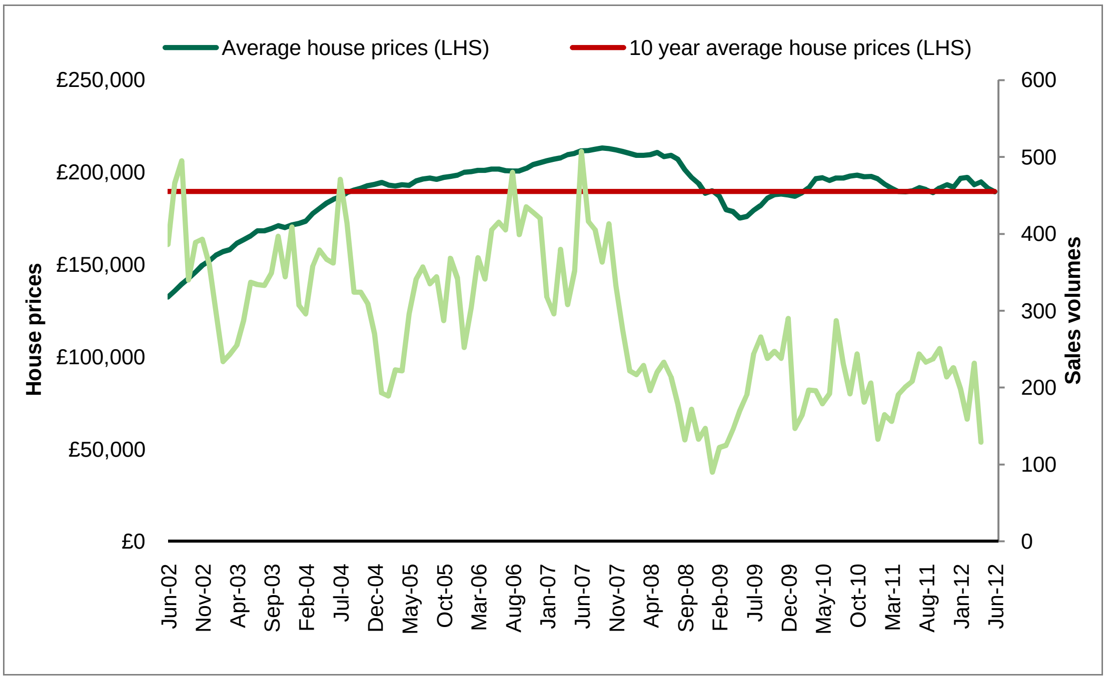
Chart 8: Housing Market Activity, Solihull, plus 10 year average



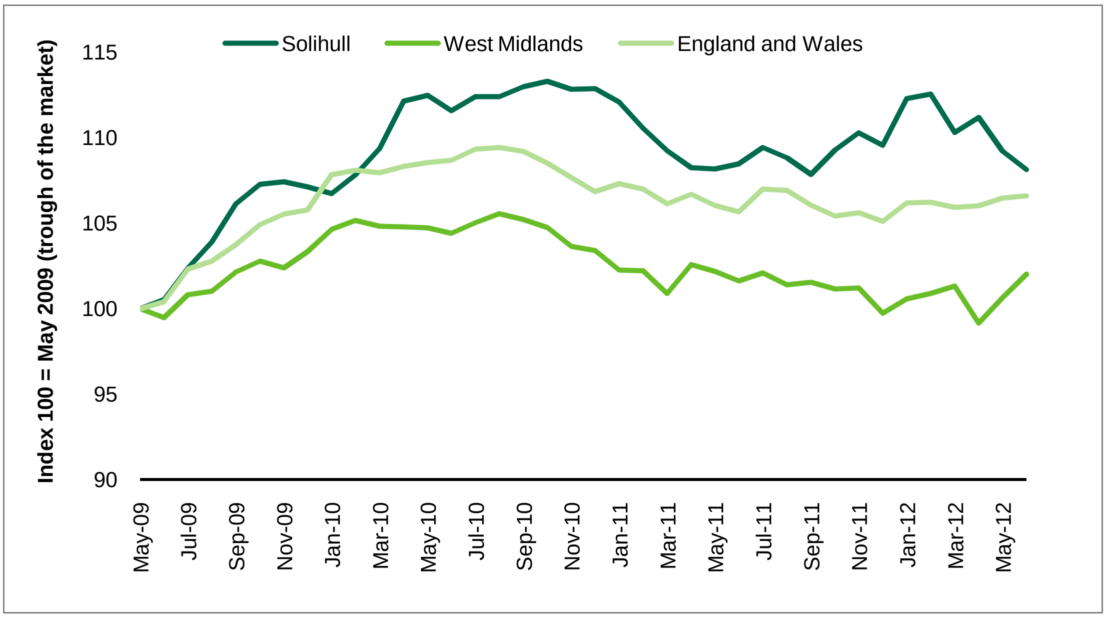
Source: Land Registry

Following the contraction in activity, average house prices in Solihull have also weakened over the second quarter of this year. According to monthly Land Registry data, average house prices are now £189,471; this is 3% down on the monthly average in the first quarter of the year. However, it is only 1% down on the monthly average through 2011. Despite some recovery – mostly in late 2009 – average prices are still 11% below their September 2007 peak.

Since the trough in May 2009, the market has actually made a much stronger recovery in Solihull than it has in the wider region, as Chart 7 illustrates. Although it has average values have still been volatile, they also still benefit from their strong pick-up in late 2009, early 2010.

Appendix 2 – Property Market Review

Chart 9: Relative Performance since trough of the market, May 2009



Source: Land Registry

According to Land Registry quarterly figures (which vary slightly from the above monthly figures), average house prices in Solihull are around £241,608; this is over £70,000 more than the regional average – a gap that has widened since the last time we reported, by over £10,000. They are only marginally above the national average.

Flats are still much cheaper in Solihull than the national average. As a relatively rural area, on the periphery of large urban conurbations like Birmingham, Solihull is generally more popular for its housing. Average prices 'overtake' the national benchmark when properties get to semi-detached size. There is subsequently a much bigger premium for detached properties in Solihull.

Table 3: Residential Property Prices, Q2 2012

	DETACHED	SEMI-DETACHED	TERRACED	FLATS	OVERALL
Solihull	£382,392	£206,618	£168,585	£134,968	£241,608
West Midlands	£270,304	£150,528	£127,195	£109,365	£170,755
England and Wales	£327,646	£200,165	£199,318	£240,820	£238,638

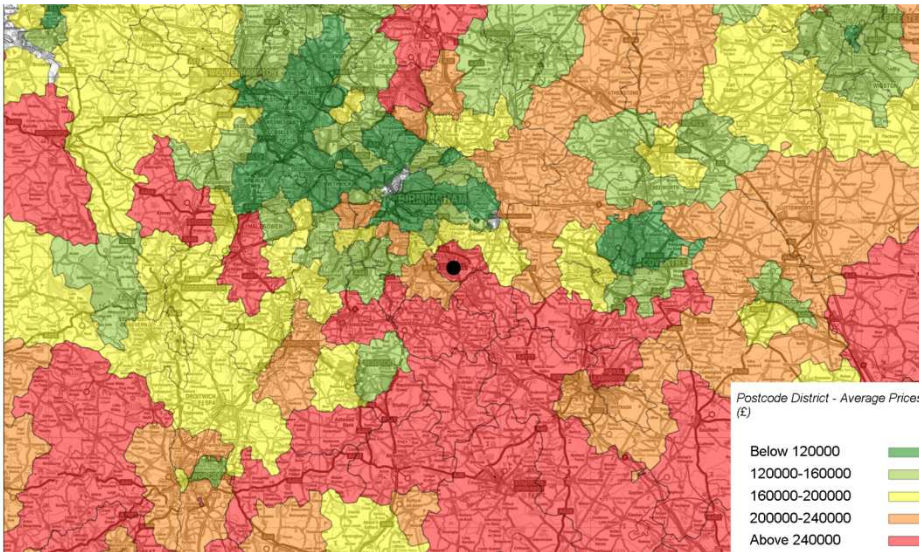
Source: Land Registry

Solihull, and the area just south of Solihull, is much more expensive than most other areas across the region, with average house prices in excess of £240,000. Average values fall sharply, just north of Solihull towards Birmingham, although this can in part be explained by the stock in these areas. There will inevitably be a greater prevalence of flats in these more urban areas, which naturally have lower capital values. However, values legitimately fall to the west of Solihull, where they are generally below £200,000, save for a couple of affluent pockets.

Appendix 2 – Property Market Review

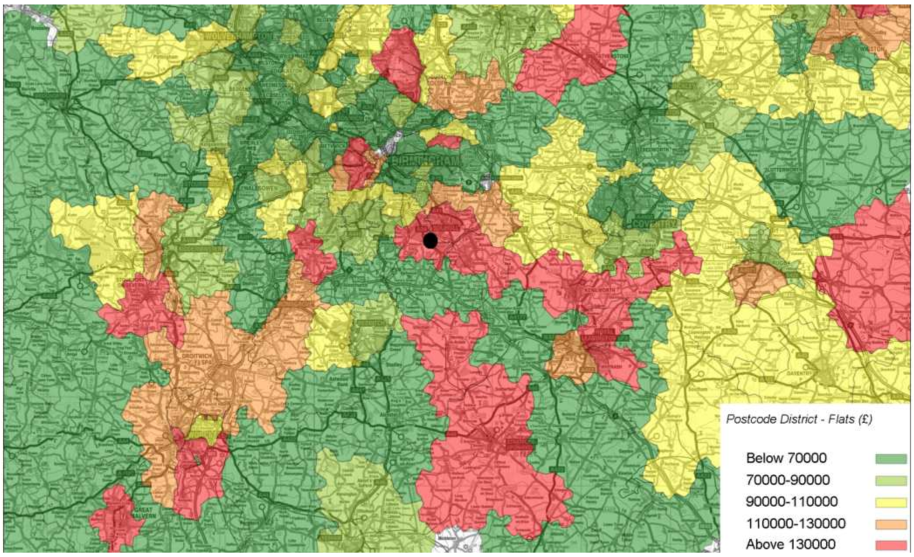
Map 2 provides a slightly more interesting picture, indicating that Solihull is still one of the most expensive areas in exclusively just the flat market, but that the distribution of these expensive flats follows a fairly narrow belt down towards Kenilworth and Leamington Spa.

Map 1: Average House Prices, Q4 2011 (by post code district)



Source: Land Registry

Map 2: Average Flat Prices, Q4 2011 (by post code district)

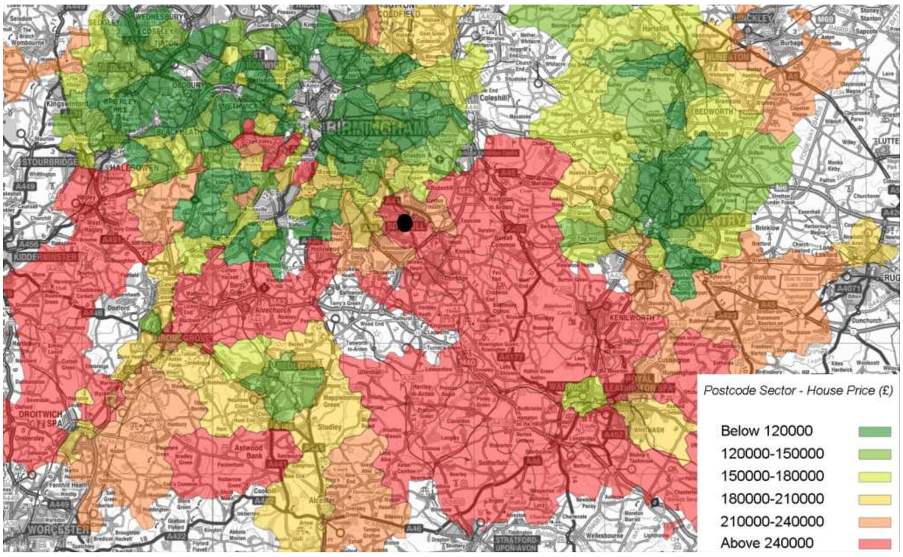


Source: Land Registry

Appendix 2 – Property Market Review

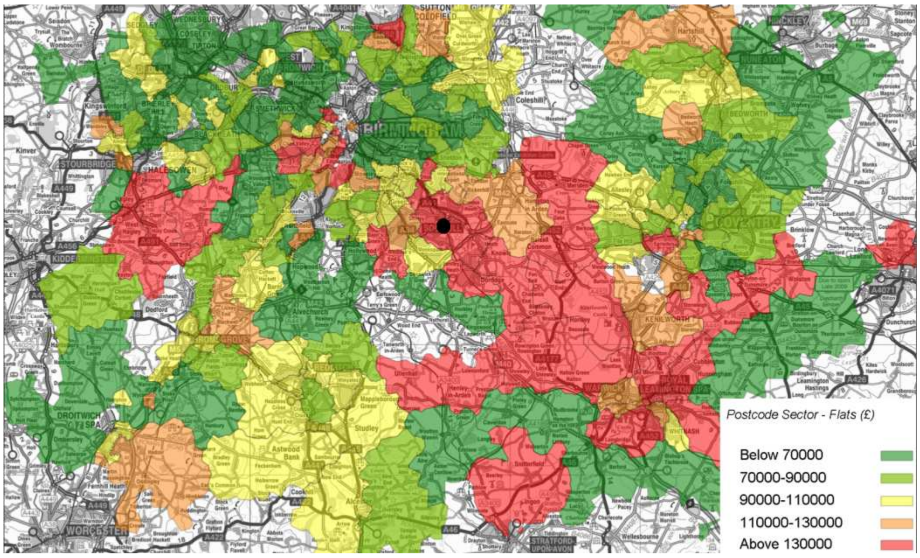
Maps 3 and 4 illustrate these trends in slightly more detail, at a post code sector level. The sprawl of high-end properties is much broader in the housing market than it is with just flats. However, in both cases, they capture Solihull and the area just south of Solihull.

Map 3: Average House Prices, 2011 (by post code sector)



Source: *Land Registry*

Map 4: Average Flat Prices, 2011 (by post code sector)



Source: *Land Registry*

Appendix 3 – Residential Appraisal Outputs

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.

Base Appraisal Information

	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	M42 Gateway/Solihull Town Centre							
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							

CBRE

Appendix 3 – Residential Appraisal Outputs

Sensitivity Analysis – Sales Values +10%, +20%, -10%, -20%

RLV Base Value	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							
RLV per Ha Sales Value + 10%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							
RLV per Ha Sales Value + 20%	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	M42 Gateway/Solihull Town Centre							
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							
RLV per Ha Sales Value -10%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							
RLV per Ha Sales Value -20%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

Appendix 3 – Residential Appraisal Outputs

Sensitivity Analysis – Build Costs +10%, +20%, -10%, -20%

RLV Base Value	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

RLV per Ha Build Cost + 10%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

RLV per Ha Build Cost + 20%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

RLV per Ha Build Cost -10%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

RLV per Ha Build Cost -20%	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	M42 Gateway/Solihull Town Centre							
Site 5	Mature Suburbs							
Site 6	Rural Area							
Site 7	Rural Area							
Site 8	Rural Area							
Site 9	North Solihull Regen Area							
Site 10	North Solihull Regen Area							

Appendix 3 – Residential Appraisal Outputs

Sensitivity Analysis – Benchmark Site Value (BSV) +10%, +20%, -10%, -20%

RLV Base Value	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	M42 Gateway/Solihull Town Centre							
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							

RLV per HA - BSV +10%	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	M42 Gateway/Solihull Town Centre							
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							

RLV per HA - BSV +20%	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	M42 Gateway/Solihull Town Centre							
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							

RLV per HA - BSV -10%	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	M42 Gateway/Solihull Town Centre							
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							

RLV per HA - BSV -20%	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	M42 Gateway/Solihull Town Centre							
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							

Appendix 4 - Commercial Appraisal Outputs

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.

Base Appraisal Information

	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

Appendix 4 - Commercial Appraisal Outputs

Sensitivity Analysis – Rent +10%, +20%, -10%, -20%

	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha +10% on Rent	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha +20% on Rent	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

CBRE

Appendix 4 - Commercial Appraisal Outputs

Sensitivity Analysis – Rent +10%, +20%, -10%, -20% cont.

RLV per Ha - 10% on Rents	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha - 20% on Rents	Market Area	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

Appendix 4 - Commercial Appraisal Outputs

Sensitivity Analysis – Yield -0.5%, -1.0%, +0.5%, +1.0 %

RLV per Ha Base	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha Yield -0.5%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha Yield -1%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

Appendix 4 - Commercial Appraisal Outputs

Sensitivity Analysis – Yield -0.5%, -1.0%, +0.5%, +1.0 % cont.

RLV per Ha Yield +0.5	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha Yield +1%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

CBRE

Appendix 4 - Commercial Appraisal Outputs

Sensitivity Analysis – Benchmark Site Value (BSV) +10%, +20%, -10%, -20%

	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha/ BSV + 10%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha/ BSV + 20%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

Appendix 4 - Commercial Appraisal Outputs

Sensitivity Analysis – Benchmark Site Value (BSV) +10%, +20%, -10%, -20% cont.

RLV per Ha/ BSV - 10%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							

RLV per Ha/ BSV - 20%	Location	Use	£0 psm CIL	£25 psm CIL	£50 psm CIL	£75 psm CIL	£100 psm CIL	£125 psm CIL	£150 psm CIL
Site 11	North Solihull Regeneration Area	Retail Parade/Local Centre							
Site 12	North Solihull Regeneration Area	Offices							
Site 13	North Solihull Regeneration Area	Healthcare - GP Surgery/Dentist							
Site 14	Mature Suburbs	Large format retail warehousing							
Site 15	Rural	Foodstore							
Site 16	Mature Suburbs	Small convenience Store							
Site 17	M42 Gateway/Solihull Town Centre	Town centre retail units							
Site 18	Mature Suburbs	Out of centre retail units							
Site 19	Rural	Suburban town centre retail units							
Site 20	Mature Suburbs	Drive Through/coffee shop							
Site 21	Mature Suburbs	Restaurants							
Site 22	Mature Suburbs	Restaurants							
Site 23	M42 Gateway/Solihull Town Centre	Town Centre Office							
Site 24	M42 Gateway/Solihull Town Centre	Edge of town office							
Site 25	Mature Suburbs	Suburban office							
Site 26	Mature Suburbs	Business park office							
Site 27	Mature Suburbs	Industrial							
Site 28	M42 Gateway/Solihull Town Centre	Town centre hotel							
Site 29	Mature Suburbs	Suburban hotel							
Site 30	M42 Gateway/Solihull Town Centre	Edge of centre hotel							
Site 31	Mature Suburbs	Gym/Leisure							
Site 32	Mature Suburbs	C2 Use/Care Home							
Site 33	Mature Suburbs	C2 Use/Care Home							
Site 34	Rural	Healthcare - GP Surgery							
Site 35	Mature Suburbs	Car Dealership							