



Report

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CIL Development Viability Study: Additional Employment Testing Birmingham City Council

Draft 11th December 2013



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Prepared By Charles Trustram Eve Status . Director Date 6 December 2013

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 GVA has been instructed by the Council to carry out further work in respect of a number of employment scenarios, industrial and business park development in Greenbelt areas and offices in the prime and fringe of the city centre, to demonstrate the ability of different sizes of employment to potentially contribute to a CIL Charge.
- 1.2 As noted in the Report of October 2012, it is open to the Council to show through its Development Plan and other work what form of employment is anticipated to be delivered during the currency of the CIL Tariff, and to propose a CIL rate that can be afforded by those proposals.

2. ANALYSIS

- 2.1 The 6 additional development schemes have been discussed and agreed with Officers at the Council, including modified versions of schemes 18-22 (Section 6), and additional testing of a potential development of a business park on a greenbelt site. The details of the scenarios are summarised in the Table below.
- 2.2 The appraisals we have undertaken are for a hypothetical scheme in the Study Area and are not site specific. As such the appraisals are high level and cannot be used as an example of what an individual developer would be prepared to pay for land at any given location. The appraisals do not account for sunk costs or abnormal costs. The majority of assumptions within the appraisals are generic based on market comparables - the specifics of any scheme could have a significant impact on residual value e.g. site servicing costs.
- 2.3 In order to test the viability of a range of schemes on greenbelt employment land, three different scenarios have been tested.

Table 1: Summary of Development Typologies

Scenario	Type	Use Class	GIA Sq M	Car Parking Spaces	Gross site Ha
A	Greenbelt Industrial (Pre-let)	B1a/B2/B8	9,300	n/a	1.50
B	Greenbelt Industrial (Speculative)	B2/B8	4,700	n/a	0.75
C	Greenbelt Business Park (Speculative)	B1a	2,200	78	0.35

Scenario	Type	Use Class	GIA Sq M	Car Parking Spaces	Gross site Ha
D	City Fringe (Speculative)	B1a	6,700	30	0.22
E, F	City Prime (Speculative and Pre-let)	B1a	10,700	50	0.22

2.4 A summary of the values adopted is set out in the Table below.

Table 2: Summary of Rents, Yields and Rent Free Periods

Scenario		
A	Rent per Sq M	£65
	Yield	6.75%
	Rent Free – months	9
B	Rent per Sq M	£65
	Yield	7.50%
	Rent Free – months	18
C	Rent per Sq M	£172
	Yield	7.50%
	Rent Free – months	24
D	Rent per Sq M	£237
	Yield	7.50%
	Rent Free – months	24
E	Rent per Sq M	£306
	Yield	6.75%
	Rent Free – months	30
F	Rent per Sq M	£296
	Yield	6.75%
	Rent Free – months	30

Green Belt Employment Land

2.5 We have made a number of standard assumptions as detailed below.

Table 3: Summary of Assumptions

Item	Industrial (Pre-let)	Industrial (Speculative)	Business Park
Build Cost per sq m	£485	£485	£893

Item	Industrial (Pre-let)	Industrial (Speculative)	Business Park
Enabling Costs	5%	5%	5%
Professional Fees	10%	10%	10%
Contingency	5%	5%	5%
Letting Costs	15%	15%	15%
Investment Sale Costs	1.25%	1.25%	1.25%
Finance	7.50%	7.50%	7.50%
Profit on Cost	18%	20%	20%

Land Trader Model

2.6 Testing has also been undertaken using a Land Trader Model, which assumes that land is bought, planning permission is obtained, necessary employment works are carried out, an appropriate profit on cost is taken, and the serviced land is then sold on.

2.7 This model makes the following assumptions:

Table 4: Summary of Assumptions

Item	Land Trader Model
Enabling Costs	To be Advised
Professional Fees	10%
Investment Sale Costs	1.5%
Finance	7.50%
Profit on Cost	20%

(Results – to be reported at a later date)

City Centre Offices

2.8 For city centre offices, in each instance, the land price but not the size of the land has been increased from the 2012 testing in order to reflect current market conditions. An allowance has also been made for joint agency fees rather than sole agents. We have made a number of further assumptions as detailed below.

Table 5: Summary of Assumptions

Item	Fringe (Speculative)	Prime (Speculative)	Prime (Pre-let)
Build Cost per sq m	£1,290	£1,600	£1,600
Enabling Costs	10%	10%	10%
Professional Fees	10%	10%	10%
Contingency	5%	5%	5%
Letting Costs	15%	20%	20%
Investment Sale Costs	1.25%	1.25%	1.25%
Finance	7.50%	7.50%	7.50%
Profit on Cost	20%	20%	17.5%

Fringe City Speculatively Let

- 2.9 It is noted that the 2012 appraisal made no allowance for car parking, which does not reflect reality. The 2013 appraisal has allowed for rental income from onsite car parking at £1,500 per space.

Prime City Speculatively Let

- 2.10 The rent has been marginally increased from 2012 to reflect current market conditions, and a separate allowance has been made for car parking income.

Prime City Pre-let

- 2.11 Further to the 2012 testing, a greater allowance has been made for car parking (the number of spaces has increased to 50).

Residual Land Value

- 2.12 The Residual Land Value for each scenario has been compared with a Base Land Value, which then allows for a margin from which CIL/S.106 can be provided (taking into account cashflow and finance charges).

Table 6: Base Land Values

Area	Adopted Base Land Value	Per Hectare	Per Acre
Greenbelt Industrial (Pre-let)	£1,195,000	£803,100	£325,0000
Greenbelt Industrial (Speculative)	£604,000	£803,100	£325,000

Area	Adopted Base Land Value	Per Hectare	Per Acre
Greenbelt Business Park (Speculative)	£283,000	£803,100	£325,000
City Centre Fringe	£550,000	£2,471,000	£1,000,000
City Centre Prime	£3,300,000	£14,826,000	£6,000,000

3. RESULTS

- 3.1 The appraisals are appended, and the Table below summarises the maximum CIL charges per square metre for the different scenarios tested. We have assumed that there is effectively no payment required under a S106 Agreement.

Table 5: Maximum CIL

Scenario	Type	Maximum CIL (40% Cushion)
A, B, C	Greenbelt Employment Land	(to be Reported at a later date)
D	City Fringe Offices	£0
E, F	City Centre Prime Offices	£0

4. CONCLUSIONS

- 4.1 The further testing has demonstrated that both speculatively let and pre-let offices in the Prime City Centre and the City Fringe of Birmingham cannot support a CIL payment.
- 4.2 It should also be noted that the appraisals have been undertaken on a high level basis, and that there can be exceptional costs for individual sites that can mean that the residual land value is materially reduced.



Report

Appendices

**Birmingham City Council – Additional Employment CIL Testing
City Fringe Office**

REVENUE

Fringe City Centre Office	5,600.00 sq-m at 237.00 psm/pa	1,327,200	
Car Parking Spaces	30 units at 1,500.00 ea./pa	45,000	
Inv.Value-A	Net annual income	1,372,200	
	Capitalised at 7.5% Yield	18,296,000	
	Less Unpaid Rent: 24 Months Income	2,744,400	
	Less Purchasers costs at 5.8%	1,002,994	14,548,606
		REVENUE	14,548,606

COSTS

Site Value		264,000	
Site Stamp Duty	at 4.00%	10,560	
Site Legal Fees	at 1.00%	2,640	
Site Agency Fees	at 0.50%	1,320	
		Site Costs	278,520
Fringe City Centre Office	6,700.00 sq-m at 1,290.00 psm	8,643,000	
Undercroft Car Parking	30 spaces at 10,000.00 ea.	300,000	
Contingency	at 5.00%	447,150	
Professional Fees	at 10.00%	894,300	
Enabling And Infrastructure Costs	at 10.00%	894,300	
		Build Costs	11,178,750
Letting Agents Fee	at 15.00%	205,830	
Letting Legal Fees	at 5.00%	68,610	
Invest.sale Agents Fee	at 0.75%	129,698	
Invest.sale Legal Fees	at 0.50%	86,465	
		Disposal Fees	490,603
INTEREST			175,671
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Mar 12)		
Fringe City Centre Office (bld.)	Month 1 to 12 (Mar 12 - Feb 13)		
Undercroft Car Parking (bld.)	Month 1 to 12 (Mar 12 - Feb 13)		
Contingency	Month 1 to 15 (Mar 12 - May 13)		
Professional Fees	Month 1 to 15 (Mar 12 - May 13)		
Enabling And Infrastructure Costs	Month 1 to 15 (Mar 12 - May 13)		
Inv.Value-A 7.5%	Month 8 (Oct 12)		
PROFIT	2,425,062	COSTS	12,123,544
PROFIT/SALE	16.67%	PROFIT/COST	20.00%
IRR	N/A	RENT COVER	1.8 years
YIELD/COST	11.32%		

**Birmingham City Council – Additional Employment CIL Testing
City Centre Office - Speculative**

REVENUE		Prime City Offices – Speculatively Let	
City Centre Office	9,300.00 sq-m at 306.00 psm/pa	2,845,800	
Basement Parking	50 units at 2,500.00 ea./pa	125,000	
Inv.Value-A	Net annual income	2,970,800	
	Capitalised at 6.75% Yield	44,011,852	
	Less Unpaid Rent: 30 Months Income	7,427,000	
	Less Purchasers costs at 5.8%	2,412,748	34,172,104
		REVENUE	34,172,104
<hr/>			
COSTS			
Site Value		1,810,000	
Site Stamp Duty	at 4.00%	72,400	
Site Legal Fees	at 1.00%	18,100	
Site Agency Fees	at 0.50%	9,050	
		Site Costs	1,909,550
Prime City Centre Office	11,300.00 sq-m at 1,600.00 psm	18,080,000	
Basement Car Parking	50 spaces at 25,000.00 ea.	1,250,000	
Contingency	at 5.00%	966,500	
Professional Fees	at 10.00%	1,933,000	
Enabling And Infrastructure Costs	at 10.00%	1,933,000	
		Build Costs	24,162,500
Letting Agents Fee	at 15.00%	445,620	
Letting Legal Fees	at 5.00%	148,540	
Invest.sale Agents Fee	at 0.75%	311,993	
Invest.sale Legal Fees	at 0.50%	207,996	
		Disposal Fees	1,114,149
			1,291,354
INTEREST			
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Mar 14)		
Prime City Centre Office (bld.)	Month 4 to 18 (Jun 14 - Aug 15)		
Basement Car Parking (bld.)	Month 4 to 18 (Jun 14 - Aug 15)		
Investment Sales	Month 18 (Aug 15)		
PROFIT	5,694,551	COSTS	28,477,552
PROFIT/SALE	16.66%	PROFIT/COST	20.00%
IRR	N/A	RENT COVER	1.9 years
YIELD/COST	10.43%		

**Birmingham City Council – Additional Employment CIL Testing
City Centre Office – Pre-let**

REVENUE

City Centre Office	9,300.00 sq-m at 296.00 psm/pa	2,752,800	
Car Parking Spaces	50 units at 2,500.00 ea./pa	125,000	
Inv.Value-A	Net annual income	2,877,800	
	Capitalised at 6.5% Yield	44,273,846	
	Less Unpaid Rent: 30 Months Income	7,194,500	
	Less Purchasers costs at 5.8%	2,427,111	34,652,235
		REVENUE	34,652,235

COSTS

Site Value		2,688,000	
Site Stamp Duty	at 4.00%	107,520	
Site Legal Fees	at 1.00%	26,880	
Site Agency Fees	at 0.50%	13,440	
		Site Costs	2,835,840
Prime City Centre Office	11,300.00 sq-m at 1,600.00 psm	18,080,000	
Basement Car Parking	50 spaces at 25,000.00 ea.	1,250,000	
Contingency	at 5.00%	966,500	
Professional Fees	at 10.00%	1,933,000	
Enabling And Infrastructure Costs	at 10.00%	1,933,000	
		Build Costs	24,162,500
Letting Agents Fee	at 15.00%	431,670	
Letting Legal Fees	at 5.00%	143,890	
Invest.sale Agents Fee	at 0.75%	313,851	
Invest.sale Legal Fees	at 0.50%	209,234	
		Disposal Fees	1,098,644
INTEREST			1,394,178
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Mar 14)		
Prime City Centre Office (bld.)	Month 4 to 18 (Jun 14 - Aug 15)		
Basement Car Parking (bld.)	Month 4 to 18 (Jun 14 - Aug 15)		
Investment Sales	Month 18 (Aug 15)		
PROFIT	5,161,074	COSTS	29,491,162
PROFIT/SALE	14.89%	PROFIT/COST	17.50%
IRR	N/A	RENT COVER	1.8 years
YIELD/COST	9.76%		



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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

Prepared By Charles Trustram Eve.....Status..Director.....Date 11 December 2013

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.

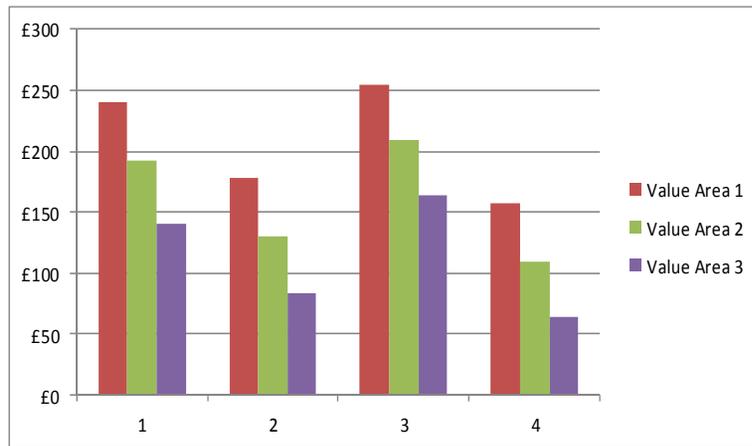
Residential

- 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%:-

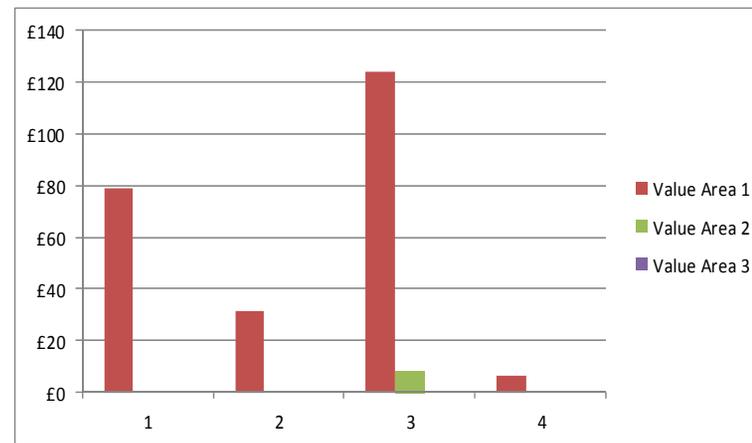
High Value Areas (Value Areas 1, 2 & 3): Maximum Level of Viable CIL Charge

Developments below the Affordable Housing Threshold:

APPROACH 1: Existing Use Value + 20% as Benchmark



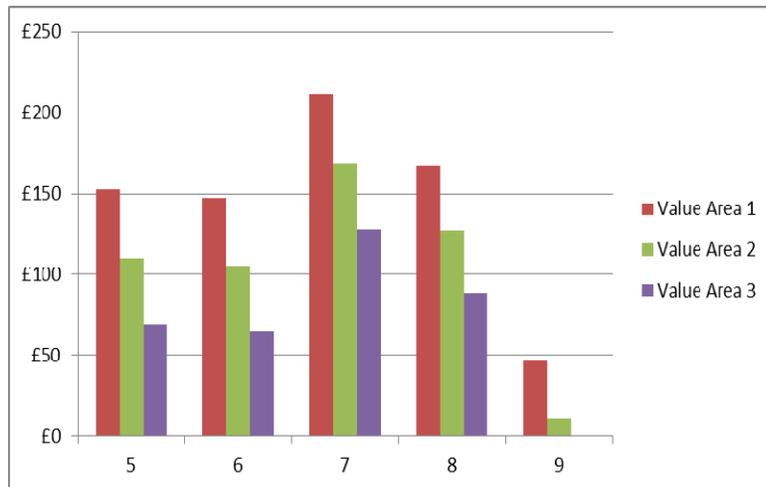
APPROACH 2: Residential Land Value as Benchmark



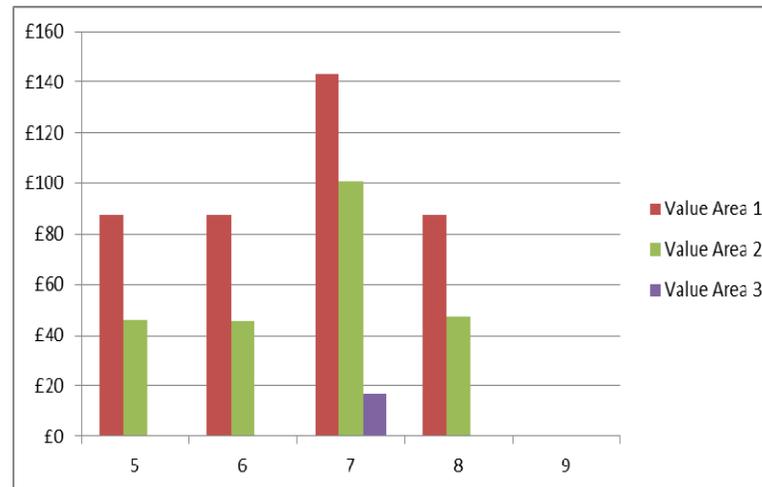
High Value Areas (Value Areas 1,2 & 3): Maximum Level of Viable CIL Charge

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

APPROACH 1: Existing Use Value + 20% as Benchmark



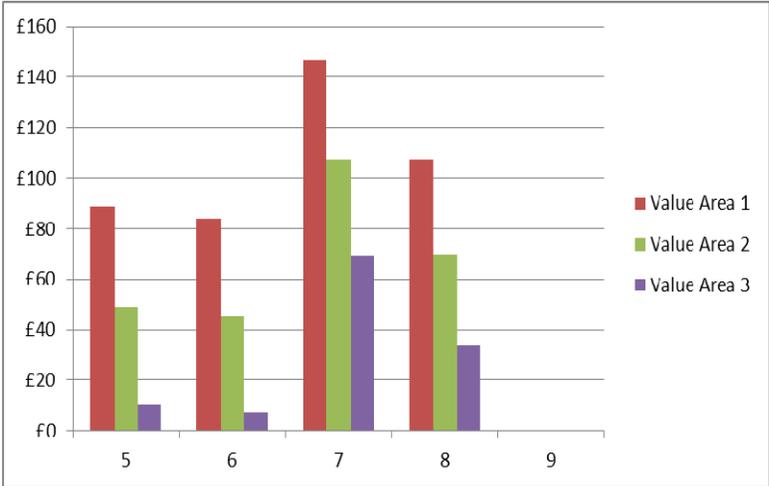
APPROACH 2: Residential Land Value as Benchmark



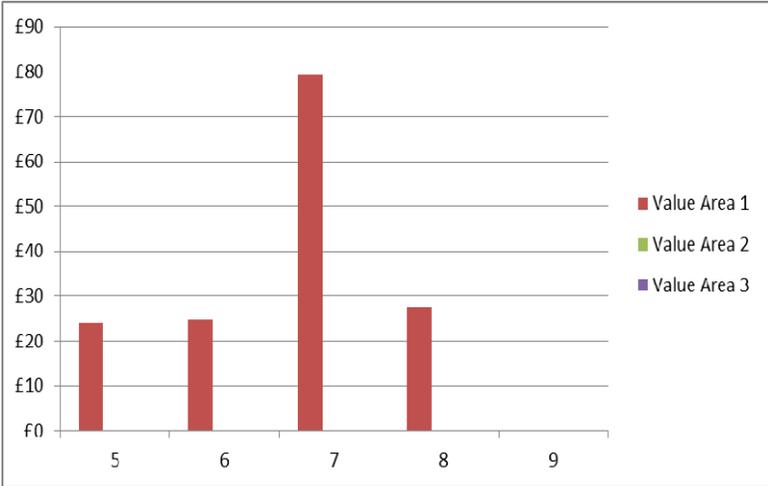
High Value Areas (Value Areas 1, 2 & 3): Maximum Level of Viable CIL Charge

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

APPROACH 1: Existing Use Value + 20% as Benchmark



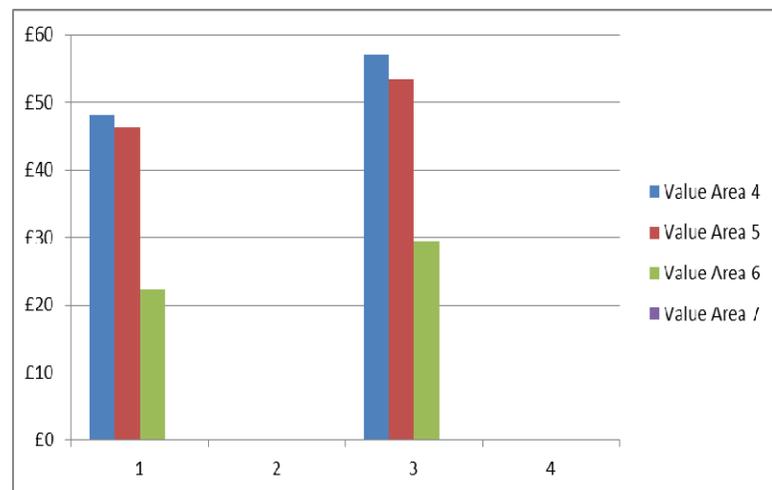
APPROACH 2: Residential Land Value as Benchmark



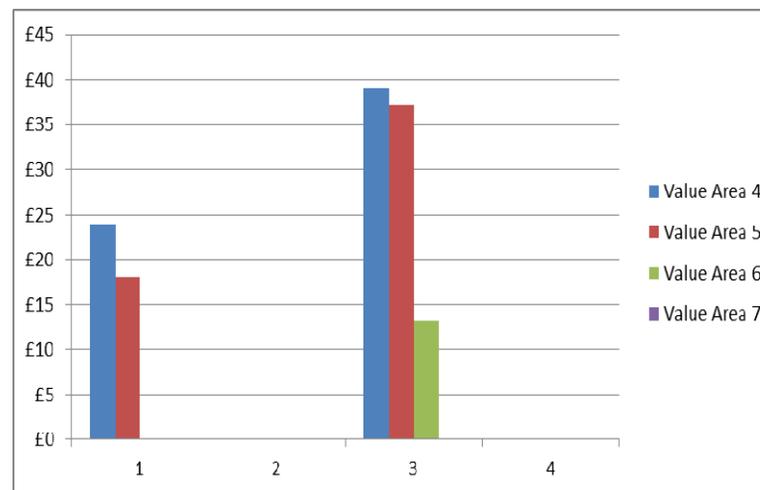
Low Value Areas (Value Areas 4, 5, 6 & 7): Maximum Level of Viable CIL Charge

Developments below the Affordable Housing Threshold:

APPROACH 1: Existing Use Value + 20% as Benchmark



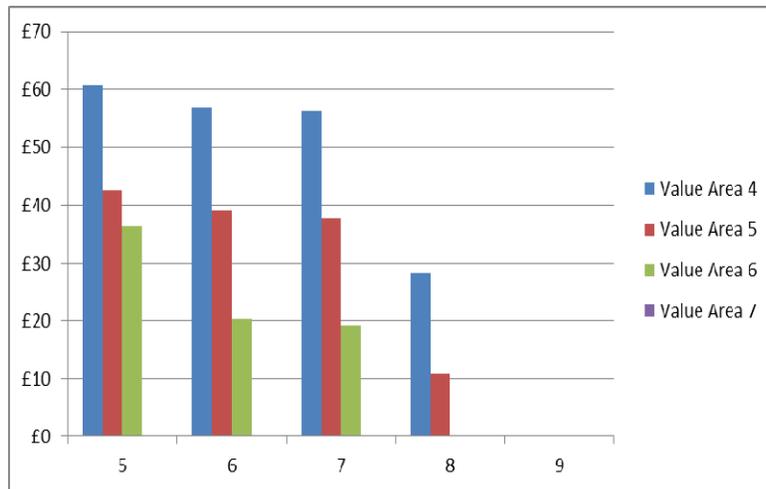
APPROACH 2: Residential Land Value as Benchmark



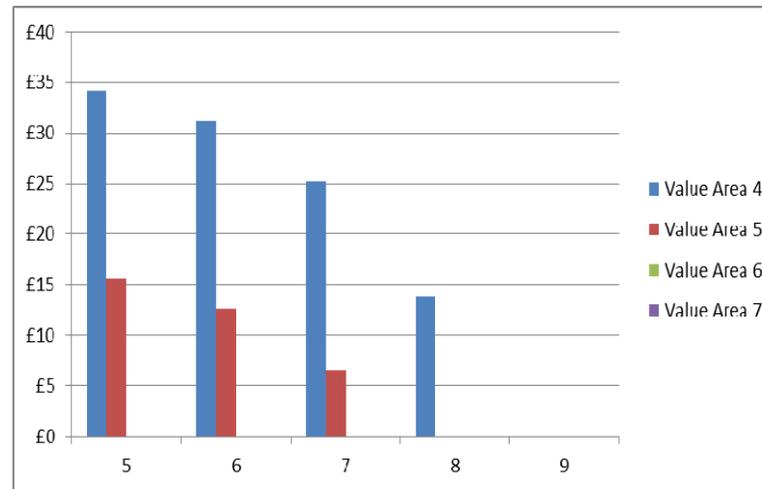
Low Value Areas (Value Areas 4, 5, 6 & 7): Maximum Level of Viable CIL Charge

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

APPROACH 1: Existing Use Value + 20% as Benchmark



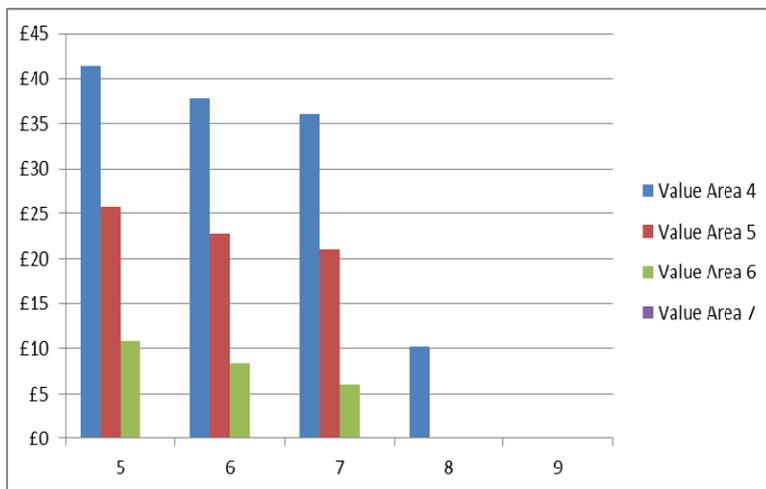
APPROACH 2: Residential Land Value as Benchmark



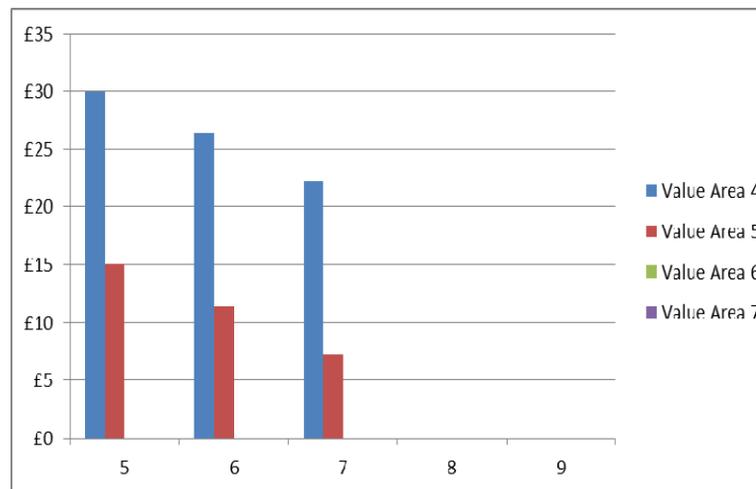
Low Value Areas (Value Areas 4, 5, 6 & 7): Maximum Level of Viable CIL Charge

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:-

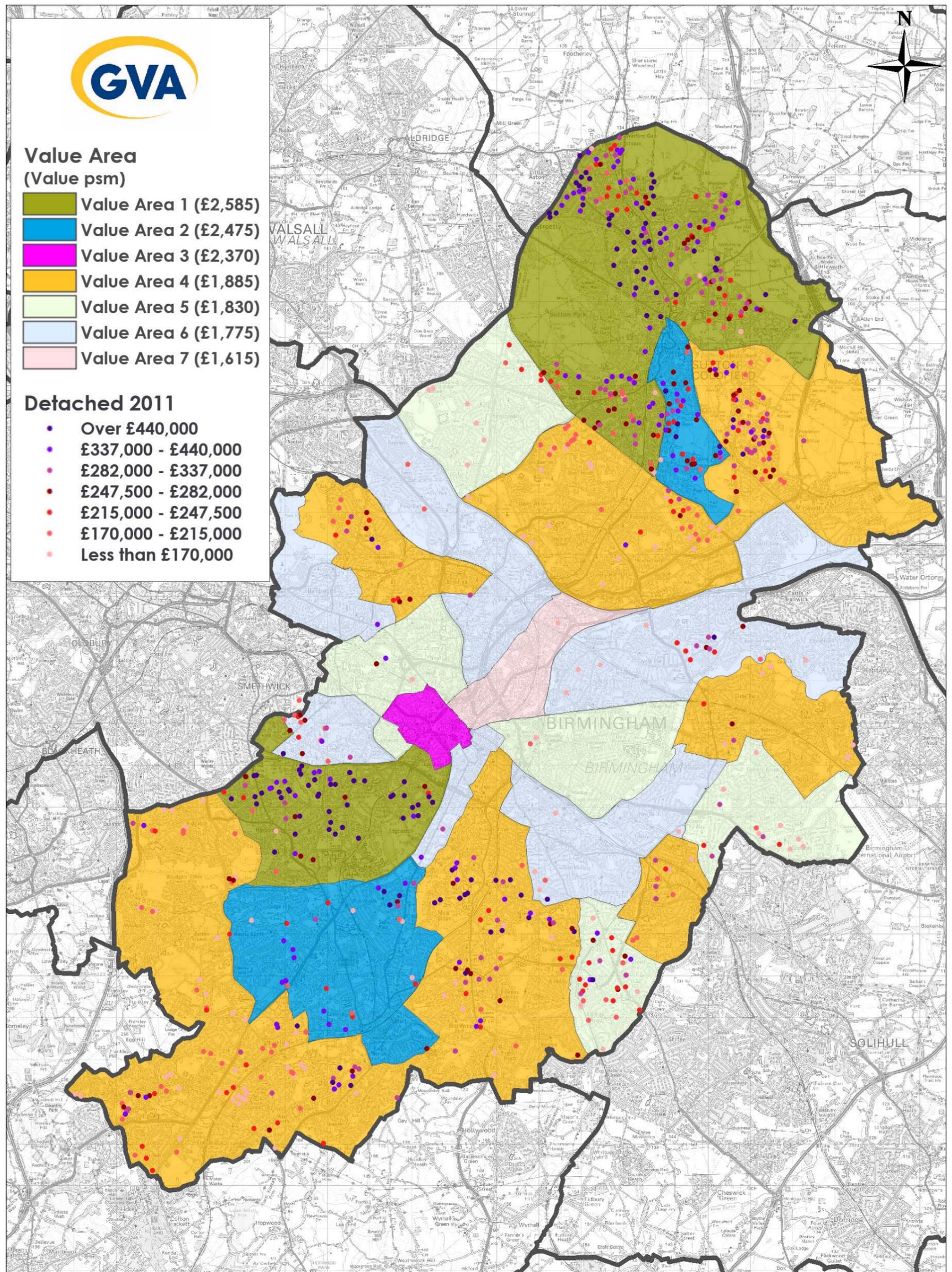
Maximum CIL Tariff (Per Sq m)		Type of Development
2012 Recommendation	Revised incl 40% Cushion	
Band 1		
£380	£228	<ul style="list-style-type: none"> Retail (Supermarket >5,000 sq m)

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

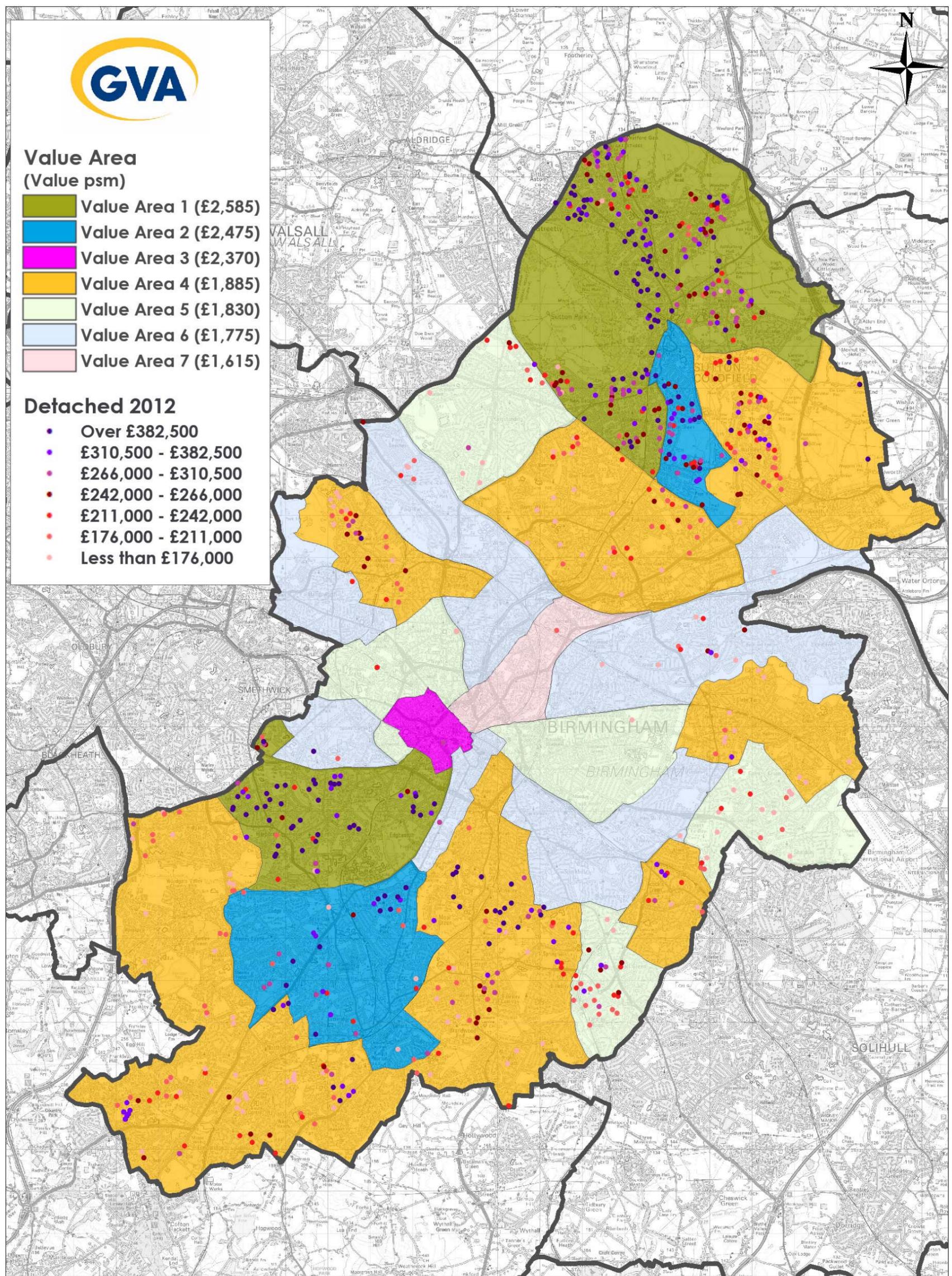
Appendix 1:

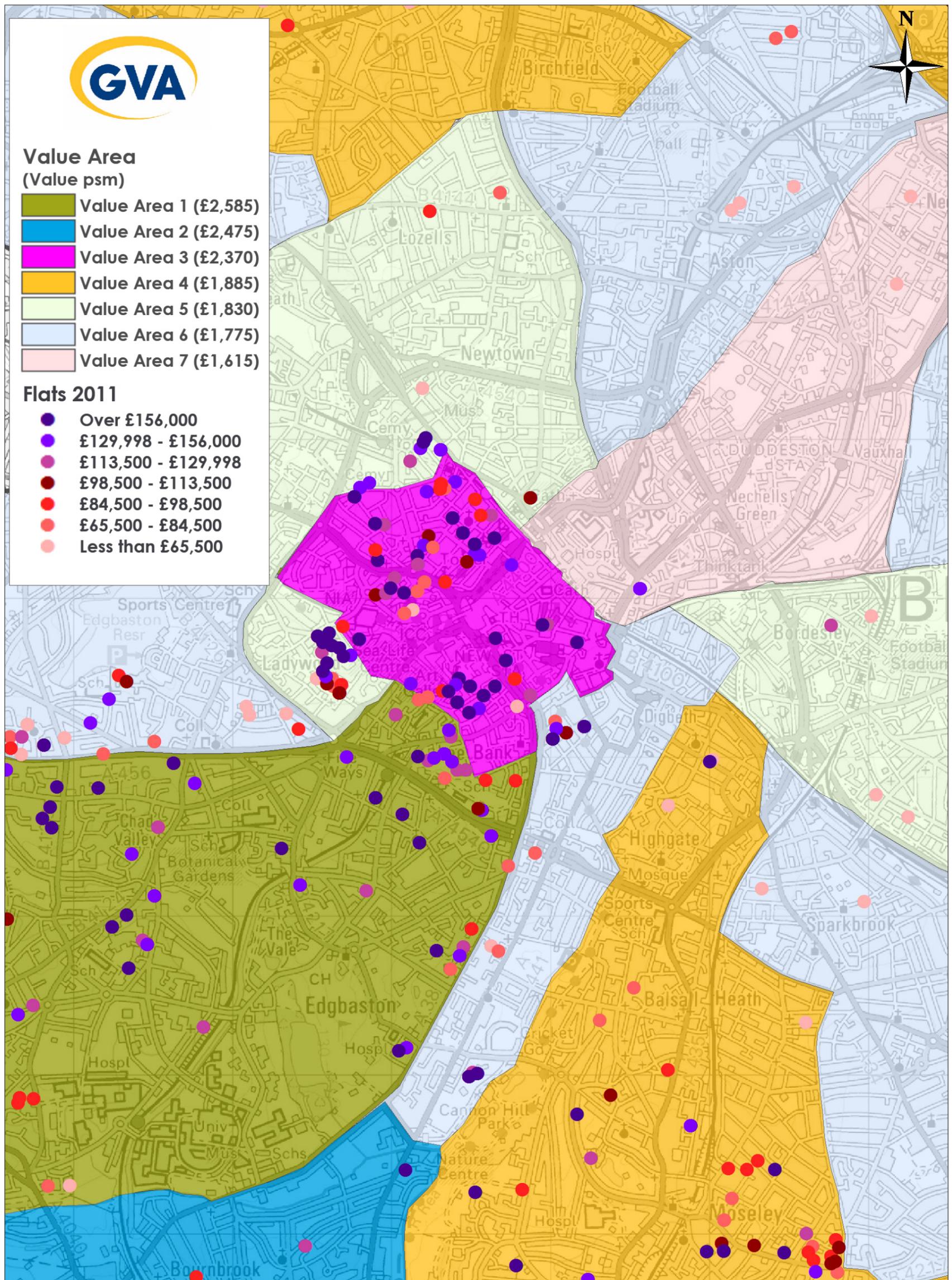
Residential Value Area Maps



Birmingham CIL

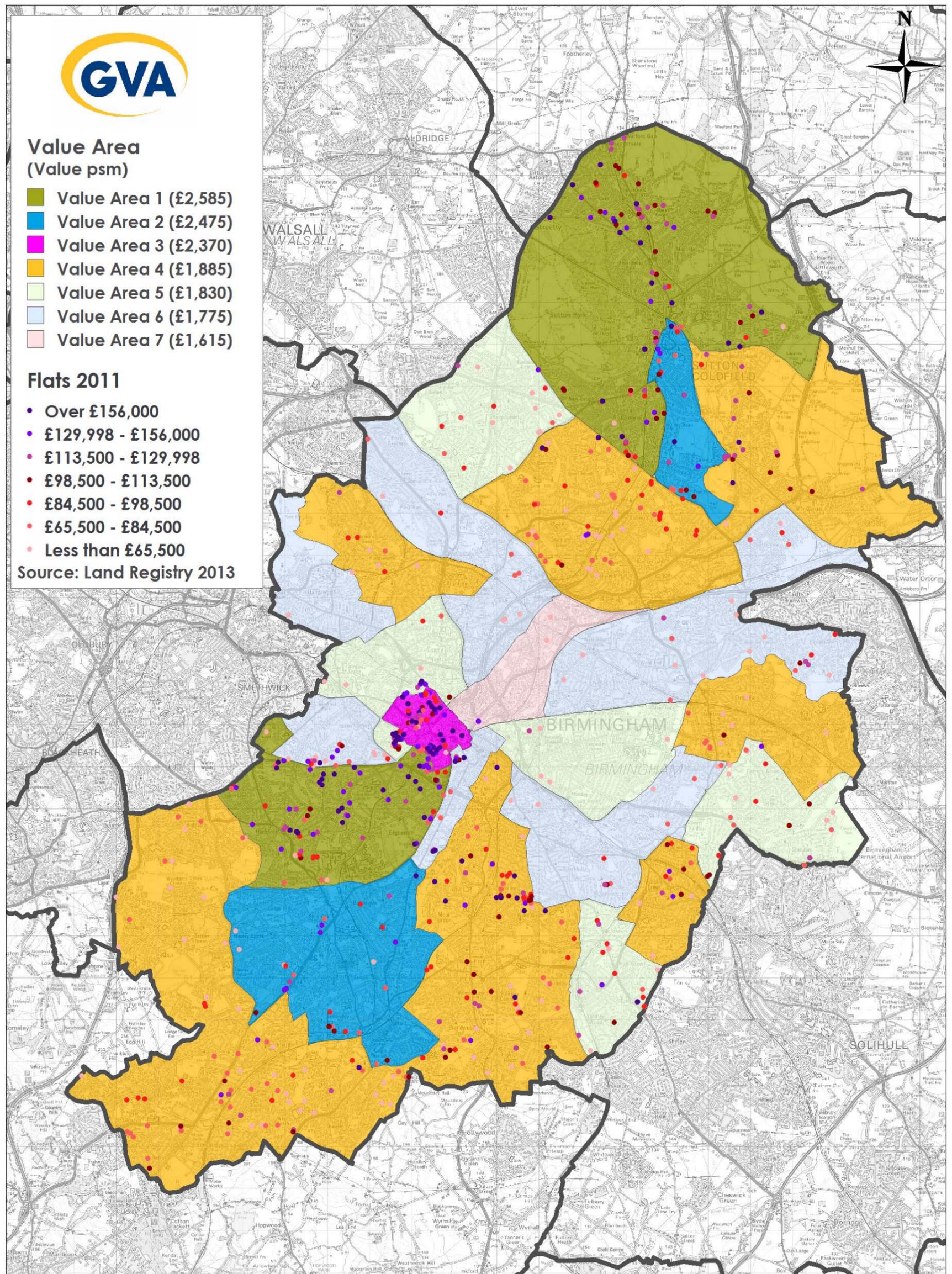
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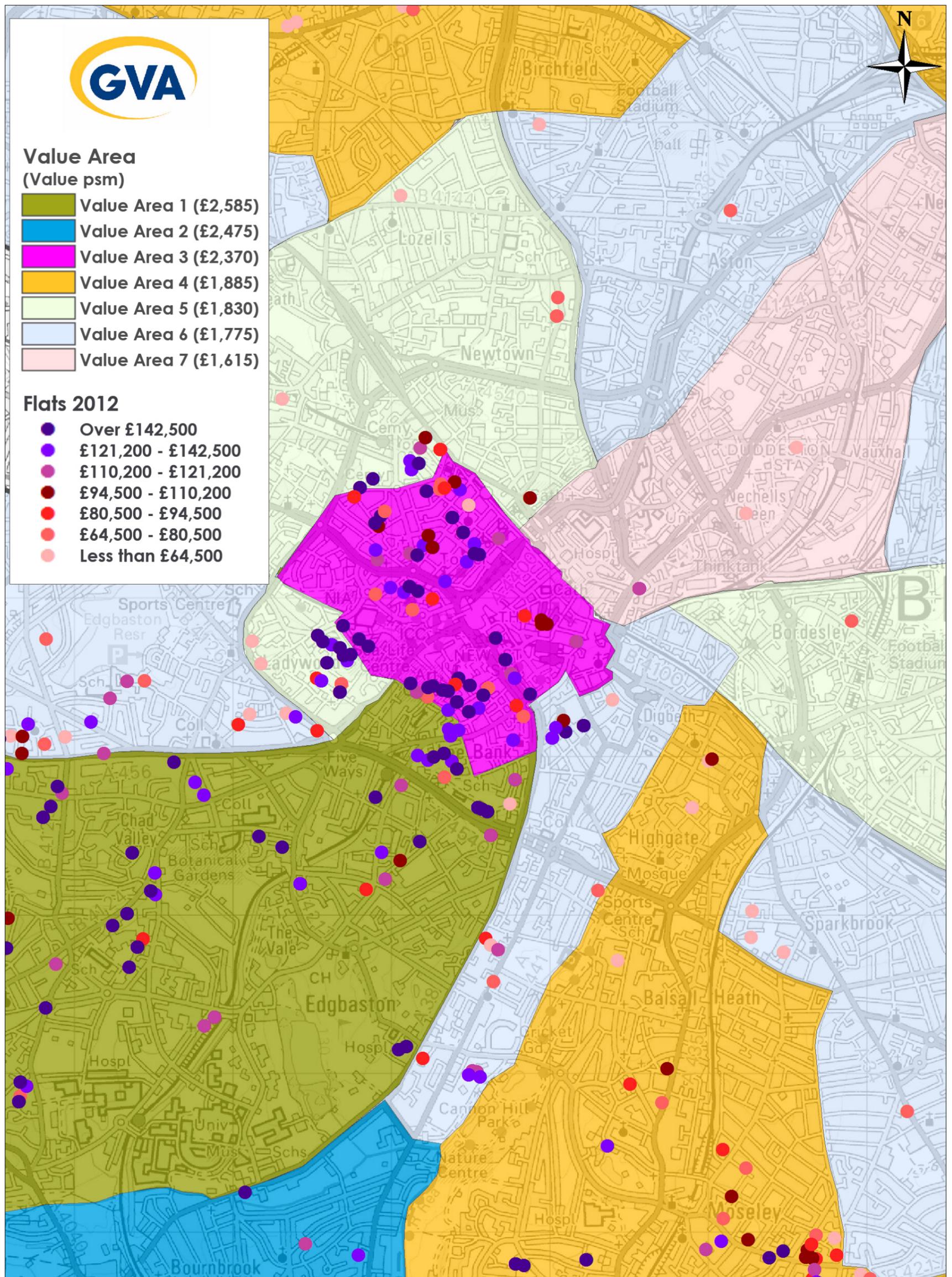
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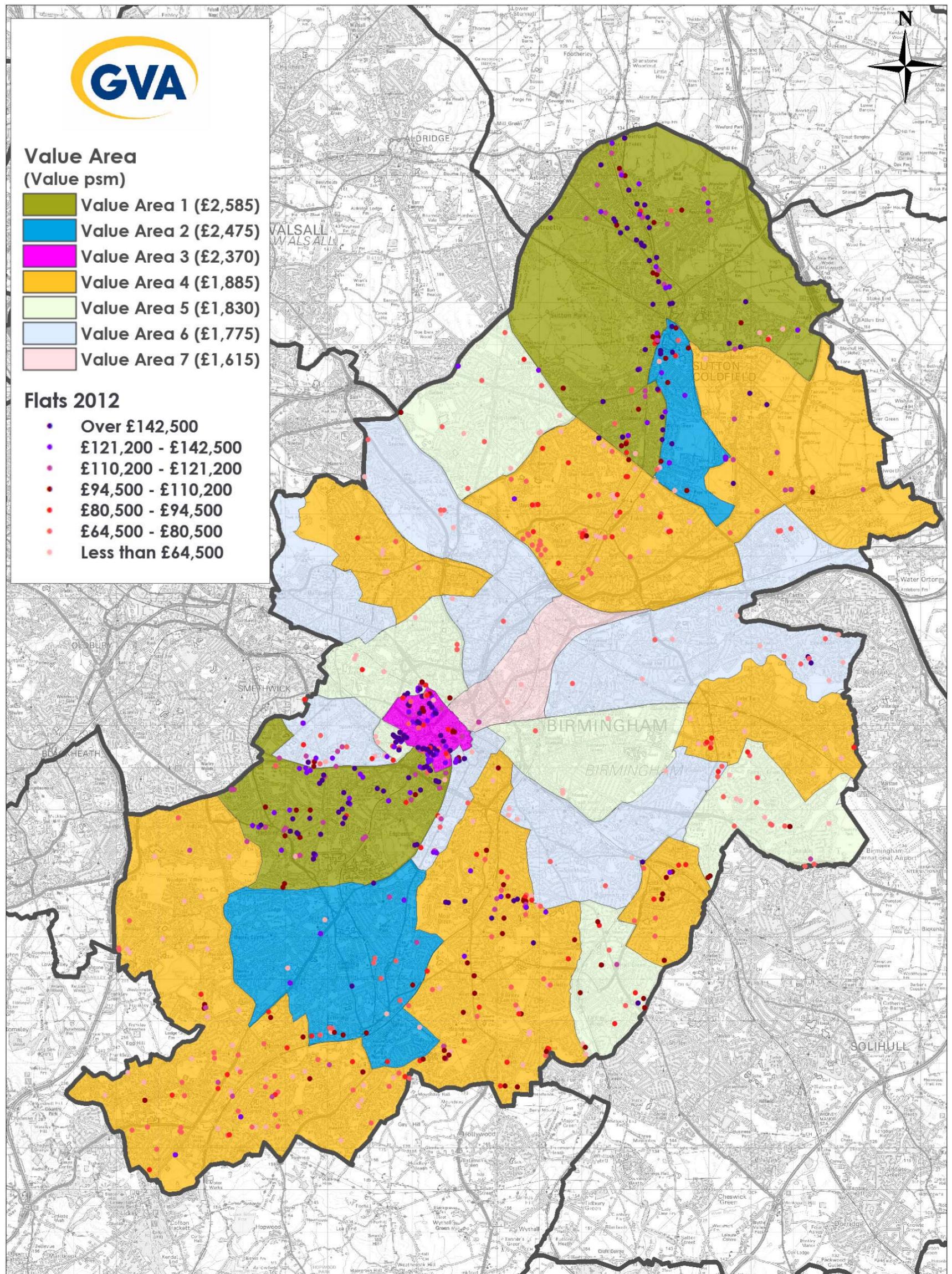
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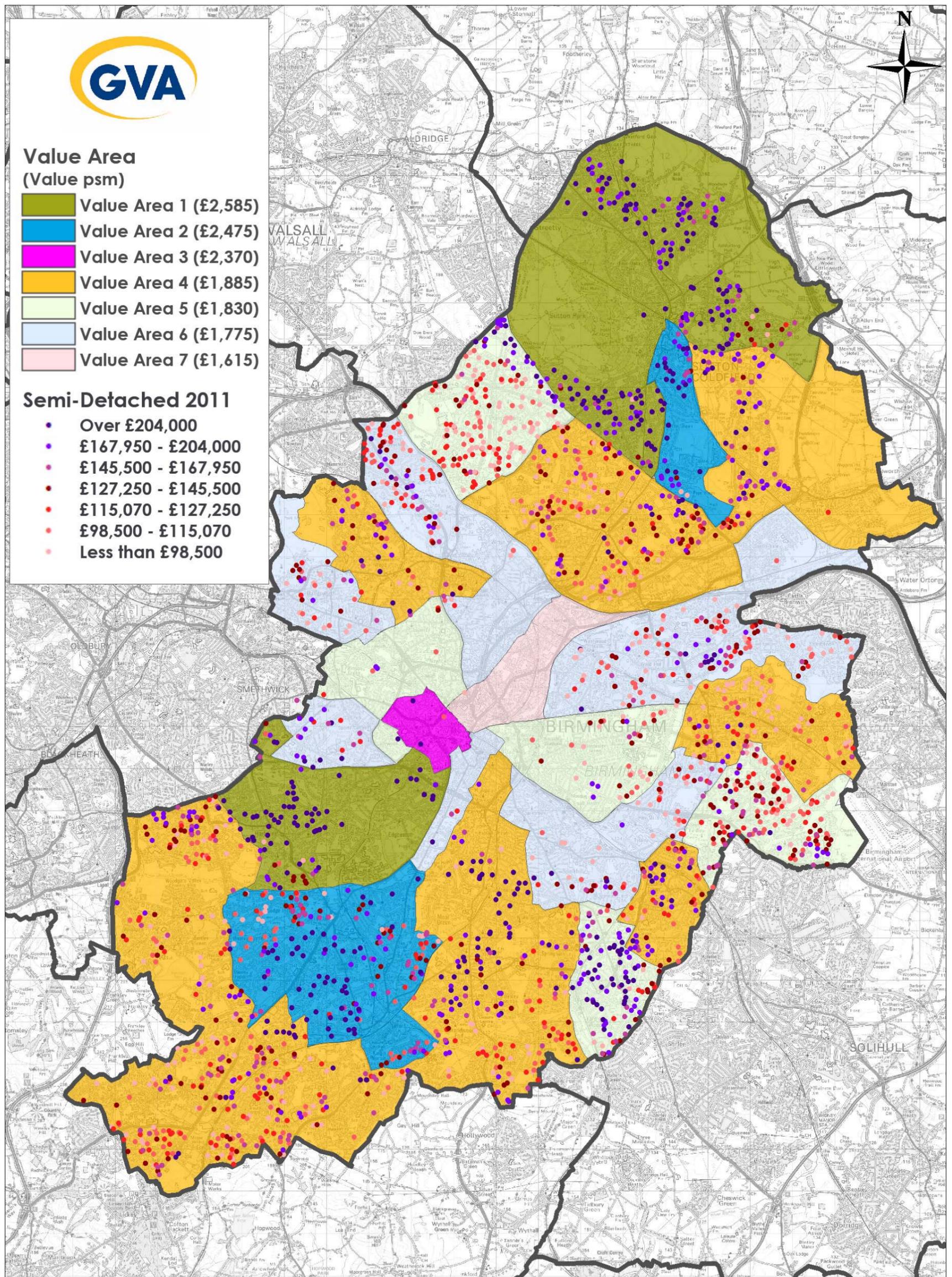
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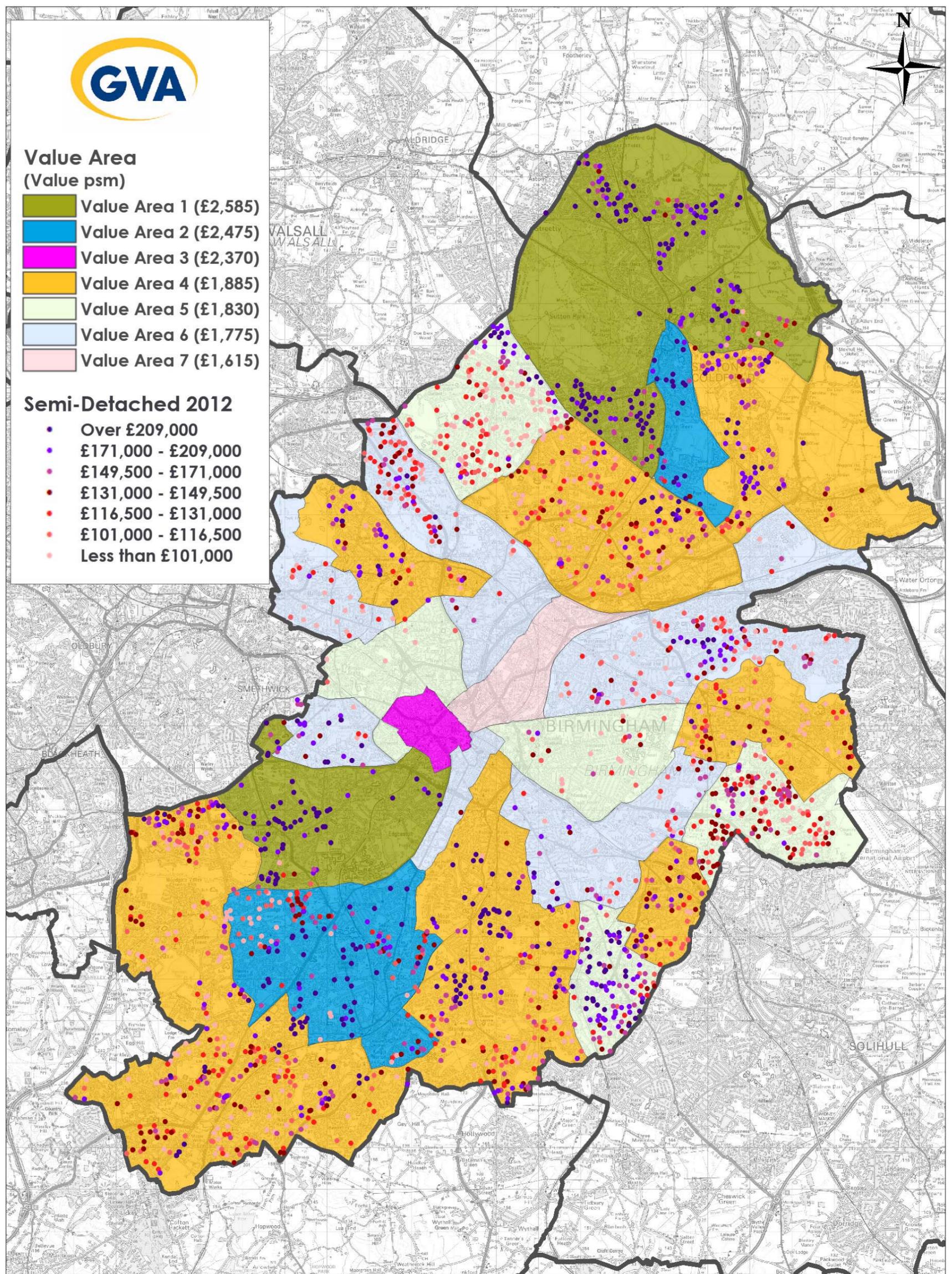
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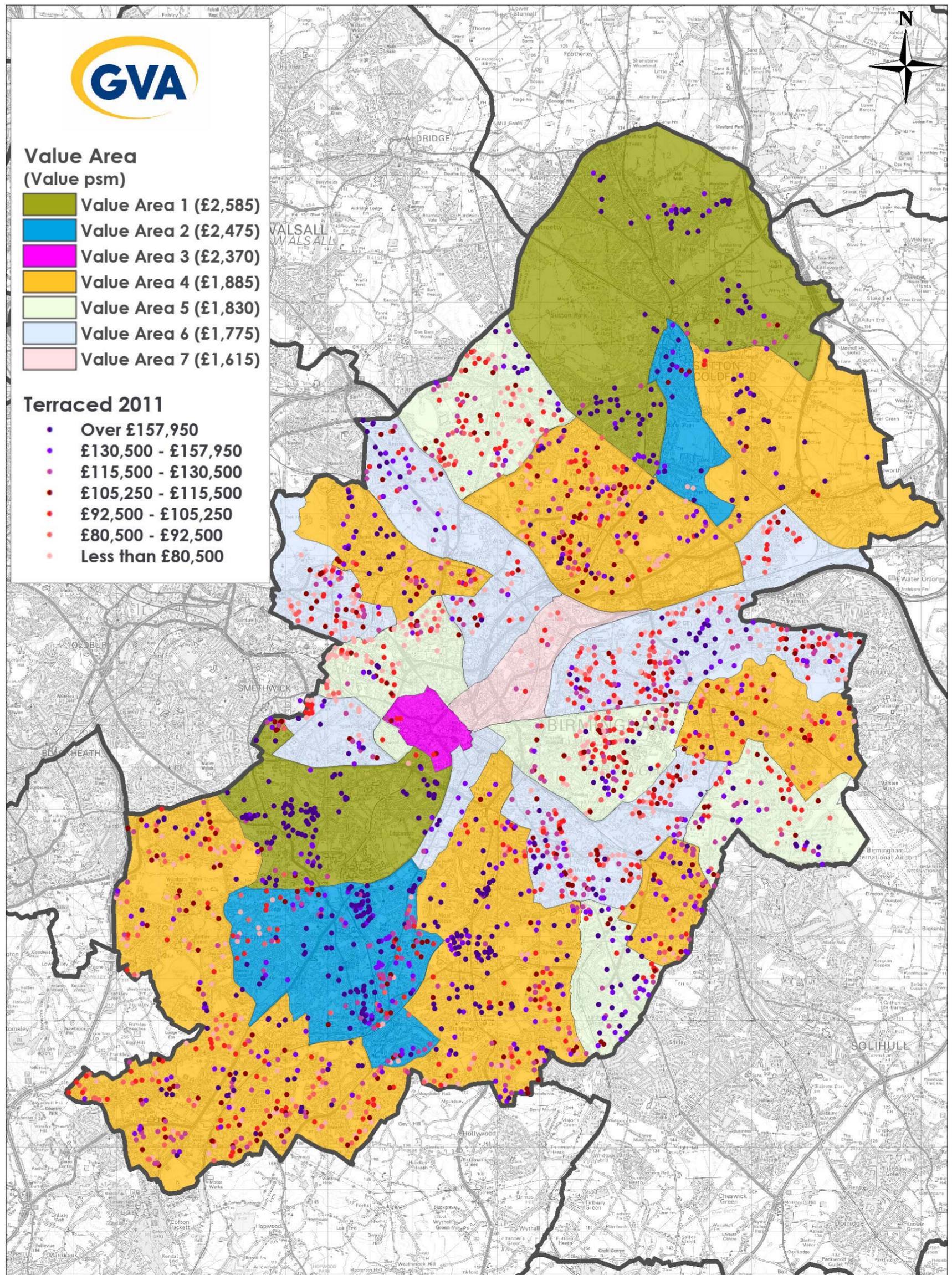
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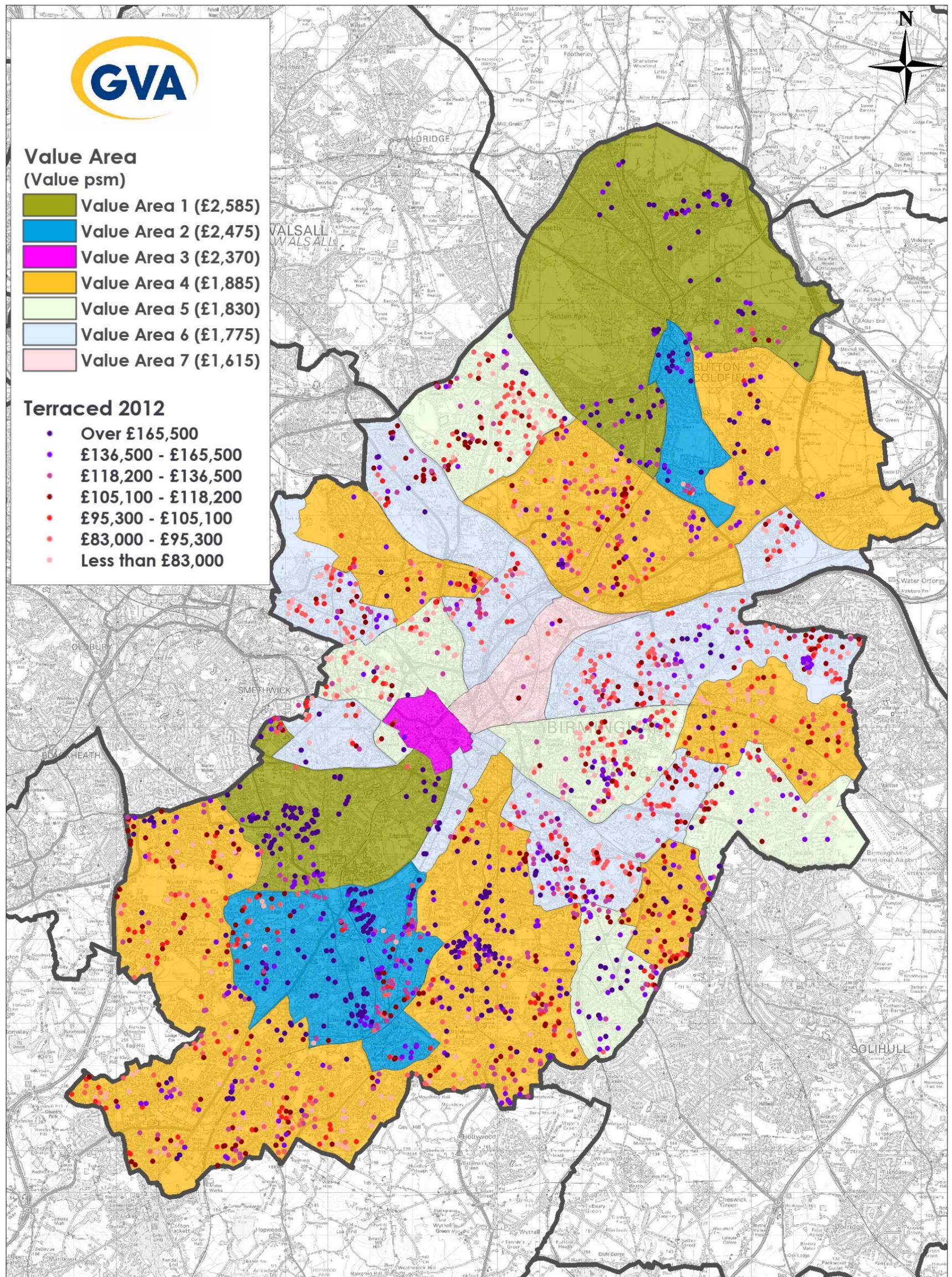
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Report

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CIL Development Viability Study: Additional Retail Testing Birmingham City Council

Draft 11th December 2013



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Prepared By Charles Trustram Eve Status . Director.....Date 11th December 2013

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 GVA has been instructed by the Council to carry out further work in respect of two retail scenarios, supermarkets and city centre retail, to demonstrate the ability of different size and formats of retail stores to potentially contribute to a CIL Charge.
- 1.2 As noted in the Report of October 2012, it is open to the Council to show through its Core Strategy and other work what form of retail is anticipated to be delivered during the currency of the CIL Tariff, and to propose a CIL rate that can be afforded by those proposals even if it cannot be by other forms of the same development.

2. ANALYSIS

- 2.1 The 4 additional development schemes have been discussed and agreed with Officers at the Council, including a modified version of Scenario 15 (Scenario C). The details of the schemes are summarised in the Table below.
- 2.2 The appraisals we have undertaken are for a hypothetical scheme in the Study Area, and are not site specific. As such the appraisals are high level and cannot be used as an example of what an individual developer or operator would be prepared to pay for land at any given location. The appraisals do not account for sunk costs or abnormal costs, and assume for the convenience stores a single storey development. The majority of assumptions within the appraisals are generic based on market comparables - the specifics of any scheme could have a significant impact on residual value e.g. site servicing costs.
- 2.3 If an operator was to construct a convenience or food store then, based on its own business model, it could potentially pay significantly more for the site than a developer; we have seen examples where an operator has offered more than double the bids from developers. We have sought to illustrate the potential difference in residual land value between the two approaches.

Table 1: Summary of Development Typologies

Scenario	Type	GIA Sq M	Car Parking Spaces	Gross site Ha
A	Convenience	1,500	90 surface	0.61
B	Convenience	2,700	150 surface	1.21

Scenario	Type	GIA Sq M	Car Parking Spaces	Gross site Ha
C	Convenience (including petrol station)	5,000	250 surface	2.42
D	City Centre	6,968	0	0.69

2.4 A summary of the values adopted is set out in the Table below.

Table 2: Summary of Rents, Yields and Rent Free Periods

Scenario		
A	Rent per Sq M	£161
	Yield	6%
	Rent Free – months	12
B	Rent per Sq M	£215
	Yield	5%
	Rent Free – months	0
C	Rent per Sq M	£215
	Yield	5%
	Rent Free – months	9
D	Rent per Sq M	£161-£215
	Yield	5.5%
	Rent Free – months	24

Convenience Stores

2.5 We have made a number of standard assumptions as detailed below.

Table 3: Summary of Building Cost Assumptions

Item	
Build Cost per sqm	£1,300 - £1,430
Professional Fees	10%
Contingency	3% - 5%
Letting Costs	15%
Investment Sale Costs	1.5%
Finance	7.5%

Item	
Profit on Costs	5% on Operator Led 15% on Developer Led

- 2.6 An additional cost of £1,000,000 has been added to Scenario C, to account for the build costs of the petrol filling station.
- 2.7 We have calculated the developer led schemes by reference to a profit of 15% on the development costs. Currently in respect of schemes involving convenience stores we would expect developers to seek c 15 - 17.5%.
- 2.8 We have calculated the operator led schemes by reference to a profit of 5% on the Cost, which reflects the fact that operators are not seeking to make a profit on the development itself but to enable a development which allows them to derive income and profit from trading; we have seen appraisals from operators that have made no allowance for a profit. This also illustrates how effectively operators can submit substantially greater bids for land than developers.

City Centre

- 2.9 We have made a number of standard assumptions as detailed below.

Table 4: Summary of Building Cost Assumptions

Item	
Build Cost per sqm	£1,290
Professional Fees	12%
Contingency	4%
Letting Costs	15%
Investment Sale Costs	1.5%
Finance	7.5%
Profit on Costs	15%

- 2.10 We have calculated the scheme by reference to a profit of 15% on the development costs. It is assumed that the scheme would only be promoted by an owner who wishes to extend an existing centre, and who has secured pre-lets of a substantial part of the accommodation.

- 2.11 The Residual Land Value for each Scenario has been compared with a Base Land Value, which then allows for a margin from which CIL/S.106 can be provided (taking into account cashflow and finance charges).

Table 5: Base Land Values

Area	Per Hectare	Per Acre
City Centre	£17.3m	£7m
Inner Urban	£865,000	£350,000
Commercial Greenfield Sites	£865,000	£350,000

3. RESULTS

- 3.1 The appraisals are appended, and the Table below summarise the maximum CIL charges per square metre for the scenarios. We have assumed that there is effectively no payment required under a S106 Agreement.

Table 6: Maximum CIL

			Max CIL per Sq M (40% Viability Cushion)		
			Developer led		Operator led
Scenario	Type	GIA Sq M	Profit @ 20% GDV	Profit @ 15% Costs	Profit @ 5% Costs
A	Convenience	1,500	£0	£0	£0
B	Convenience	2,700	£470	£624	£810
C	Convenience	5,000	£260	£410	£590
D	City Centre	6,968	£0	£0	n/a

- 3.2 The Table below details the CIL if it is assessed by reference to the Gross Development Value for each scenario.

Table 6: CIL if assessed by reference to the Gross Development Value

Scenario	Type	GIA Sq M	3% of GDV	5% of GDV	7% of GDV
A	Convenience	1,500	£70	£120	£170
B	Convenience	2,700	£120	£200	£290
C	Convenience	5,000	£120	£200	£270
D	City Centre	6,968	£90	£150	£210

Table 7: CIL if assessed by reference to the Costs excluding Land (Developer Led)

Scenario	Type	GIA Sq M	3% of Costs	5% of Costs	7% of Costs
----------	------	----------	-------------	-------------	-------------

A	Convenience	1,500	£60	£100	£150
B	Convenience	2,700	£60	£100	£140
C	Convenience	5,000	£70	£110	£160
D	City Centre	6,968	£60	£90	£130

Table 8: CIL if assessed by reference to the Costs including Land (Developer Led)

Scenario	Type	GIA Sq M	3% of Costs	5% of Costs	7% of Costs
A	Convenience	1,500	£60	£110	£150
B	Convenience	2,700	£110	£180	£250
C	Convenience	5,000	£100	£170	£240
D	City Centre	6,968	£80	£130	£180

4. CONCLUSIONS

- 4.1 It should also be noted that the appraisals have been undertaken on a high level basis, and that there can be exceptional costs for individual sites which can mean that the residual land value is materially reduced.
- 4.2 Within the City centre we consider that retail development is already seriously challenged and cannot afford a CIL payment
- 4.3 In the case of the food sector, there is an ability to make a sizeable contribution to CIL for certain categories of store.
- 4.4 The analysis suggests that the results for Scenario A (1,500 sq m convenience store) are the most sensitive and unable to bear a material CIL contribution. Whilst the appraisals show that large stores, above c 2,000 sq m, can afford a significant CIL payment.



Report

Appendices

**Birmingham City Council – Additional Retail CIL Testing
1,500 sq m Convenience Store, Profit 15% on Cost**

APPENDIX 2iii

REVENUE					
Retail	1,500.00 sq-m at 161.46 psm/pa				242,190
Inv.Value-A	Net annual income				242,190
	Capitalised at 6% Yield				4,036,500
	Less Unpaid Rent: 12 Months Income				242,190
	Less Purchasers costs at 5.8%				221,283
					3,573,027
				REVENUE	3,573,027
COSTS					
Site Value					201,250
Site Stamp Duty	at 4.00%				8,050
Site Legal Fees	at 0.75%				1,509
Site Agency Fees	at 1.00%				2,013
				Site Costs	212,822
Retail	1,500.00 sq-m at 1,300.00 psm				1,950,000
Surface Parking	90 spaces at 2,000.00 ea.				180,000
Enabling Works	1,500.00 sq-m at 108.00 psm				162,000
Highways					100,000
Contingency	at 5.00%				119,600
Professional Fees	at 10.00%				239,200
				Build Costs	2,750,800
Letting Agents Fee	at 10.00%				24,219
Letting Legal Fees	at 5.00%				12,110
Invest.sale Agents Fee	at 1.00%				38,152
Invest.sale Legal Fees	at 0.50%				19,076
				Disposal Fees	93,557
					49,763
INTEREST					
7.50% pa	on Debt charged Quarterly and compounded Quarterly				
PROFIT	466,086				
PROFIT/SALE	13.04%				
IRR	100.43%				
YIELD/COST	7.80%				
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00
137.46	0	0	0	0	0
	14.97%	10.23%	5.86%	1.82%	-1.93%
145.46	136,250	31,875	0	0	0
	15.00%	15.00%	11.84%	7.58%	3.64%
153.46	273,250	168,750	64,500	0	0
	15.00%	15.00%	15.00%	13.33%	9.18%
161.46	410,000	305,750	201,250	97,000	0
	15.00%	15.00%	15.00%	15.00%	14.70%
169.46	547,000	442,500	338,250	233,750	129,250
	15.00%	15.00%	15.00%	15.00%	15.00%
177.46	684,000	579,500	475,000	370,750	266,250
	15.00%	15.00%	15.00%	15.00%	15.00%
185.46	820,750	716,250	612,000	507,500	403,000
	15.00%	15.00%	15.00%	15.00%	15.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm

REVENUE			
Retail	1,500.00 sq-m at 161.46 psm/pa	242,190	
Inv.Value-A	Net annual income	242,190	
	Capitalised at 6% Yield	4,036,500	
	Less Unpaid Rent: 12 Months Income	242,190	
	Less Purchasers costs at 5.8%	221,283	3,573,027
		REVENUE	3,573,027
COSTS			
Site Value		12,000	
Site Stamp Duty	at 4.00%	480	
Site Legal Fees	at 0.75%	90	
Site Agency Fees	at 1.00%	120	
		Site Costs	12,690
Retail	1,500.00 sq-m at 1,300.00 psm	1,950,000	
Surface Parking	90 spaces at 2,000.00 ea.	180,000	
Enabling Works	1,500.00 sq-m at 108.00 psm	162,000	
Highways		100,000	
Contingency	at 5.00%	119,600	
Professional Fees	at 10.00%	239,200	
		Build Costs	2,750,800
Letting Agents Fee	at 10.00%	24,219	
Letting Legal Fees	at 5.00%	12,110	
Invest.sale Agents Fee	at 1.00%	38,152	
Invest.sale Legal Fees	at 0.50%	19,076	
		Disposal Fees	93,557
			43,470
INTEREST			
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
PROFIT	672,511	COSTS	2,900,517
PROFIT/SALE	18.82%	PROFIT/COST	23.19%
IRR	185.07%	RENT COVER	2.8 years
YIELD/COST	8.35%		

	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00
137.46	0	0	0	0	0
	13.02%	9.28%	5.54%	1.79%	-1.96%
145.46	0	0	0	0	0
	17.66%	14.13%	10.59%	7.05%	3.51%
153.46	56,500	0	0	0	0
	20.00%	18.47%	15.11%	11.76%	8.41%
161.46	182,250	77,750	0	0	0
	20.00%	20.00%	19.19%	16.00%	12.81%
169.46	307,750	203,500	99,000	0	0
	20.00%	20.00%	20.00%	19.84%	16.81%
177.46	433,500	329,000	224,500	120,250	15,750
	20.00%	20.00%	20.00%	20.00%	20.00%
185.46	559,000	454,500	350,250	245,750	141,500
	20.00%	20.00%	20.00%	20.00%	20.00%

Residual Site Value and Profit on GDV (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm

**Birmingham City Council – Additional Retail CIL Testing
1,500 sq m Convenience Store, Profit 5% on Cost**

APPENDIX 2iii

REVENUE

Retail	1,500.00 sq-m at 161.46 psm/pa	242,190	
Inv.Value-A	Net annual income	242,190	
	Capitalised at 6% Yield	4,036,500	
	Less Unpaid Rent: 12 Months Income	242,190	
	Less Purchasers costs at 5.8%	221,283	3,573,027

REVENUE 3,573,027

COSTS

Site Value		472,500	
Site Stamp Duty	at 4.00%	18,900	
Site Legal Fees	at 0.75%	3,544	
Site Agency Fees	at 1.00%	4,725	
		Site Costs	499,669

Retail	1,500.00 sq-m at 1,300.00 psm	1,950,000	
Surface Parking	90 spaces at 2,000.00 ea.	180,000	
Enabling Works	1,500.00 sq-m at 108.00 psm	162,000	
Highways		100,000	
Contingency	at 5.00%	119,600	
Professional Fees	at 10.00%	239,200	
		Build Costs	2,750,800

Letting Agents Fee	at 10.00%	24,219	
Letting Legal Fees	at 5.00%	12,110	
Invest.sale Agents Fee	at 1.00%	38,152	
Invest.sale Legal Fees	at 0.50%	19,076	
		Disposal Fees	93,557

INTEREST

7.50% pa on Debt charged Quarterly and compounded Quarterly

PROFIT 170,219 **COSTS** 3,402,808

PROFIT/SALE 4.76% **PROFIT/COST** 5.00%

IRR 32.25% **RENT COVER** 0.7 years

YIELD/COST 7.12%

	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00
137.46	230,500	126,000	21,500	0	0
	5.00%	5.00%	5.00%	1.82%	-1.93%
145.46	380,750	276,250	172,000	67,500	0
	5.00%	5.00%	5.00%	5.00%	3.64%
153.46	531,000	426,750	322,250	217,750	113,500
	5.00%	5.00%	5.00%	5.00%	5.00%
161.46	681,500	577,000	472,500	368,250	263,750
	5.00%	5.00%	5.00%	5.00%	5.00%
169.46	831,750	727,250	623,000	518,500	414,000
	5.00%	5.00%	5.00%	5.00%	5.00%
177.46	982,000	877,500	773,250	668,750	564,500
	5.00%	5.00%	5.00%	5.00%	5.00%
185.46	1,132,500	1,028,000	923,500	819,000	714,750
	5.00%	5.00%	5.00%	5.00%	5.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm.

**Birmingham City Council – Additional Retail CIL Testing
2,700 sq m Convenience Store, Profit 15% on Cost**

APPENDIX 2iii

REVENUE

Retail	2,700.00 sq-m at 215.00 psm/pa	580,500	
Inv.Value-A	Net annual income	580,500	
	Capitalised at 5% Yield	11,610,000	
	Less Purchasers costs at 5.8%	636,465	10,973,535

REVENUE 10,973,535

COSTS

Site Value		3,855,000	
Site Stamp Duty	at 4.00%	154,200	
Site Legal Fees	at 0.75%	28,913	
Site Agency Fees	at 1.00%	38,550	
		Site Costs	4,076,663

Retail	2,700.00 sq-m at 1,430.00 psm	3,861,000	
Surface Parking	150 spaces at 2,000.00 ea.	300,000	
Enabling Works	2,700.00 sq-m at 100.00 psm	270,000	
Contingency	at 3.00%	132,930	
Professional Fees	at 10.00%	443,100	
		Build Costs	5,007,030

Letting Agents Fee	at 10.00%	58,050	
Letting Legal Fees	at 5.00%	29,025	
Invest.sale Agents Fee	at 1.00%	109,735	
Invest.sale Legal Fees	at 0.50%	54,868	
		Disposal Fees	251,678

INTEREST

7.50% pa on Debt charged Quarterly and compounded Quarterly 206,588

PROFIT 1,431,576 **COSTS** 9,541,959

PROFIT/SALE 13.05% **PROFIT/COST** 15.00%

IRR 71.44% **RENT COVER** 2.5 years

YIELD/COST 6.08%

1,287.00 1,358.50 1,430.00 1,501.50 1,573.00

182.75	2,984,000 15.00%	2,781,000 15.00%	2,577,500 15.00%	2,374,500 15.00%	2,171,500 15.00%
193.50	3,410,000 15.00%	3,206,500 15.00%	3,003,500 15.00%	2,800,500 15.00%	2,597,000 15.00%
204.25	3,835,500 15.00%	3,632,500 15.00%	3,429,000 15.00%	3,226,000 15.00%	3,023,000 15.00%
215.00	4,261,500 15.00%	4,058,000 15.00%	3,855,000 15.00%	3,652,000 15.00%	3,449,000 15.00%
225.75	4,687,000 15.00%	4,484,000 15.00%	4,281,000 15.00%	4,078,000 15.00%	3,875,000 15.00%
236.50	5,113,000 15.00%	4,910,000 15.00%	4,707,000 15.00%	4,504,000 15.00%	4,301,000 15.00%
247.25	5,539,000 15.00%	5,336,000 15.00%	5,133,000 15.00%	4,930,000 15.00%	4,727,000 15.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm

**Birmingham City Council – Additional Retail CIL Testing
2,700 sq m Convenience Store, Profit 20% on GDV**

APPENDIX 2iii

REVENUE

Retail	2,700.00 sq-m at 215.00 psm/pa	580,500	
Inv.Value-A	Net annual income	580,500	
	Capitalised at 5% Yield	11,610,000	
	Less Purchasers costs at 5.8%	636,465	10,973,535

REVENUE 10,973,535

COSTS

Site Value		3,155,000	
Site Stamp Duty	at 4.00%	126,200	
Site Legal Fees	at 0.75%	23,663	
Site Agency Fees	at 1.00%	31,550	
		Site Costs	3,336,413

Retail	2,700.00 sq-m at 1,430.00 psm	3,861,000	
Surface Parking	150 spaces at 2,000.00 ea.	300,000	
Enabling Works	2,700.00 sq-m at 100.00 psm	270,000	
Contingency	at 3.00%	132,930	
Professional Fees	at 10.00%	443,100	
		Build Costs	5,007,030

Letting Agents Fee	at 10.00%	58,050	
Letting Legal Fees	at 5.00%	29,025	
Invest.sale Agents Fee	at 1.00%	109,735	
Invest.sale Legal Fees	at 0.50%	54,868	
		Disposal Fees	251,678

INTEREST

7.50% pa	on Debt charged Quarterly and compounded Quarterly		183,311
PROFIT	2,195,103	COSTS	8,778,432

PROFIT/SALE	20.00%	PROFIT/COST	25.01%
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IRR	130.24%	RENT COVER	3.8 years
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YIELD/COST	6.61%				
	1,287.00	1,358.50	1,430.00	1,501.50	1,573.00

182.75	2,389,000	2,186,000	1,983,000	1,780,000	1,576,500
	20.00%	20.00%	20.00%	20.00%	20.00%

193.50	2,780,000	2,577,000	2,374,000	2,170,500	1,967,000
	20.00%	20.00%	20.00%	20.00%	20.00%

204.25	3,171,000	2,968,000	2,764,500	2,561,000	2,358,000
	20.00%	20.00%	20.00%	20.00%	20.00%

215.00	3,562,000	3,358,000	3,155,000	2,952,000	2,749,000
	20.00%	20.00%	20.00%	20.00%	20.00%

225.75	3,952,000	3,749,000	3,546,000	3,343,000	3,140,000
	20.00%	20.00%	20.00%	20.00%	20.00%

236.50	4,343,000	4,140,000	3,937,000	3,734,000	3,531,000
	20.00%	20.00%	20.00%	20.00%	20.00%

247.25	4,734,000	4,531,000	4,328,000	4,125,000	3,922,000
	20.00%	20.00%	20.00%	20.00%	20.00%

Residual Site Value and Profit on GDV (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate ps

**Birmingham City Council – Additional Retail CIL Testing
2,700 sq m Convenience Store, Profit 5% on Cost**

APPENDIX 2iii

REVENUE					
Retail	2,700.00 sq-m at 215.00 psm/pa				580,500
Inv.Value-A	Net annual income				580,500
	Capitalised at 5% Yield				11,610,000
	Less Purchasers costs at 5.8%				636,465
					REVENUE 10,973,535
COSTS					
Site Value					4,688,000
Site Stamp Duty	at 4.00%				187,520
Site Legal Fees	at 0.75%				35,160
Site Agency Fees	at 1.00%				46,880
					Site Costs 4,957,560
Retail	2,700.00 sq-m at 1,430.00 psm				3,861,000
Surface Parking	150 spaces at 2,000.00 ea.				300,000
Enabling Works	2,700.00 sq-m at 100.00 psm				270,000
Contingency	at 3.00%				132,930
Professional Fees	at 10.00%				443,100
					Build Costs 5,007,030
Letting Agents Fee	at 10.00%				58,050
Letting Legal Fees	at 5.00%				29,025
Invest.sale Agents Fee	at 1.00%				109,735
Invest.sale Legal Fees	at 0.50%				54,868
					Disposal Fees 251,678
					234,288
INTEREST					
7.50% pa	on Debt charged Quarterly and compounded Quarterly				
PROFIT	522,979				COSTS 10,450,556
PROFIT/SALE	4.77%				PROFIT/COST 5.00%
IRR	26.23%				RENT COVER 0.9 years
YIELD/COST	5.55%				
	1,287.00	1,358.50	1,430.00	1,501.50	1,573.00
182.75	3,692,000 5.00%	3,489,000 5.00%	3,286,000 5.00%	3,083,000 5.00%	2,879,500 5.00%
193.50	4,159,500 5.00%	3,956,500 5.00%	3,753,000 5.00%	3,550,000 5.00%	3,347,000 5.00%
204.25	4,627,000 5.00%	4,424,000 5.00%	4,221,000 5.00%	4,018,000 5.00%	3,815,000 5.00%
215.00	5,095,000 5.00%	4,891,500 5.00%	4,688,000 5.00%	4,485,000 5.00%	4,282,000 5.00%
225.75	5,562,000 5.00%	5,359,000 5.00%	5,156,000 5.00%	4,953,000 5.00%	4,750,000 5.00%
236.50	6,030,000 5.00%	5,827,000 5.00%	5,623,000 5.00%	5,420,000 5.00%	5,217,000 5.00%
247.25	6,497,000 5.00%	6,294,000 5.00%	6,091,000 5.00%	5,888,000 5.00%	5,685,000 5.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm.

**Birmingham City Council – Additional Retail CIL Testing
5,000 sq m Convenience Store, Profit 20% on GDV**

APPENDIX 2iii

REVENUE

Retail	5,000.00 sq-m at 215.00 psm/pa	1,075,000	
Inv.Value-A	Net annual income	1,075,000	
	Capitalised at 5% Yield	21,500,000	
	Less Unpaid Rent: 9 Months Income	806,250	
	Less Purchasers costs at 5.8%	1,178,639	19,515,111
			REVENUE 19,515,111

COSTS

Site Value			5,514,000
Site Stamp Duty	at 4.00%	220,560	
Site Legal Fees	at 0.75%	41,355	
Site Agency Fees	at 1.00%	55,140	
		Site Costs	5,831,055

Retail	5,000.00 sq-m at 1,300.00 psm	6,500,000	
Surface Parking	250 spaces at 2,000.00 ea.	500,000	
Enabling Works	5,000.00 sq-m at 54.00 psm	270,000	
Pfs		1,000,000	
Highways		500,000	
Contingency	at 5.00%	438,500	
Professional Fees	at 10.00%	877,000	
		Build Costs	10,085,500

Letting Agents Fee	at 10.00%	107,500	
Letting Legal Fees	at 5.00%	53,750	
Invest.sale Agents Fee	at 1.00%	203,214	
Invest.sale Legal Fees	at 0.50%	101,607	
		Disposal Fees	466,070

INTEREST

7.50% pa	on Debt charged Quarterly and compounded Quarterly		587,766
PROFIT	2,544,719		COSTS 16,970,392

PROFIT/SALE	13.04%		PROFIT/COST 15.00%
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IRR	43.87%		RENT COVER 2.4 years
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YIELD/COST	6.33%		
	1,157.00	1,228.50	1,300.00

	1,157.00	1,228.50	1,300.00	1,371.50	1,443.00
182.75	4,046,000 15.00%	3,666,000 15.00%	3,286,000 15.00%	2,905,000 15.00%	2,525,000 15.00%
193.50	4,789,000 15.00%	4,409,000 15.00%	4,028,000 15.00%	3,648,000 15.00%	3,267,000 15.00%
204.25	5,532,000 15.00%	5,151,000 15.00%	4,771,000 15.00%	4,390,000 15.00%	4,010,000 15.00%
215.00	6,274,000 15.00%	5,894,000 15.00%	5,514,000 15.00%	5,133,000 15.00%	4,752,000 15.00%
225.75	7,017,000 15.00%	6,636,000 15.00%	6,256,000 15.00%	5,876,000 15.00%	5,495,000 15.00%
236.50	7,760,000 15.00%	7,379,000 15.00%	6,998,000 15.00%	6,618,000 15.00%	6,238,000 15.00%
247.25	8,502,000 15.00%	8,122,000 15.00%	7,741,000 15.00%	7,360,000 15.00%	6,980,000 15.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm.

**Birmingham City Council – Additional Retail CIL Testing
5,000 sq m Convenience Store, Profit 20% on GDV**

APPENDIX 2iii

REVENUE					
Retail	5,000.00 sq-m at 215.00 psm/pa				1,075,000
Inv.Value-A	Net annual income				1,075,000
	Capitalised at 5% Yield				21,500,000
	Less Unpaid Rent: 9 Months Income				806,250
	Less Purchasers costs at 5.8%				1,178,639
					REVENUE 19,515,111
COSTS					
Site Value					4,292,000
Site Stamp Duty	at 4.00%				171,680
Site Legal Fees	at 0.75%				32,190
Site Agency Fees	at 1.00%				42,920
					Site Costs 4,538,790
Retail	5,000.00 sq-m at 1,300.00 psm				6,500,000
Surface Parking	250 spaces at 2,000.00 ea.				500,000
Enabling Works	5,000.00 sq-m at 54.00 psm				270,000
Pfs					1,000,000
Highways					500,000
Contingency	at 5.00%				438,500
Professional Fees	at 10.00%				877,000
					Build Costs 10,085,500
Letting Agents Fee	at 10.00%				107,500
Letting Legal Fees	at 5.00%				53,750
Invest.sale Agents Fee	at 1.00%				203,214
Invest.sale Legal Fees	at 0.50%				101,607
					Disposal Fees 466,070
					522,139
INTEREST					
7.50% pa	on Debt charged Quarterly and compounded Quarterly				
PROFIT	3,902,611				COSTS 15,612,500
PROFIT/SALE	20.00%				PROFIT/COST 25.00%
IRR	73.09%				RENT COVER 3.6 years
YIELD/COST	6.89%				
	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00
182.75	2,939,000 20.00%	2,593,000 20.00%	2,247,000 20.00%	1,901,000 20.00%	1,556,000 20.00%
193.50	3,620,000 20.00%	3,274,000 20.00%	2,928,000 20.00%	2,582,000 20.00%	2,237,000 20.00%
204.25	4,302,000 20.00%	3,956,000 20.00%	3,610,000 20.00%	3,264,000 20.00%	2,918,000 20.00%
215.00	4,984,000 20.00%	4,638,000 20.00%	4,292,000 20.00%	3,946,000 20.00%	3,600,000 20.00%
225.75	5,664,000 20.00%	5,319,000 20.00%	4,974,000 20.00%	4,628,000 20.00%	4,282,000 20.00%
236.50	6,346,000 20.00%	6,000,000 20.00%	5,654,000 20.00%	5,308,000 20.00%	4,962,000 20.00%
247.25	7,028,000 20.00%	6,682,000 20.00%	6,336,000 20.00%	5,990,000 20.00%	5,644,000 20.00%

Residual Site Value and Profit on GDV (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm.

**Birmingham City Council – Additional Retail CIL Testing
5,000 sq m Convenience Store, Profit 5% on Cost**

APPENDIX 2iii

REVENUE

Retail	5,000.00 sq-m at 215.00 psm/pa	1,075,000	
Inv.Value-A	Net annual income	1,075,000	
	Capitalised at 5% Yield	21,500,000	
	Less Unpaid Rent: 9 Months Income	806,250	
	Less Purchasers costs at 5.8%	1,178,639	19,515,111
		REVENUE	19,515,111

COSTS

Site Value		6,968,000	
Site Stamp Duty	at 4.00%	278,720	
Site Legal Fees	at 0.75%	52,260	
Site Agency Fees	at 1.00%	69,680	
		Site Costs	7,368,660
Retail	5,000.00 sq-m at 1,300.00 psm	6,500,000	
Surface Parking	250 spaces at 2,000.00 ea.	500,000	
Enabling Works	5,000.00 sq-m at 54.00 psm	270,000	
Pfs		1,000,000	
Highways		500,000	
Contingency	at 5.00%	438,500	
Professional Fees	at 10.00%	877,000	
		Build Costs	10,085,500
Letting Agents Fee	at 10.00%	107,500	
Letting Legal Fees	at 5.00%	53,750	
Invest.sale Agents Fee	at 1.00%	203,214	
Invest.sale Legal Fees	at 0.50%	101,607	
		Disposal Fees	466,070
INTEREST			665,853
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
PROFIT	929,028		COSTS 18,586,083
PROFIT/SALE	4.76%		PROFIT/COST 5.00%
IRR	18.87%		RENT COVER 0.9 years
YIELD/COST	5.78%		

	1,170.00	1,235.00	1,300.00	1,365.00	1,430.00
182.75	5,214,000 5.00%	4,868,000 5.00%	4,522,000 5.00%	4,176,000 5.00%	3,830,000 5.00%
193.50	6,029,000 5.00%	5,683,000 5.00%	5,337,000 5.00%	4,991,000 5.00%	4,646,000 5.00%
204.25	6,844,000 5.00%	6,498,000 5.00%	6,152,000 5.00%	5,806,000 5.00%	5,460,000 5.00%
215.00	7,660,000 5.00%	7,314,000 5.00%	6,968,000 5.00%	6,622,000 5.00%	6,276,000 5.00%
225.75	8,475,000 5.00%	8,129,000 5.00%	7,783,000 5.00%	7,438,000 5.00%	7,092,000 5.00%
236.50	9,290,000 5.00%	8,944,000 5.00%	8,598,000 5.00%	8,252,000 5.00%	7,906,000 5.00%
247.25	10,106,000 5.00%	9,760,000 5.00%	9,414,000 5.00%	9,068,000 5.00%	8,722,000 5.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm

REVENUE

Retail 1	5,574.00 sq-m at 188.00 psm/pa	1,047,912	
Retail 2	929.00 sq-m at 215.00 psm/pa	199,735	
Retail 3	465.00 sq-m at 269.00 psm/pa	125,085	
Inv.Value-A	Net annual income	1,372,732	
	Capitalised at 5.5% Yield	24,958,764	
	Less Unpaid Rent: 24 Months Income	2,745,464	
	Less Purchasers costs at 5.8%	1,368,250	20,845,050

REVENUE 20,845,050

COSTS

Site Value		4,778,000	
Site Stamp Duty	at 4.00%	191,120	
Site Legal Fees	at 0.50%	23,890	
Site Agency Fees	at 1.00%	47,780	
		Site Costs	5,040,790
Survey		100,000	
		Initial Payments	100,000
Retail 1	5,574.00 sq-m at 1,291.70 psm	7,199,936	
Retail 2	929.00 sq-ft at 1,291.70 psf	1,199,989	
Retail 3	465.00 sq-ft at 1,291.70 psf	600,641	
Demolition		250,000	
Contingency	at 4.00%	370,023	
Professional Fees	at 12.00%	1,110,068	
		Build Costs	10,730,656
Letting Agents Fee	at 10.00%	137,273	
Letting Legal Fees	at 5.00%	68,637	
Invest.sale Agents Fee	at 1.00%	235,905	
Invest.sale Legal Fees	at 0.50%	117,953	
		Disposal Fees	559,768
			1,695,497

INTEREST

7.50% pa on Debt charged Quarterly and compounded Quarterly

PROFIT	2,718,339	COSTS	18,126,711
PROFIT/SALE	13.04%	PROFIT/COST	15.00%
IRR	19.13%	RENT COVER	2.0 years
YIELD/COST	7.57%		

	1,033.70	1,162.70	1,291.70	1,420.70	1,549.70
70.00%	2,005,500	1,304,500	603,000	0	0
	15.00%	15.00%	15.00%	13.89%	6.53%
80.00%	3,397,000	2,696,000	1,995,000	1,294,000	593,000
	15.00%	15.00%	15.00%	15.00%	15.00%
90.00%	4,788,000	4,087,000	3,386,000	2,685,000	1,984,000
	15.00%	15.00%	15.00%	15.00%	15.00%
100.00%	6,180,000	5,478,000	4,778,000	4,076,000	3,376,000
	15.00%	15.00%	15.00%	15.00%	15.00%
110.00%	7,571,000	6,870,000	6,169,000	5,468,000	4,767,000
	15.00%	15.00%	15.00%	15.00%	15.00%
120.00%	8,962,000	8,262,000	7,560,000	6,859,000	6,158,000
	15.00%	15.00%	15.00%	15.00%	15.00%
130.00%	10,354,000	9,652,000	8,952,000	8,250,000	7,550,000
	15.00%	15.00%	15.00%	15.00%	15.00%

Residual Site Value and Profit on Cost (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm.

**Birmingham City Council – Additional Retail CIL Testing
City Centre, 20% Profit on GDV**

APPENDIX 2iii

REVENUE

Retail 1	5,574.00 sq-m at 188.00 psm/pa	1,047,912	
Retail 2	929.00 sq-m at 215.00 psm/pa	199,735	
Retail 3	465.00 sq-m at 269.00 psm/pa	125,085	
Inv.Value-A	Net annual income	1,372,732	
	Capitalised at 5.5% Yield	24,958,764	
	Less Unpaid Rent: 24 Months Income	2,745,464	
	Less Purchasers costs at 5.8%	1,368,250	20,845,050

REVENUE 20,845,050

COSTS

Site Value		3,629,000	
Site Stamp Duty	at 4.00%	145,160	
Site Legal Fees	at 0.50%	18,145	
Site Agency Fees	at 1.00%	36,290	
		Site Costs	3,828,595
Survey		100,000	
		Initial Payments	100,000
Retail 1	5,574.00 sq-m at 1,291.70 psm	7,199,936	
Retail 2	929.00 sq-ft at 1,291.70 psf	1,199,989	
Retail 3	465.00 sq-ft at 1,291.70 psf	600,641	
Demolition		250,000	
Contingency	at 4.00%	370,023	
Professional Fees	at 12.00%	1,110,068	
		Build Costs	10,730,656
Letting Agents Fee	at 10.00%	137,273	
Letting Legal Fees	at 5.00%	68,637	
Invest.sale Agents Fee	at 1.00%	235,905	
Invest.sale Legal Fees	at 0.50%	117,953	
		Disposal Fees	559,768
			1,457,053
INTEREST			
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
PROFIT	4,168,978		
PROFIT/SALE	20.00%	COSTS	16,676,071
IRR	27.61%	PROFIT/COST	25.00%
YIELD/COST	8.23%	RENT COVER	3.0 years

	1,033.70	1,162.70	1,291.70	1,420.70	1,549.70
70.00%	1,202,000	500,000	0	0	0
	20.00%	20.00%	18.26%	12.20%	6.13%
80.00%	2,478,000	1,777,000	1,076,000	375,000	0
	20.00%	20.00%	20.00%	20.00%	17.53%
90.00%	3,754,000	3,054,000	2,352,000	1,652,000	950,000
	20.00%	20.00%	20.00%	20.00%	20.00%
100.00%	5,031,000	4,330,000	3,629,000	2,928,000	2,227,000
	20.00%	20.00%	20.00%	20.00%	20.00%
110.00%	6,308,000	5,606,000	4,906,000	4,204,000	3,504,000
	20.00%	20.00%	20.00%	20.00%	20.00%
120.00%	7,584,000	6,884,000	6,182,000	5,480,000	4,780,000
	20.00%	20.00%	20.00%	20.00%	20.00%
130.00%	8,860,000	8,160,000	7,458,000	6,758,000	6,056,000
	20.00%	20.00%	20.00%	20.00%	20.00%

Residual Site Value and Profit on GDV (%)

Y Axis: Retail Income psm/pa

X Axis: Retail Build Rate psm



Report

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10 Stratton
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London
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CIL Development Viability Study: Residential Urban Extension Birmingham City Council

Draft 11th December 2013



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Appendix 1: Appraisals

Prepared By Charles Trustram Eve Status.. Director.....Date 11th December 2013

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. GVA has been instructed by Birmingham City Council (the Council) to test the CIL viability levels in regard to a Sustainable Urban Extension (SUE) in the Birmingham area. This report will also present Land Registry data regarding residential sales in the Birmingham area, and examine the figures recommended in 2012, applying 40% discount to the maximum CIL payable.

2. URBAN EXTENSIONS

- 2.1 Population projections suggest that Birmingham's population will increase by 150,000 and households will increase by 80,000 between 2011 and 2031. The 2012 Strategic Housing Land Availability Assessment indicated that the City could only accommodate 45,000 new dwellings on sites within the urban area. This creates the need to review the Green Belt as one potential source of land for new housing, and it is considered that a minimum 5,000 unit SUE may be required to address this shortage.
- 2.2 The Council produced a Green Belt Options Assessment in September 2013, which recommends that the area to the west of the Sutton Coldfield Bypass (Area C1) is considered for a SUE. As it is within an area being actively promoted by developers, it is anticipated to be deliverable in the plan period.
- 2.3 The table below provides an overview of the anticipated SUE development in the area to the west of the Sutton Coldfield Bypass:-

Table 1: Area C1 SUE

	West of Sutton Coldfield Bypass, Walmley
Administration	Birmingham City Council
Affordable Policy	35%
Dwellings	5,000
Employment	N/A
Gross Ha	274 ha
Promoter	Taylor Wimpey

- 2.4 We have not undertaken an appraisal of an actual scheme, but have adopted a hypothetical example which mirrors the potential characteristics of a scheme on the

recommended Sutton Coldfield site. As agreed with Officers, we have tested a large or 'strategic' scale development scenario of 5,000 units.

- 2.5 We have conducted the testing using the Residual Development Appraisal Model detailed in the main Report.
- 2.6 Effectively the approach assumes that the site is to be developed by housebuilders which, given that the SUE is in fact being promoted by developers, is a reasonable assumption. It is usual for developers to seek a profit principally by reference to the end value of the private housing and the cost of the constructing the affordable housing (which is assumed to be transferred to a local Housing Association on a turn key contract). It is acknowledged that the return on the cost of capital is also an important measure. Given the scale of the costs required to develop such sites, and the cashflow implications of the Enabling Costs which are usually front loaded, it is our current experience that developers require a profit which effectively acknowledges not just the cost of the housing and the land but also the other costs. We have used a profit margin of 20% of GDV for the private housing and 6% of the affordable housing costs.
- 2.7 As the project will be long-running, it is anticipated that there will be a disparity between expenditure and the sale of dwellings. We have therefore also had regard to the Internal Rate of Return (IRR), a metric used by those promoting land for which there is a need to undertake long scale enabling works. We have applied an IRR of 17% to the appraisals.
- 2.8 The assumptions we have made are based on the figures we have adopted for the testing of the other schemes, but also reflect the fact that such developments will inevitably be undertaken by large regional and national developers who benefit from economies of scale. The figures also reflect our experience of dealing with large scale schemes.
- 2.9 With large sites Councils are faced with a significant challenge in deciding the extent to which they will use CIL, and the extent to which they will seek to continue to operate within the S106 regime. It can be expected that an SUE will generate many S106 requirements for onsite mitigation that are exclusive to the development, and therefore unlikely to be aggregated with S106 Agreements for other schemes. There are, however, some contributions which will almost certainly need detailed thought since they may be collected in common with other schemes, for example for secondary schools and off-site highway improvements. Notwithstanding the likelihood that an SUE can continue to be charged a significant S106, some Councils have decided that they will seek to use CIL in almost all cases, including for SUEs, and therefore that the residual S106 items will be minor in nature and cost.
- 2.10 In discussion with Officers we have agreed that for the purpose of the testing we will illustrate the maximum CIL that would arise if the Councils seek to continue charge for S106 obligations equivalent to:
- (a) £10,000 per dwelling (private and affordable); or,
 - (b) £20,000 per dwelling (private and affordable)
- 2.11 In practice, the viability assessment undertaken for a planning application will factor in first the CIL payable and then the necessary S106 obligations. The residual sum will then show

how much is available for affordable housing. For the purpose of this testing we have reversed this sequence and sought to illustrate how much is available to pay for CIL once one takes into account an assumed affordable housing requirement together with the adopted S106 payment.

- 2.12 For ease of reference we have focused only on the housing within the SUE. There will also be other buildings that are potentially liable for CIL; however, for the benefit of this residential testing they have not been considered.

3. ASSUMPTIONS

Private Sales Values

- 3.1 The site identified as most suitable for development for an SUE is located immediately to the east of the Sutton Coldfield urban area. We have therefore adopted the same private sales values as those used in the initial viability testing of October 2012 for Market Value Area 2, which included Sutton Coldfield.

Table 2: Private Sale Values 2013

Adopted Residential Value	£2,476 per sq m (£230 per sq ft)
----------------------------------	----------------------------------

- 3.2 The above rate is derived from desktop research relating to achieved and asking prices for a range of new build properties, in a range of developments currently under construction or actively selling post completion.
- 3.3 We are aware that in at least one case (Peterborough) the CIL assessment for a large site has been undertaken on the assumption that sale values will rise during the course of the development at a greater rate than build costs. Whilst we know that developers do sometimes make such assumptions, we are of the opinion that in the current market many are reluctant to enter into contracts on the basis of such assumptions, and funders are most unlikely to provide finance on this basis. Further, it is our experience of developments of the scale being tested that planning viability assessments for planning applications are invariably by reference to current costs and values. We would also note that:-
- (a) the Harman Report recommends the use of current costs and values for setting CIL, echoing the guidance of DCLG; and
 - (b) Large schemes are naturally subject to phasing so the CIL payable for later phases will be by reference to the CIL rates that then apply. If it is shown that values have indeed increased by more than build costs, then there is a likelihood that a higher CIL rate will apply.

Other Assumptions

- 3.4 The assumptions we have adopted are detailed in Table 3 and 4. These assumptions reflect the fact that the sites will be built by national and large regional developers who benefit from economies of scale.

- 3.5 For ease of reference we have shown the results for a blended average of the affordable housing, since we have not varied the split of affordable rent and intermediate tenures.
- 3.6 On instruction we have assumed S106 payments of £10,000 (or £20,000) per unit. We have adopted the following timings and proportions of payments:

Table 3: S106 Payment Schedule

% of Development	0%	20%	40%	60%	100%
% of S106 Paid	2%	40%	30%	23%	5%

- 3.7 We have assumed an average dwelling size of c 93 sq m (1,000 sq ft). This assumption provides for the fact that there would be an element of flats within a SUE.
- 3.8 The cost of Enabling Works, for example utilities, surface water drainage and the main on-site highway costs, can be very significant for SUEs. The Harman Report, which was published in July 2012, suggests that these costs are typically in the range £17,000 to £23,000 per dwelling. We have dealt with a number of large schemes and the costs have ranged from c. £9,000 per dwelling to in excess of £30,000. We have adopted a cost of £20,000 per dwelling (the mid point suggested by the Harman Report).
- 3.9 We have assumed that the Scheme will take c 22 years to build and sell, c 250 dwellings pa, and we have allowed for a period of enabling works before construction of the housing can commence.
- 3.10 Whilst this timescale assumes a relatively fast sales rate, we consider that this is necessary for a scheme of this scale. It significantly assists the prospect for delivery of the scheme since the payback is earlier, and the scheme goes cash positive sooner. We therefore consider that in reality a scheme of this scale would be promoted based on a similar assumption.

Table 4: Assumptions for 5,000 unit scheme

Item	Assumption
No. of dwellings	5,000
Gross site area	270 ha (670 acres)
Net residential area	175 ha (435 acres)
Affordable Housing Split	20%, and 35%
Tenure Split	70:30 Affordable rent: Intermediate
Grant Assumption	No grant
Enabling Costs	£20,000 per unit
Contingency	3%
Professional Fees	10%
Sales Costs	2.75% (on Private and Intermediate sales)
Finance Rate	7.5%
Profit	20% IRR ungeared no growth excluding finance
Residential Build Costs	£883psm

Item	Assumption
Private Sale Values	£2,475psm (£230psf)
Affordable Sale Values	£1,625psm (£151psf)

Base Land Value

- 3.11 We have adopted a Base Land Value of c £67 million based on a gross area of 270 hectares (670 acres), equating to £250,000 per gross hectare (£100,000 per acre).
- 3.12 Clearly there may be circumstances where either lower or higher figures are contracted by the developer, but we believe that the rate is a fair reflection of what a reasonable and willing landowner would require.

4. RESULTS

- 4.1 The Tables below show a selection of the results from the testing: a 5,000 unit scheme with 20% affordable units and the same scheme with 35% affordable units.
- 4.2 In each scheme the implications of an increase in the S106 payment from £10,000 to £20,000 per unit (private and affordable) have also been considered.
- 4.3 As can be seen from the attached appraisals, the assumptions adopted give a positive residual land value, which suggests that the scheme would be deliverable. However, the appraisals do not equal or exceed the Base Land Value we have adopted.

Table 5: CIL assuming 20% Affordable

Enabling Costs	S106		
	£10,000/dwelling	£20,000/dwelling	£25,000/dwelling
£14,000	£0	£0	£0
£17,000	£0	£0	£0
£20,000	£0	£0	£0
£23,000	£0	£0	£0
£26,000	£0	£0	£0

Table 6: CIL assuming 35% Affordable

Enabling Costs	S106		
	£10,000/dwelling	£20,000/dwelling	£25,000/dwelling
£14,000	£0	£0	£0
£17,000	£0	£0	£0
£20,000	£0	£0	£0
£23,000	£0	£0	£0
£26,000	£0	£0	£0

5. CONCLUSIONS

- 5.1 Our assumption as to the general level of Enabling Cost is in line with the Harman Report, and our own experience.
- 5.2 We have tested two different levels of S106 payment, £10,000 per unit and £20,000 per unit (both private and affordable). It is noted that the scheme cannot support a CIL charge using either level of payment.
- 5.3 Any CIL payment that is imposed will effectively reduce the amount of affordable housing that can be provided, and might also impact on the level of S106 Contribution.
- 5.4 We recommend that the Council imposes a Nil Charge for CIL.

Appendices

BIRMINGHAM CIL
Sustainable Residential Development of 5,000 dwellings
Enabling Costs @ £20,000 per dwelling
Assume 20% Affordable Housing & S106 Contribution @ £10,000 per dwelling
Nil CIL

APPENDIX 2iv

REVENUE

Private Housing 4,000 Dwellings	4,002,000 sq-ft at £230 psf	920,460,000
Affordable Housing 1,000 Dwellings	1,000,000 sq-ft at £151 psf	151,083,000
	REVENUE	1,071,543,000

COSTS

Site Value		55,901,029	
Site Stamp Duty	at 4.00%	2,236,041	
Site Legal Fees	at 0.20%	111,802	
	Site Costs		58,248,872
Enabling Works £20,000 per dwelling		100,000,000	
S106 Payment Ph 1		1,000,000	
S106 Payment Ph 2		20,000,000	
S106 Payment Ph 3		15,000,000	
S106 Payment Ph 4		11,500,000	
S106 Payment Ph 5		2,500,000	
	Initial Payments		150,000,000
Dwellings	5,065,000 sq-ft at £86.10 psf	436,096,500	
Contingency	at 3.00%	13,082,895	
Professional Fees	at 10.00%	43,609,650	
	Build Costs		492,789,045
Direct Sale Agents Fee	at 2.75%	25,312,650	
	Disposal Fees		25,312,650
INTEREST			26,432,067
7.50% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Quarter 1 (Sep 12)		
Enabling Works	Quarter 2 to 62 (Dec 12 - Dec 27)		
S106 Payment Ph 1	Quarter 7 (Mar 14)		
S106 Payment Ph 2	Quarter 23 to 32 (Mar 18 - Jun 20)		
S106 Payment Ph 3	Quarter 39 to 48 (Mar 22 - Jun 24)		
S106 Payment Ph 4	Quarter 55 to 64 (Mar 26 - Jun 28)		
S106 Payment Ph 5	Quarter 71 to 80 (Mar 30 - Jun 32)		
Dwellings (bld.)	Quarter 7 to 86 (Mar 14 - Dec 33)		
Contingency	Quarter 7 to 86 (Mar 14 - Dec 33)		
Professional Fees	Quarter 1 to 86 (Sep 12 - Dec 33)		
Direct Sale Agents Fee	Quarter 7 to 88 (Mar 14 - Jun 34)		
Private Housing Sell (sale)	Quarter 8 to 88 (Jun 14 - Jun 34)		
Affordable Housing 1,000 Dwellings	Quarter 8 to 87 (Jun 14 - Mar 34)		
PROFIT	318,760,366	COSTS	752,782,634
PROFIT/SALE	29.75%	PROFIT/COST	42.34%
IRR	20.00%		

NPV/IRR Figures EXCLUDE Interest

Sensitivity Analysis – Site Value

Enabling Costs	S106 Costs			
	£10,000/dwell	£15,000/dwell	£20,000/dwell	£25,000/dwell
£70,000,000	£65,400,000	£60,700,000	£55,900,000	£51,200,000
£85,000,000	£60,700,000	£55,900,000	£51,200,000	£46,500,000
£100,000,000	£55,900,000	£51,200,000	£46,500,000	£41,700,000
£115,000,000	£51,200,000	£46,400,000	£41,700,000	£37,000,000
£130,000,000	£46,400,000	£41,700,000	£37,000,000	£32,200,000

BIRMINGHAM CIL
Sustainable Residential Development of 5,000 dwellings
Enabling Costs @ £20,000 per dwelling
Assume 35% Affordable Housing & S106 Contribution @ £10,000 per dwelling
Nil CIL

APPENDIX 2iv

REVENUE

Private Housing 3,250 Dwellings	3,252,000 sq-ft at £230 psf	747,960,000
Affordable Housing 1,750 Dwellings	1,751,000 sq-ft at £151 psf	264,395,000
	REVENUE	1,012,355,000

COSTS

Site Value		45,938,199	
Site Stamp Duty	at 4.00%	1,837,528	
Site Legal Fees	at 0.20%	91,876	
		Site Costs	47,867,603
Enabling Works £20,000 per dwelling		100,000,000	
S106 Payment Ph 1		1,000,000	
S106 Payment Ph 2		20,000,000	
S106 Payment Ph 3		15,000,000	
S106 Payment Ph 4		11,500,000	
S106 Payment Ph 5		2,500,000	
		Initial Payments	150,000,000
Dwellings	5,065,000 sq-ft at 86.10 psf	436,096,500	
Contingency	at 3.00%	13,082,895	
Professional Fees	at 10.00%	43,609,650	
		Build Costs	492,789,045
Direct Sale Agents Fee	at 2.75%	20,568,900	
		Disposal Fees	20,568,900
			22,563,926

INTEREST

6.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Quarter 1 (Sep 12)		
Enabling Works 20k Per Unit	Quarter 2 to 62 (Dec 12 - Dec 27)		
S106 Payment Ph 1	Quarter 7 (Mar 14)		
S106 Payment Ph 2	Quarter 23 to 32 (Mar 18 - Jun 20)		
S106 Payment Ph 3	Quarter 39 to 48 (Mar 22 - Jun 24)		
S106 Payment Ph 4	Quarter 55 to 64 (Mar 26 - Jun 28)		
S106 Payment Ph 5	Quarter 71 to 80 (Mar 30 - Jun 32)		
Dwellings (bld.)	Quarter 7 to 86 (Mar 14 - Dec 33)		
Contingency	Quarter 7 to 86 (Mar 14 - Dec 33)		
Professional Fees	Quarter 1 to 86 (Sep 12 - Dec 33)		
Direct Sale Agents Fee	Quarter 7 to 88 (Mar 14 - Jun 34)		
Private Housing Sell (sale)	Quarter 8 to 88 (Jun 14 - Jun 34)		
Affordable Housing 1,750 Dwellings	Quarter 8 to 87 (Jun 14 - Mar 34)		

PROFIT	278,565,526	COSTS	733,789,474
PROFIT/SALE	27.52%	PROFIT/COST	37.96%

IRR

20.00%
 NPV/IRR Figures EXCLUDE Interest

Sensitivity Analysis – Site Value

Enabling Costs	S106 Costs			
	£10,000/dwell	£15,000/dwell	£20,000/dwell	£25,000/dwell
£70,000,000	£55,400,000	£50,700,000	£46,000,000	£41,200,000
£85,000,000	£50,700,000	£46,000,000	£41,200,000	£36,500,000
£100,000,000	£45,900,000	£41,200,000	£36,500,000	£31,700,000
£115,000,000	£41,200,000	£36,400,000	£31,700,000	£27,000,000
£130,000,000	£36,400,000	£31,700,000	£27,000,000	£22,200,000