



Report

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CIL Development Viability Study: Additional Miscellaneous Testing & Analysis **Birmingham City Council**

Draft 11th December 2013



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Appendix 1: Residential Land Value Area Maps

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For and on behalf of GVA Grimley Ltd

Foreword

This Addendum is to be read in conjunction with GVA's 'CIL Economic Viability Assessment Birmingham City Council' of October 2012.

1. Introduction

- 1.1 This Report forms an update to initial viability testing conducted in October 2012.
- 1.2 This Report also details an analysis of Land Registry data for all residential sales in the Birmingham area in 2011 and 2012.
- 1.3 In response to comments received at consultation of the Birmingham CIL Preliminary Draft Charging Schedule, we have been instructed to present CIL Rates which provide a greater viability 'cushion' than those published in the original assessment. This Report advises what the CIL rates would be a 40% discount to the maximum CIL rates identified in October 2012.

2. Land Registry Data

- 2.1 The Council has acquired Land Registry data for all residential sales within its administrative boundary for 2011 and 2012. The data is provided under a separate cover,
- 2.2 An extensive analysis of this data has been undertaken using value maps, and this is attached in Appendix 2.
- 2.3 The below table shows the mean and median results of sales for both 2011 and 2012, with regards to the value area previously identified

Table 7: Mean/Median Sales Values

Sales		2011	2012	Combined
Value Area 1	Mean	£249,000	£243,000	£246,000
	Median	£205,000	£205,000	£205,000
	Number of Sales	1,372	1,357	2,729
Value Area 2	Mean	£170,000	£170,000	£170,000
	Median	£145,000	£142,000	£144,500
	Number of Sales	828	813	1,641
Value Area 3	Mean	£137,000	£135,000	£135,000
	Median	£132,000	£125,000	£130,000
	Number of Sales	296	318	614
Value Area 4	Mean	£140,000	£141,000	£141,000
	Median	£123,000	£125,000	£125,000

Sales		2011	2012	Combined
	Number of Sales	3,357	3,464	6,821
Value Area 5	Mean	£125,000	£129,000	£127,000
	Median	£114,000	£120,000	£115,000
	Number of Sales	1,427	1,322	2,749
Value Area 6	Mean	£118,000	£115,000	£117,000
	Median	£107,000	£106,000	£106,000
	Number of Sales	1,408	1,346	2,754
Value Area 7	Mean	£114,000	£111,000	£113,000
	Median	£120,000	£112,000	£115,000
	Number of Sales	88	92	180
All Areas	Mean	£154,000	£154,000	£154,000
	Median	£125,000	£126,000	£126,000
	Number of Sales	8,776	8,712	17,488

3. Allowance for a Viability Cushion – 2012 Results

- 3.1 Our Report dated October 2012 recommended that the Council implemented nine bands of CIL Tariff, each band charging a varying amount according to the results of the viability testing undertaken.
- 3.2 In line with the recommendation of Examiners of other CILs, and following discussion with the Council, we have reduced the maximum CIL payable by 40% to provide a viability cushion, in order to reflect the varying circumstances brought forward by any scheme.

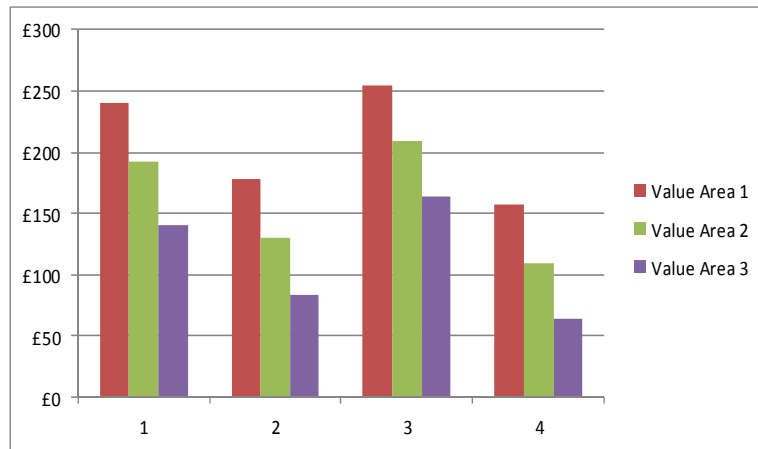
Residential

- 3.3 In the 2012 Report we included a number of graphs setting out the maximum amount of CIL which our appraisals demonstrated each development typology could afford to contribute, whilst ensuring that the residual land value stayed within 20% of the chosen benchmark.
- 3.4 As noted in the 2012 Report, we have taken different benchmark land values to reflect the different development scenarios across the City, and two different approaches to determining what the 'benchmark' land value is.
- 3.5 In the following graphs we have set out the results of the 2012 appraisals, less 40%:-

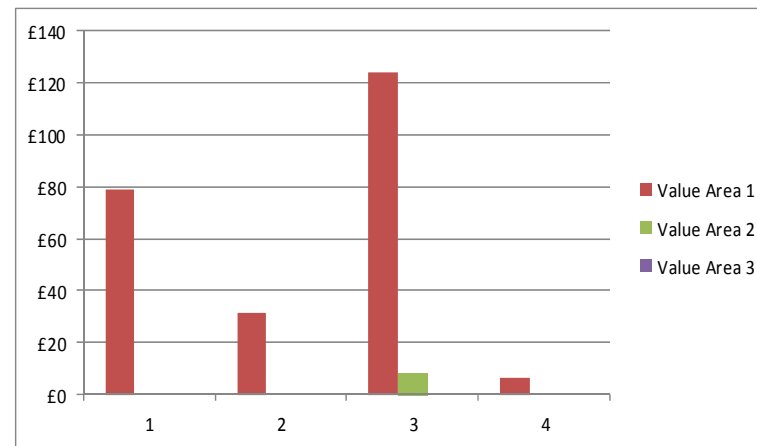
High Value Areas (Value Areas 1, 2 & 3): Maximum Level of Viable CIL Charge

Developments below the Affordable Housing Threshold:

APPROACH 1: Existing Use Value + 20% as Benchmark



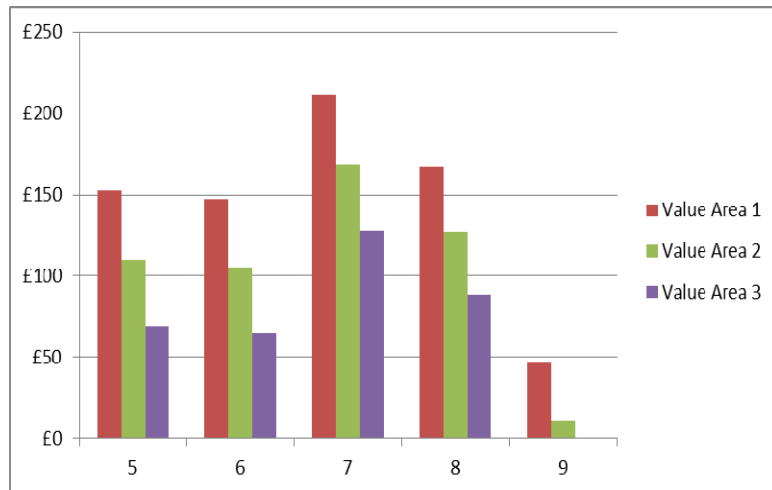
APPROACH 2: Residential Land Value as Benchmark



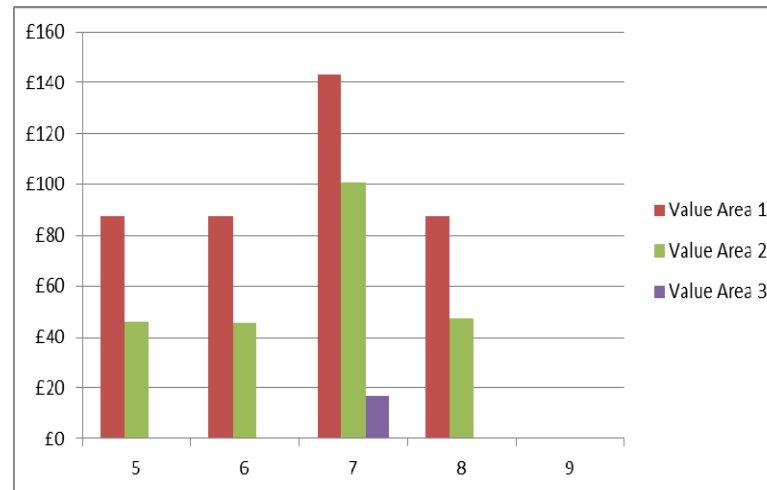
High Value Areas (Value Areas 1,2 & 3): Maximum Level of Viable CIL Charge

Developments above the Affordable Housing Threshold: **20% Affordable Housing**

APPROACH 1: Existing Use Value + 20% as Benchmark



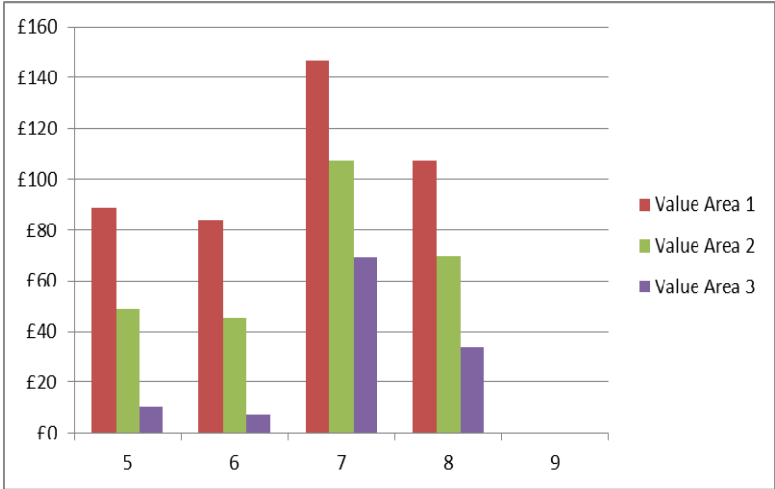
APPROACH 2: Residential Land Value as Benchmark



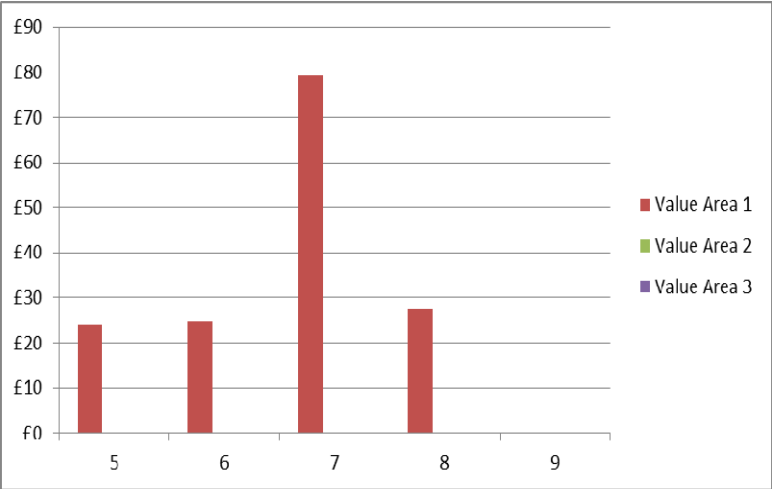
High Value Areas (Value Areas 1, 2 & 3): Maximum Level of Viable CIL Charge

Developments above the Affordable Housing Threshold: 35% Affordable Housing

APPROACH 1: Existing Use Value + 20% as Benchmark



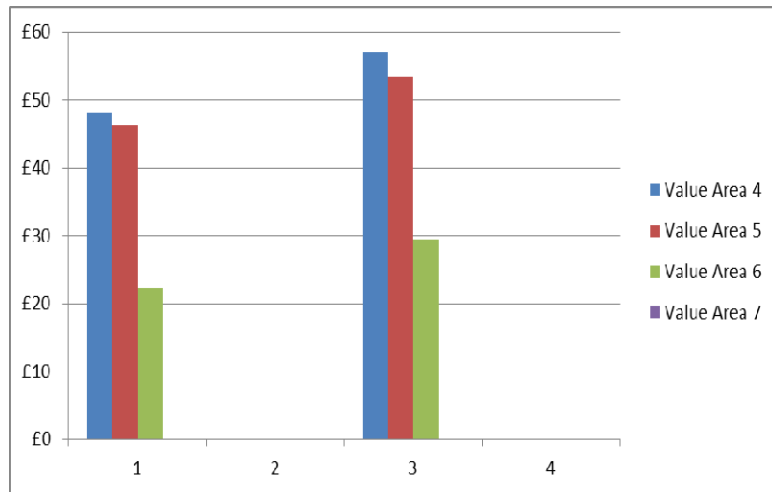
APPROACH 2: Residential Land Value as Benchmark



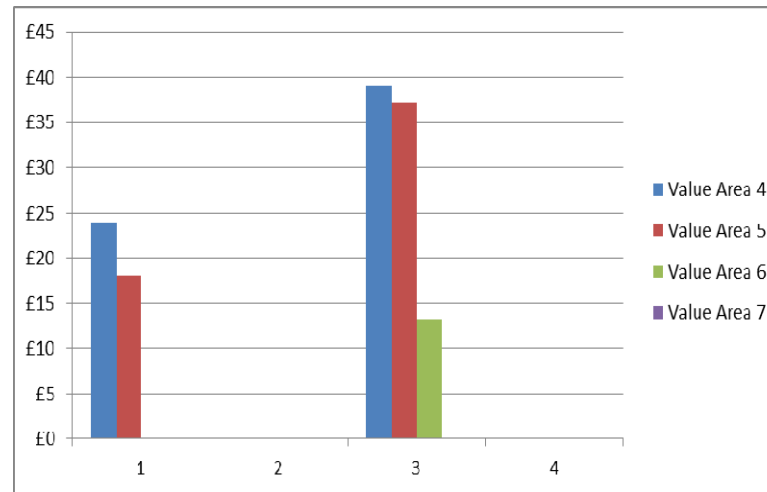
Low Value Areas (Value Areas 4, 5, 6 & 7): Maximum Level of Viable CIL Charge

Developments below the Affordable Housing Threshold:

APPROACH 1: Existing Use Value + 20% as Benchmark



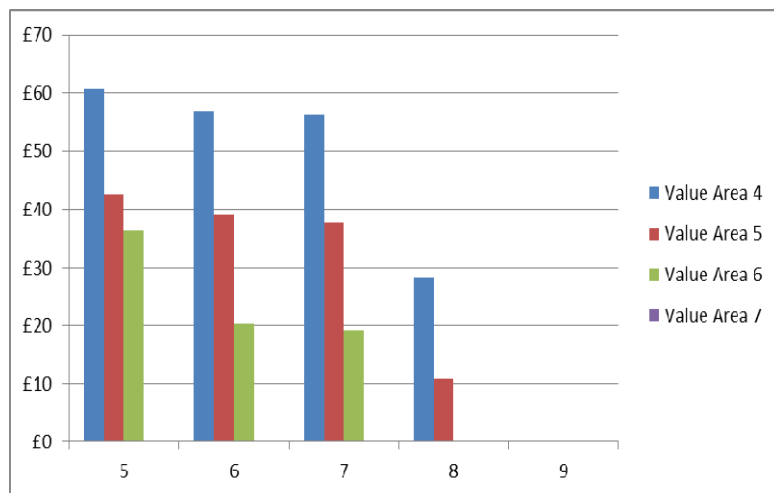
APPROACH 2: Residential Land Value as Benchmark



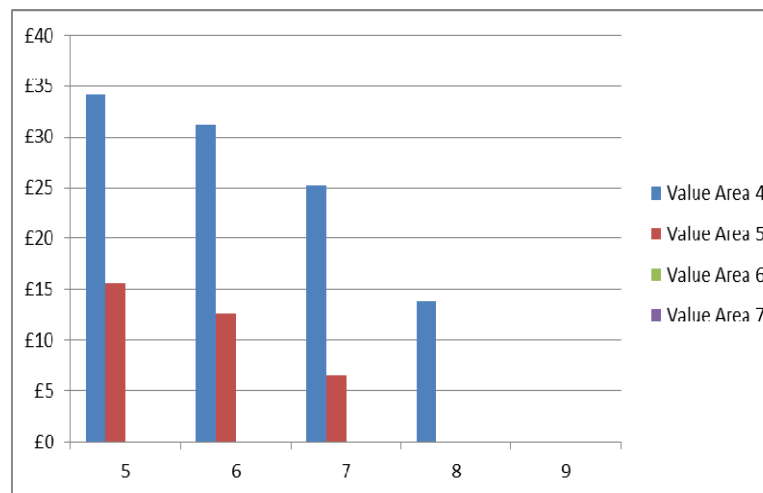
Low Value Areas (Value Areas 4, 5, 6 & 7): Maximum Level of Viable CIL Charge

Developments above the Affordable Housing Threshold: **20 % Affordable Housing**

APPROACH 1: Existing Use Value + 20% as Benchmark



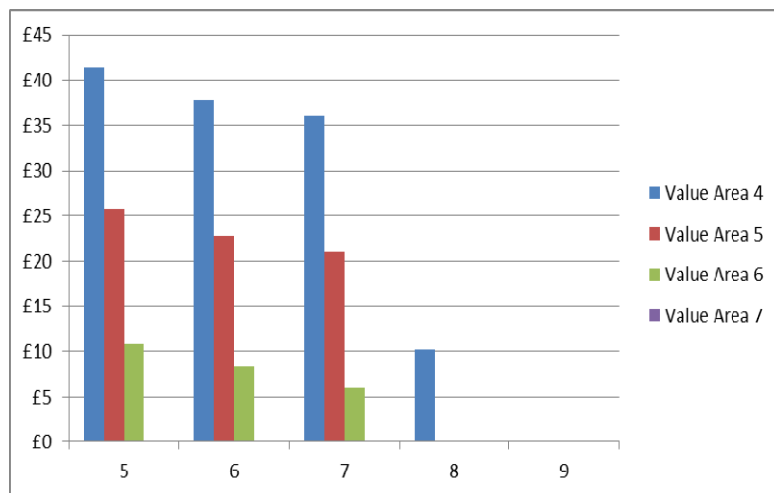
APPROACH 2: Residential Land Value as Benchmark



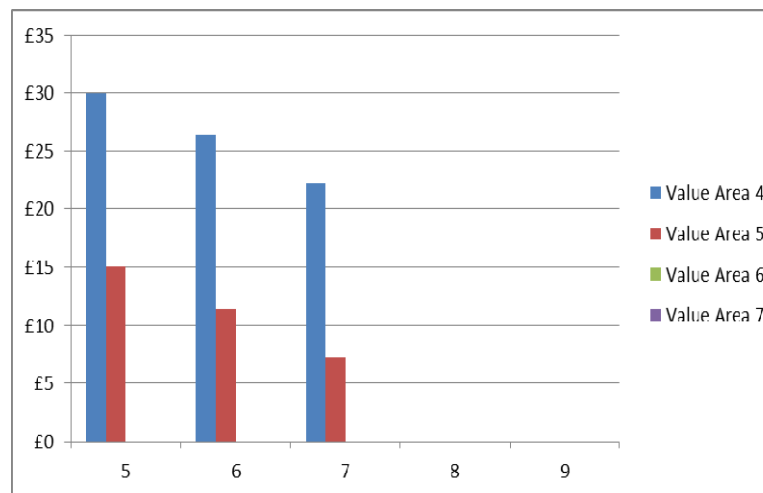
Low Value Areas (Value Areas 4, 5, 6 & 7): Maximum Level of Viable CIL Charge

Developments above the Affordable Housing Threshold: **35 % Affordable Housing**

APPROACH 1: Existing Use Value + 20% as Benchmark



APPROACH 2: Residential Land Value as Benchmark



Commercial Figures

3.6 The below table sets out the results of the commercial schemes tested in 2012, less 40%:-

	USE	2012 CIL Charge	Less 40%
Scheme 15	Supermarket	£380	£228
Scheme 16	Non Food Retail Park	£170	£102
Scheme 17	Suburban Food Store	£150	£90
Scheme 18	City Centre Core Offices	£55	£33*
Scheme 19	City Centre Fringe Offices	£25	£15*
Scheme 20	Offices Pre-let	£15	£9*
Scheme 21	Small Industrial Scheme	£0	£0
Scheme 22	Pre-let/Sale Industrial	£0	£0
Scheme 22	City Centre Hotel	£45	£27
Scheme 23	Out of City Centre Hotel	£25	£15
Scheme 24	250 Rooms Student Housing	£115	£69
Scheme 25	50 Rooms Student Housing	£115	£69
Scheme 26	Leisure	£35	£21
Scheme 26	Education (All areas)	£0	£0
Scheme 27	Health (All areas)	£0	£0

* Note – these Schemes have been subject to retesting following the consultation, and GVA now recommends that the CIL be Zero (£0 psm).

Conclusions and Recommendations

- 3.7 In the 2012 Report we recommended that the Council considered the implementation of nine 'bands' of tariff as set out in the below table
- 3.8 As discussed, a 40% discount on these figures has been applied in order to provide a viability cushion for any development:-

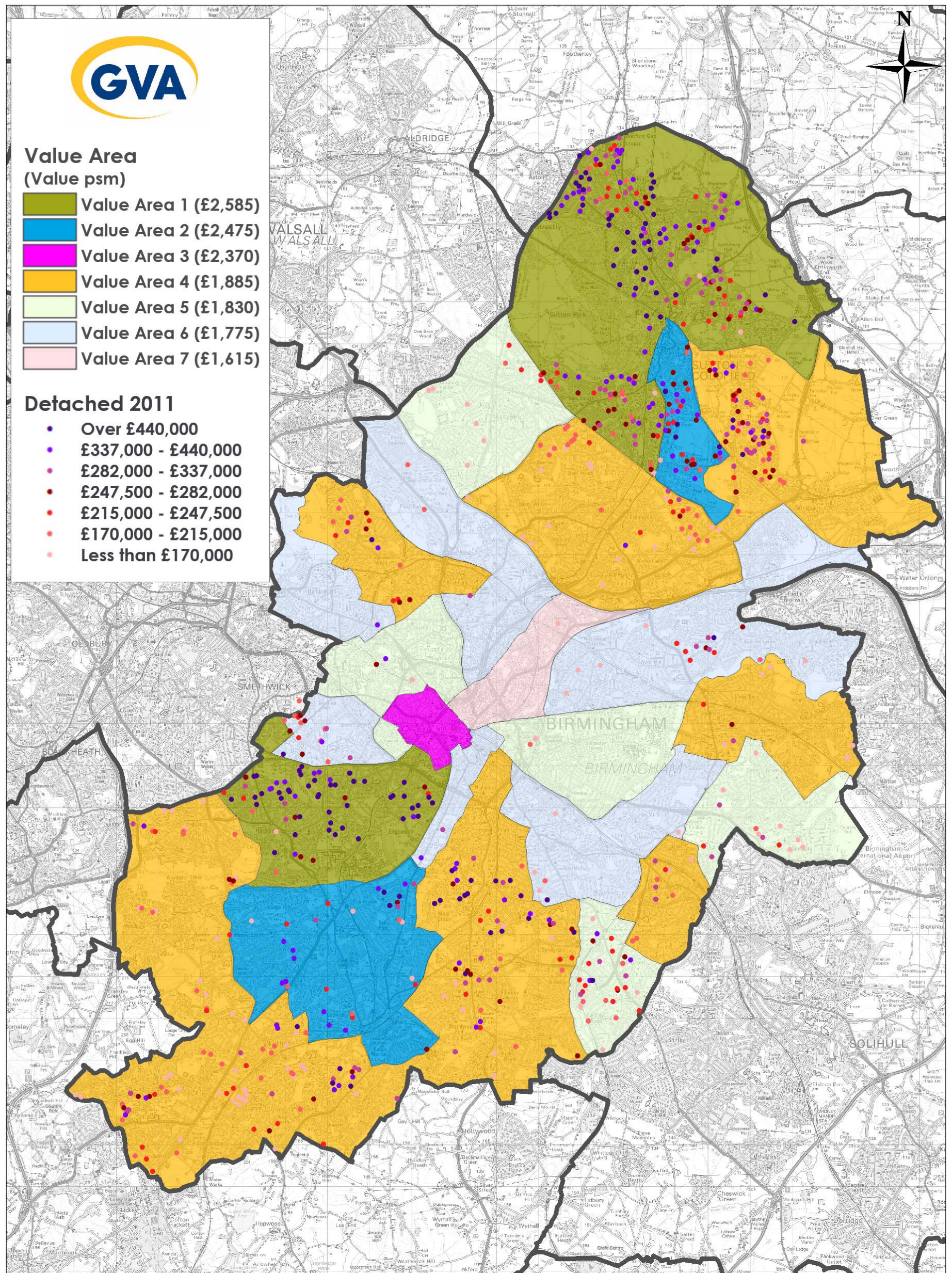
Maximum CIL Tariff (Per Sq m)		Type of Development
2012 Recommendation	Revised incl 40% Cushion	
Band 1		
£380	£228	• Retail (Supermarket >5,000 sq m)

Maximum CIL Tariff (Per Sq m)		Type of Development
2012 Recommendation	Revised incl 40% Cushion	
Band 2		
£150	£90	<ul style="list-style-type: none"> • Retail
Band 3		
£115	£69	<ul style="list-style-type: none"> • Residential (Value Zones 1,2 &3) • Student Housing
Band 4		
£55	£33	<ul style="list-style-type: none"> • Residential (Value Zones 4,5,6 &7)
Band 5		
£45	£27	<ul style="list-style-type: none"> • City Centre Hotel
Band 6		
£35	£21	<ul style="list-style-type: none"> • Leisure
Band 7		
£25	£15	<ul style="list-style-type: none"> • Out of City Centre Hotel
Band 8		
Nil CIL	Nil CIL	<ul style="list-style-type: none"> • Industrial • Education • Health • Office

Appendices

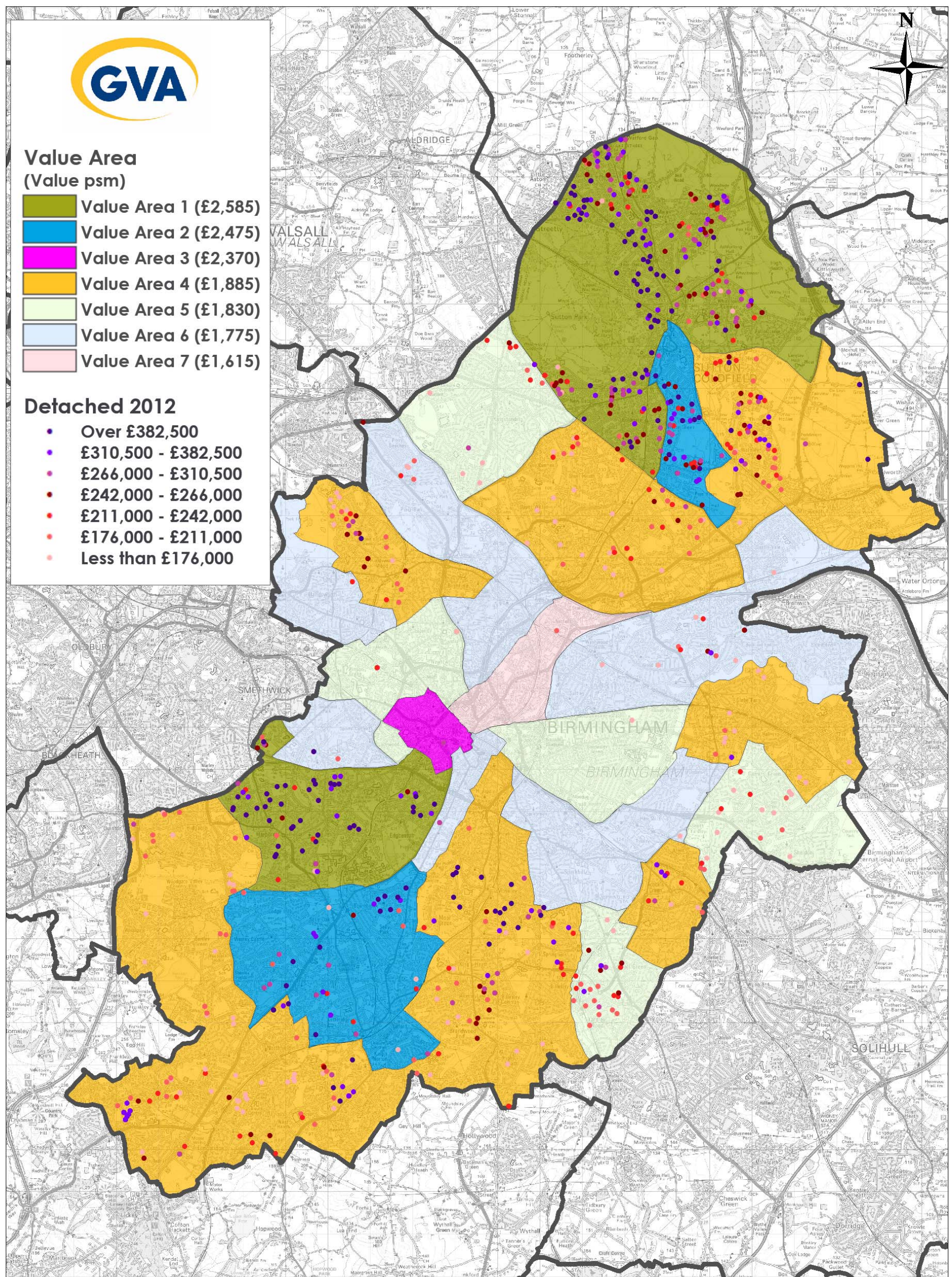
Appendix 1:

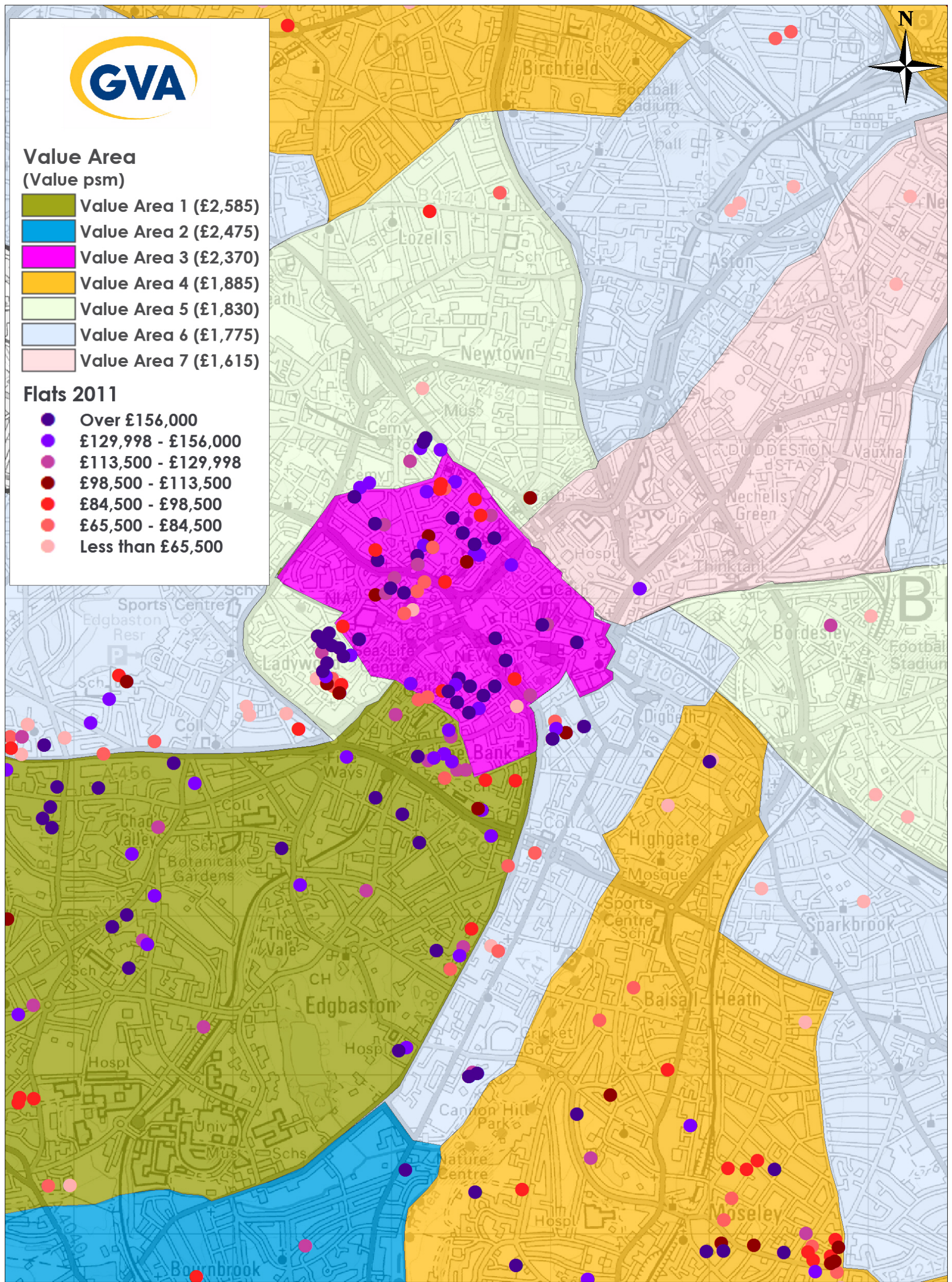
Residential Value Area Maps



Birmingham CIL

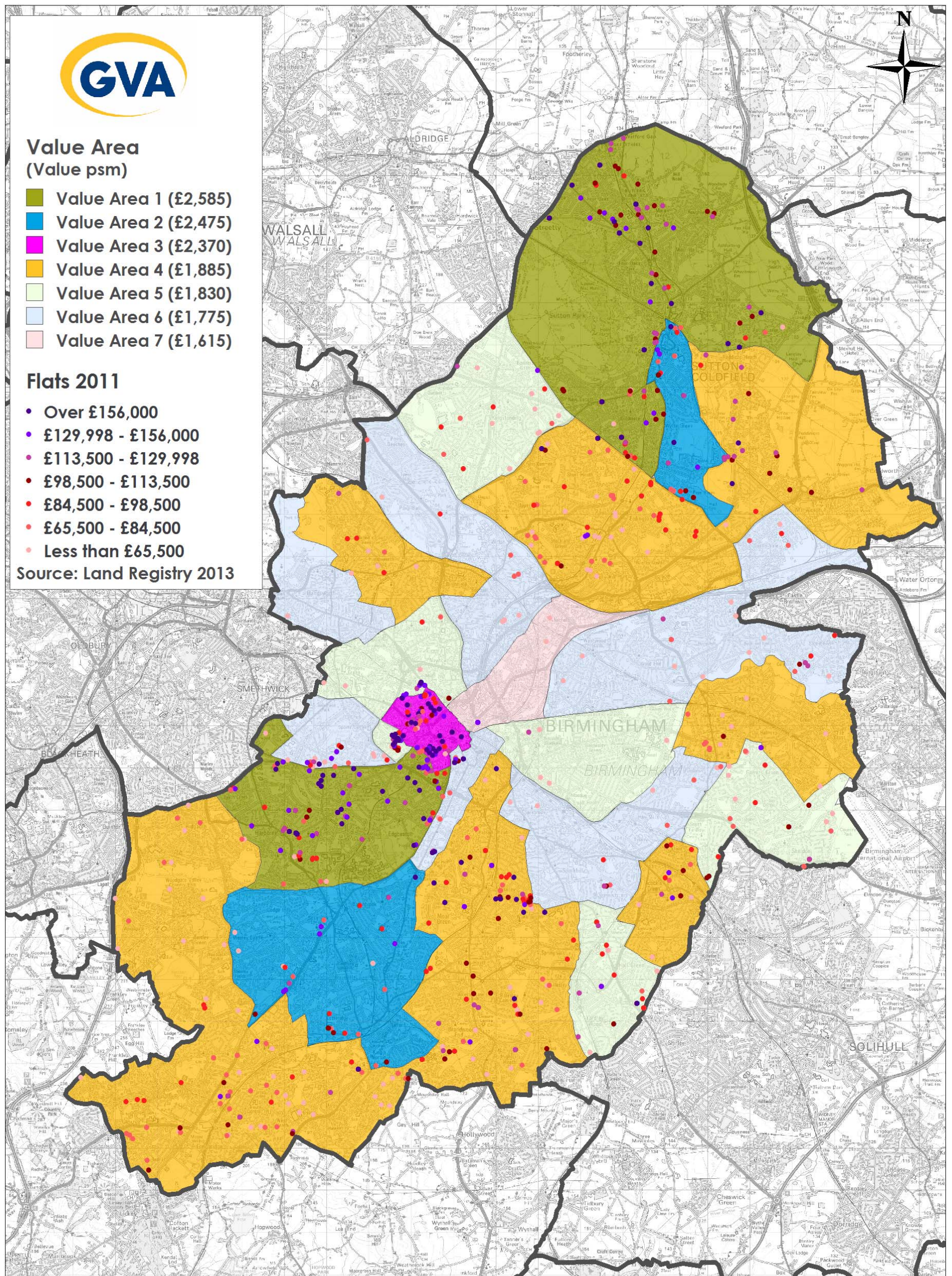
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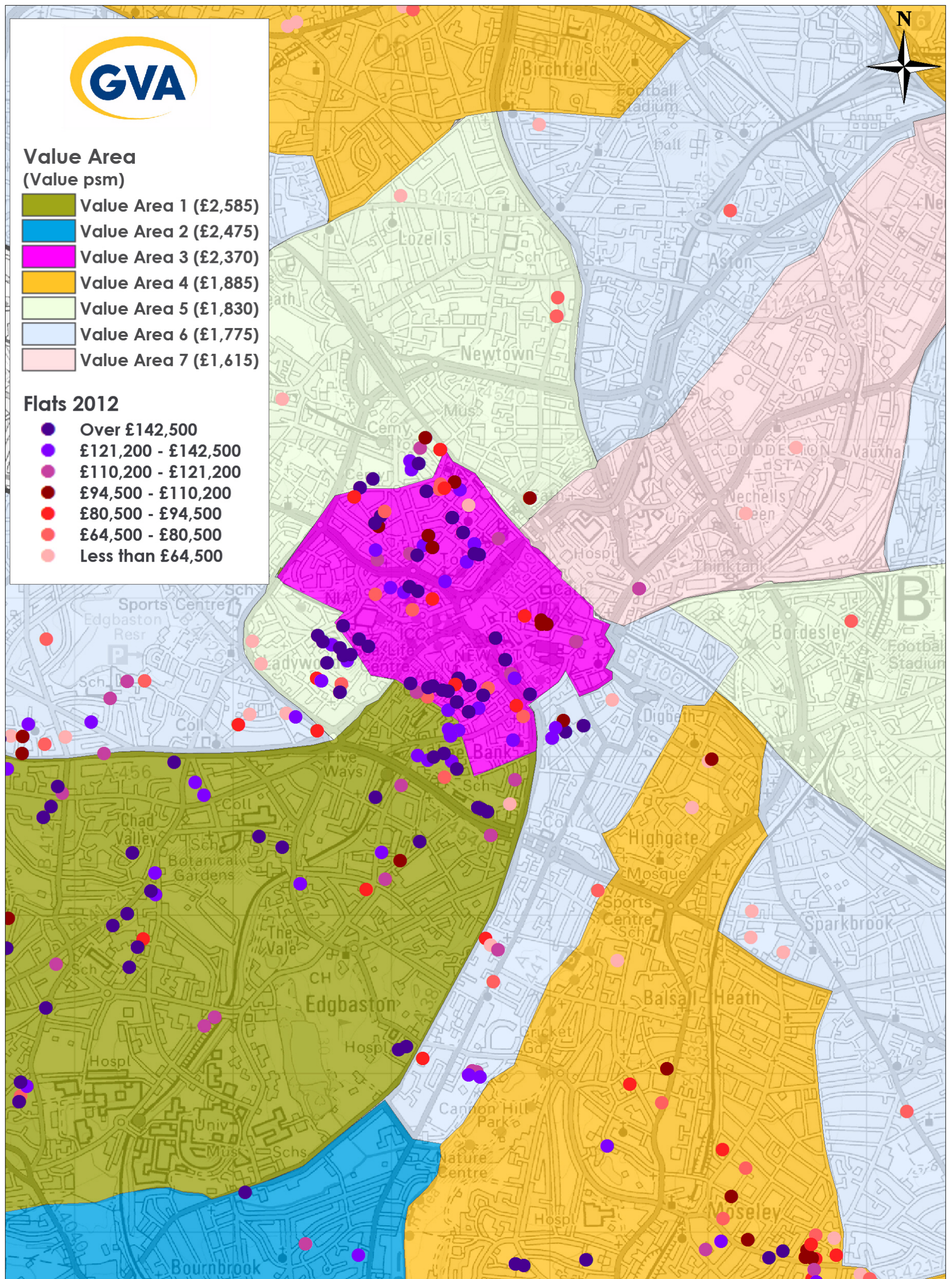
Birmingham CIL

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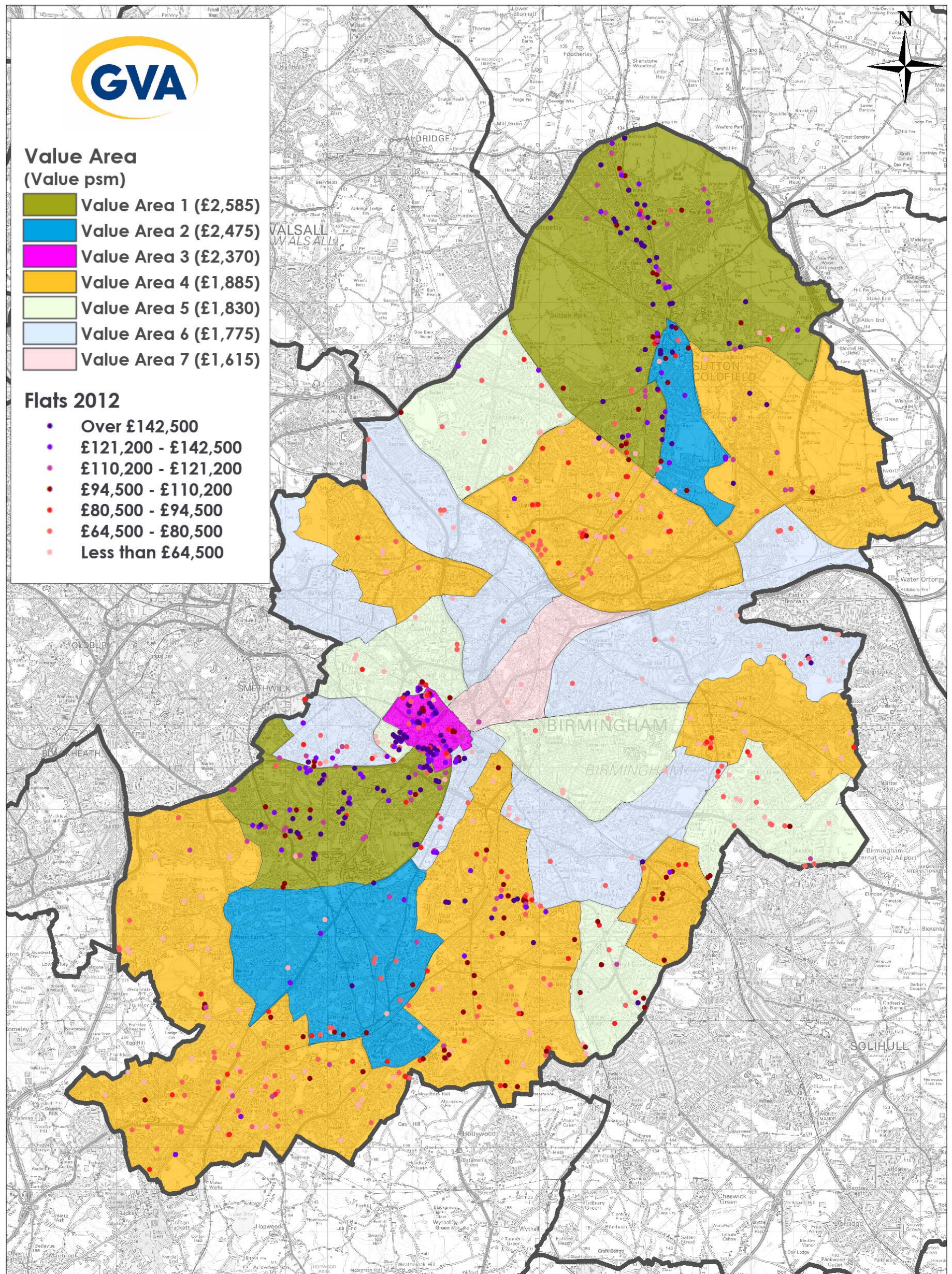
Birmingham CIL

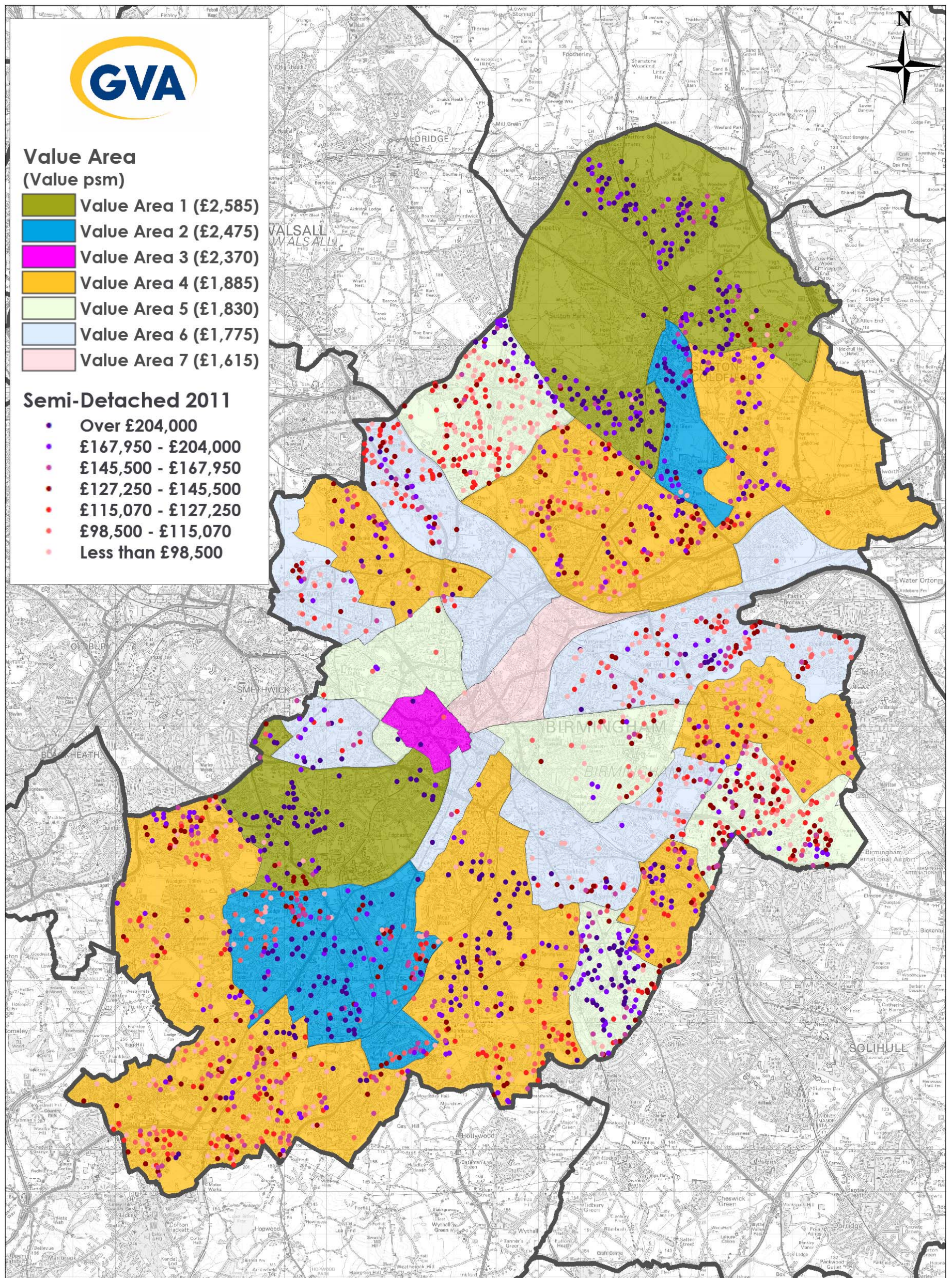
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Birmingham CIL

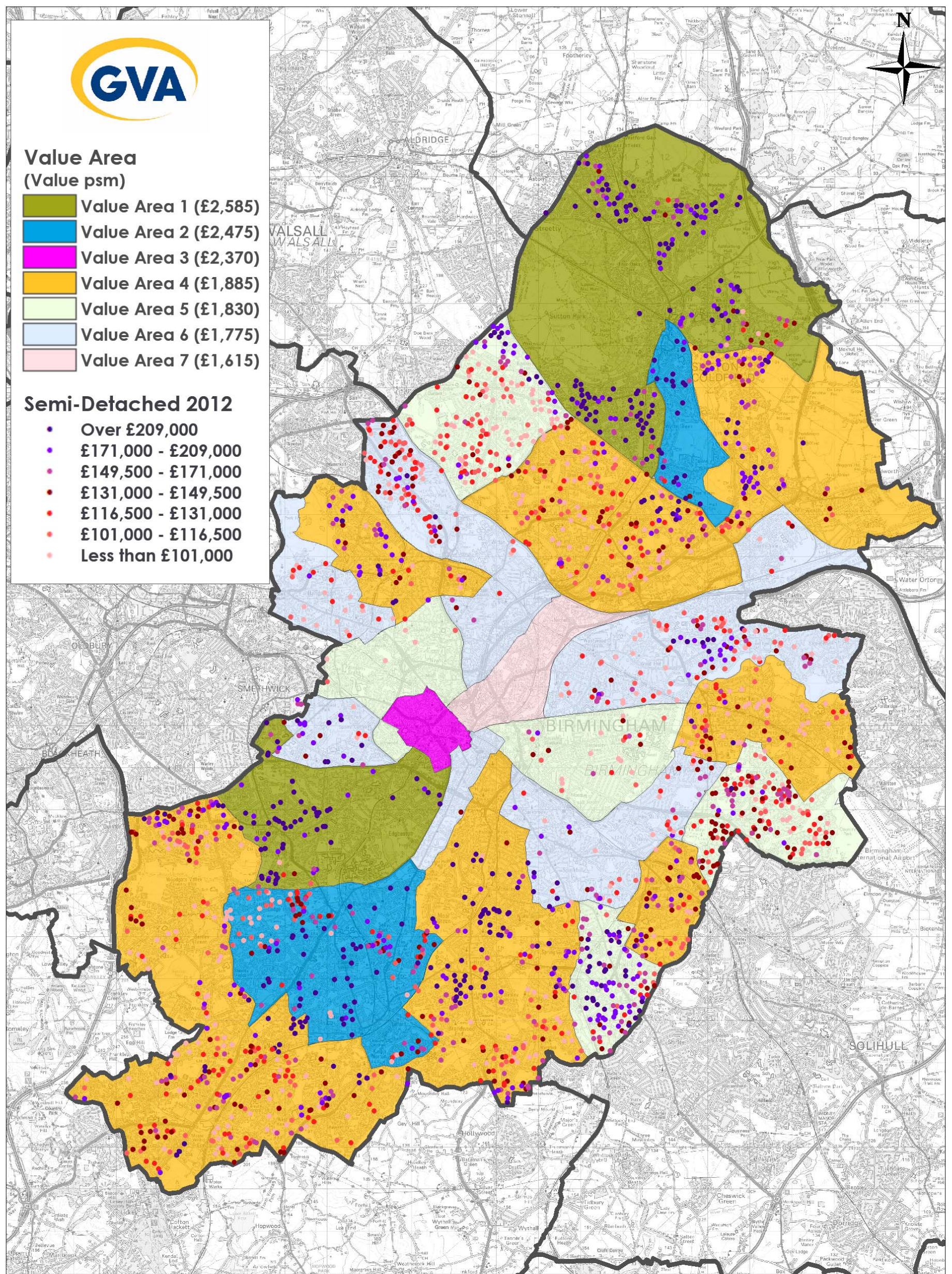
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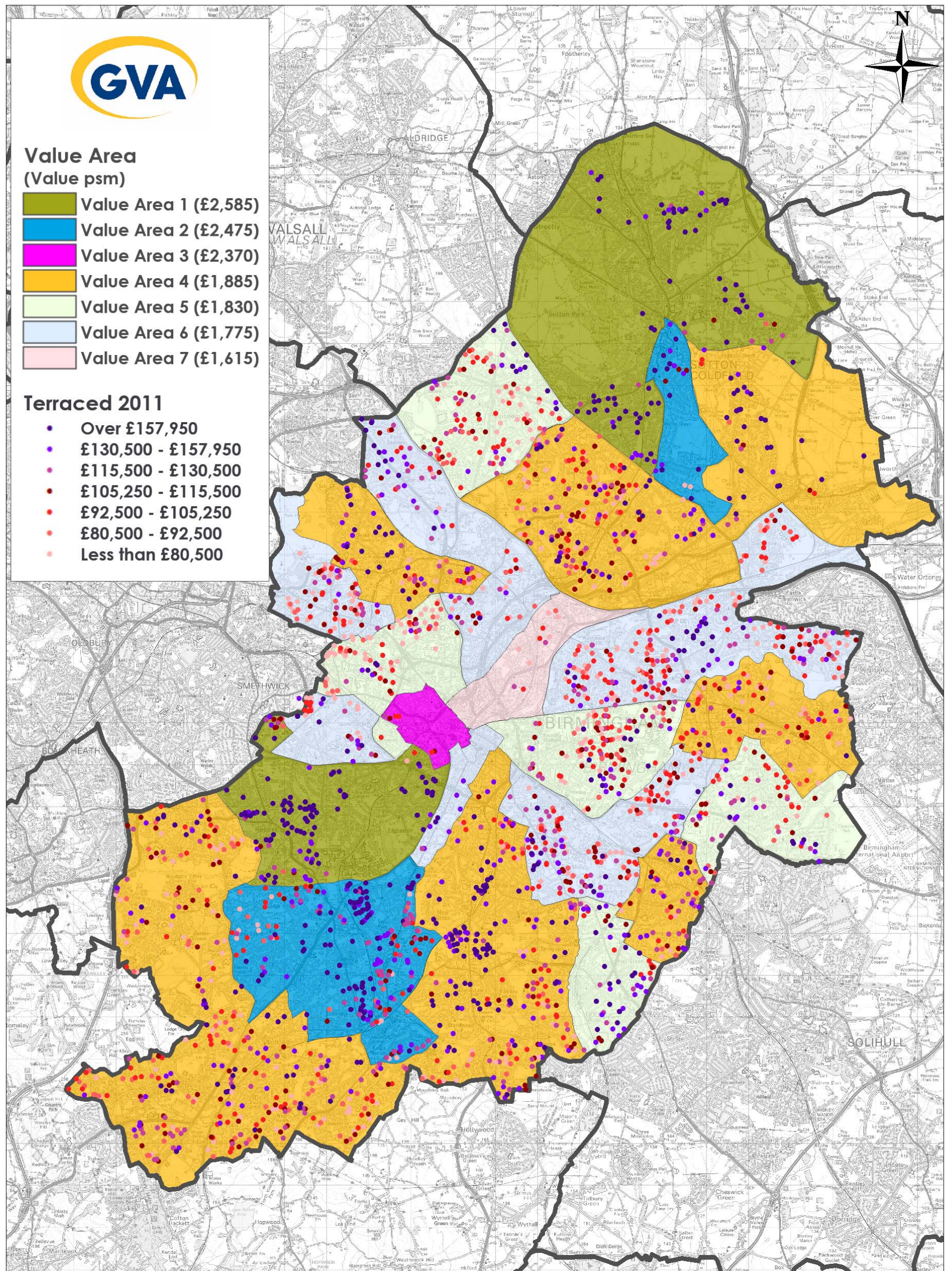
Birmingham CIL

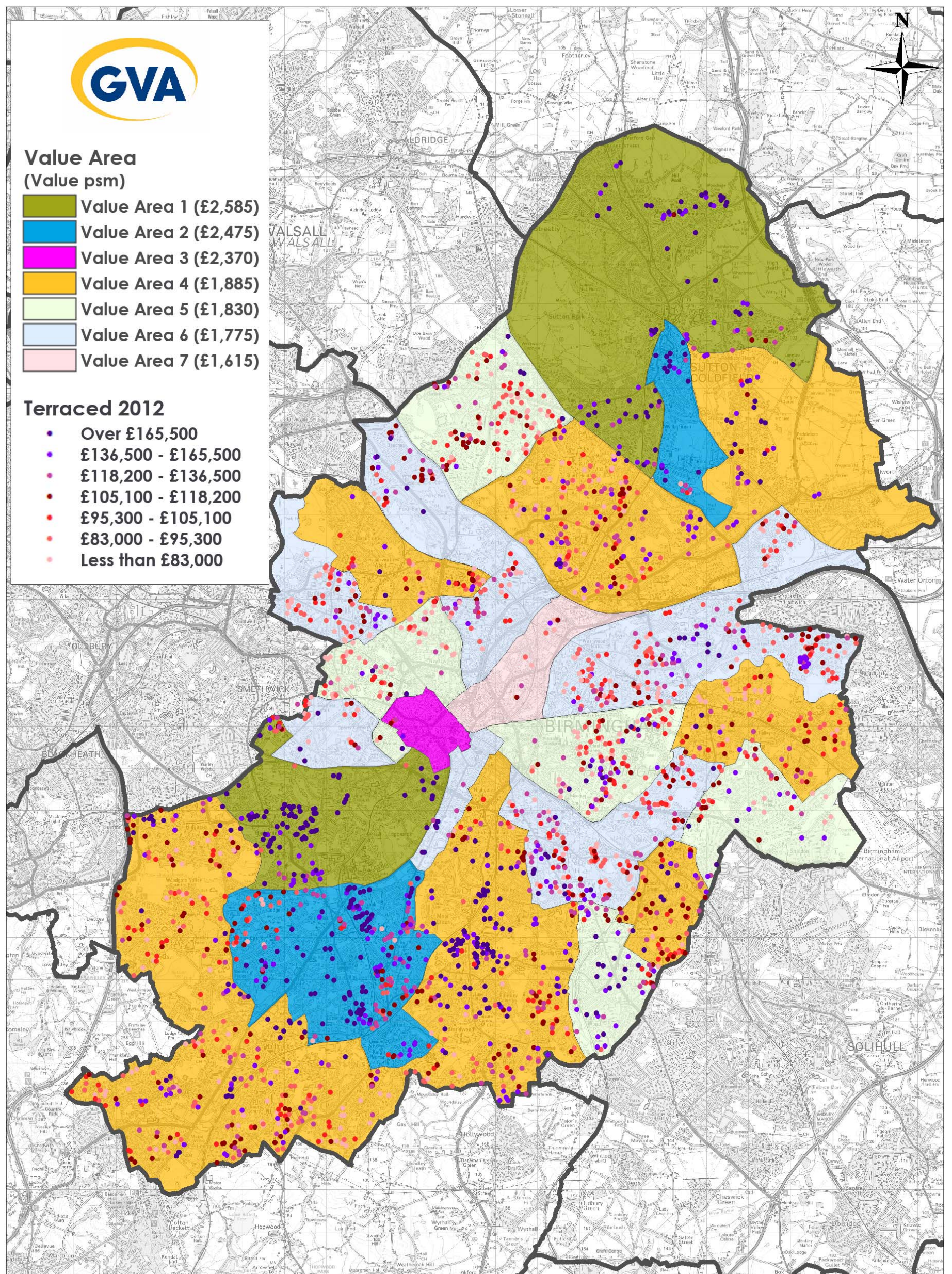
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