Report

Local Plan and CIL Viability Assessment – Second Update

West Oxfordshire District Council

December 2016

Quality Assurance

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Contents

Appendices

Executive Summary

ES1 AspinallVerdi – Property Regeneration Consultants has been commissioned by West Oxfordshire District Council to prepare an economic viability assessment ("EVA" or "VA") of development across the District. This is the second update of our earlier VA dated September 2013 (the 'September 2013' report / the 'original' report). The first update being February 2015 (the 'February 2015 report' / 'first update' report).

ES2 The September 2013 report was the subject of public consultation alongside the CIL (Community Infrastructure Levy) Preliminary Draft Charging Schedule (PDCS) and an Affordable Housing Consultation Paper between 11 December 2013 and 5 February 2014. Within that report we tested affordable housing policies at 50%, 40% and 35% in various housing value zones and recommended CIL for residential (for 6+ unit schemes) of £200 psm.

ES3 We tested the same affordable housing policies (50%, 40% and 35%) in the first update report, February 2015. This took into consideration the 10 unit threshold and representations from developers resulting in differential residential CIL rates between £200 and £100 psm (the lower rate applying to larger residential schemes with a requirement to provide on-site affordable housing).

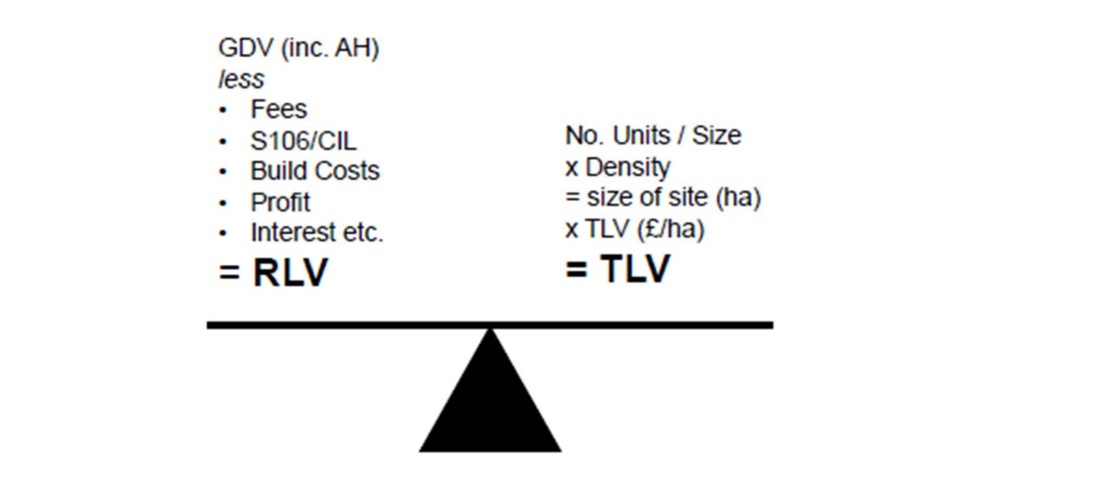
ES4 The first update, February 2015, and the original September 2013 reports were both considered as part of the supporting background evidence during the Local Plan Examination Hearing on 23 – 26 November 2015 which also included some consideration of CIL matters.

ES5 This second update report is intended to be used as evidence to support the statutory requirements of the Local Plan preparation and the Draft Charging Schedule for CIL (Community Infrastructure Levy).

ES6 In carrying out this update we have had regard to the latest statutory requirements, guidance and best practice including, inter alia, the NPPG (National Planning Practice Guidance). It is important to note that this EVA includes 20% Starter Homes within the definition of Affordable Housing which as a significant positive impact on viability.

ES7 We have also reviewed and updated all the market value and cost assumptions. It is important to note that residential values have increased at a faster rate than build costs over the course of the last two years which has a positive impact on viability.

ES8 Our general approach is illustrated on the diagram below (ES.1).



ES.1 - Our Appraisal Methodology (© AspinallVerdi)

ES9 We have carried out residual appraisals to establish the Residual Land Value (RLV). This is a traditional model having regard to: the gross development value (GDV) of the scheme; including Affordable Housing; and deducting all costs; including CIL; to arrive at the RLV. A scheme is viable if the RLV is positive for a given level of profit. We describe this situation herein as being 'fundamentally' viable.

ES10 This is then compared to the Threshold Land Value (TLV). The TLV is the price at which a landowner will be willing to sell their land for development and is derived from benchmark Market Values (and for some typologies, Existing Use Value (EUV)), the size of the hypothetical scheme and the development density assumption.

ES11 The RLV *less* TLV results in an appraisal 'balance' which should be interpreted as follows:

- If the 'balance' is positive, then the proposal / policy is viable. We describe this as being 'viable for plan making purposes' herein.
- If the 'balance' is negative, then the proposal / policy is 'not viable for plan making purposes' and the CIL and/or Affordable Housing policy should be reviewed.

ES12 In addition to the RLV appraisals and TLV analysis, we have also prepared a series of sensitivity scenarios for each of the typologies. This is to assist in the analysis of viability and to appreciate the sensitivity of the appraisals to key variables such as: CIL; Affordable Housing %; TLV and profit; and, to consider the impact of rising construction costs. This is to de-emphasise the TLV in each typology and help consider viability 'in-the-round'.

ES13 The sensitivity scenarios enable the Council to consider other policy proposals and particularly the relationship between CIL and affordable housing. Within our residential appraisals the smaller schemes (which don't require affordable housing) have been tested using a 'base level' CIL of £200 psm and the larger schemes of 11 or more dwellings (which include affordable housing) have been tested with a 'base level' CIL of £100 psm. However, in all cases the appraisals include sensitivity tables which show the impact of CIL between £0 - £200 psm.

ES14 The TLV's contained herein are for 'high-level' plan viability purposes and the appraisals should be read in the context of the TLV sensitivity tables. **It is important to emphasise that the adoption of a particular TLV £ in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site specific planning applications. The land value for site specific viability appraisals should be thoroughly evidenced having regard to the existing use value of the site (as is best practice in the Mayor of London, Draft Affordable Housing and Viability SPG, November 2016). I.e. this report is for plan-making purposes and is 'without prejudice' to the Council's consideration of future site specific planning applications**[1].

ES15 It is important that the Local Plan policy requirements do not 'outweigh' the TLV and that there is an 'appropriate balance' between the CIL and planning policy requirements and the TLV.

ES16 Our detailed assumptions are set out with the relevant section of this report together with our detailed appraisals which are appended. The results of our analysis and subsequent recommendations are set out in summary form on the following tables.

[1] Note the Harman Report (page 15) which states that, '*the role of the [whole plan viability] test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail.'*

		High Value outside AONB	High Value in AONB	Medium Value outside AONB	Medium Value in AONB	Lower Value
5 or less units -	Affordable Housing (on-site)	n/a	n/a	n/a	n/a	n/a
	Affordable Housing (commuted sum)	n/a	n/a	n/a	n/a	n/a
	CIL £psm	£200	£200	£200	£200	£200
6 - 10 units -	Affordable Housing (on-site)	n/a	n/a	n/a	n/a	n/a
	Affordable Housing (commuted sum)	n/a	£100	n/a	£100	n/a
	CIL £psm	£200	£100	£200	£100	£200
11 or more units -	Affordable Housing (on-site)	50%	50%	40%	40%	35%
	Affordable Housing (commuted sum)	n/a	n/a	n/a	n/a	n/a
	CIL £psm	up to £200	up to £200	up to £200	up to £200	up to £200
RES sites -	Affordable Housing (on-site)	100%	100%	100%	100%	100%
	CIL £psm	n/a	n/a	n/a	n/a	n/a

Table ES.2 – Recommended Affordable Housing and CIL Rates – Residential

		High Value	Medium Value	Lower Value
Sheltered Housing	Affordable Housing (on-site)	50%	40%	35%
	Affordable Housing (commuted sum))	£925	£550	£275
	CIL £psm	£100	£100	£100
Extra-Care Housing	Affordable Housing (on-site)	45%	35%	10%
	Affordable Housing (commuted sum))	£900	£525	£100
	CIL £psm	£100	£100	£100
				(AspinallVerdi reference: 161123_v6cs)

Table ES.3 – Recommended Affordable Housing and CIL Rates – Supported Living

Typology	Location	CIL £ psm
A1 - A5 Uses	District wide - outside recognised Town Centres (Witney; Carterton; Chipping Norton; Burford; Woodstock)	£175
A1 - A5 Uses	Within recognised Town Centres (Witney; Carterton; Chipping Norton; Burford; Woodstock)	£50
	(AspinallVerdi reference: 161202_v2)	

Table ES.4 – Recommended CIL Rates – Retail

ES17 CIL is not recommended for other commercial uses due to the lack of RLV viability and also the high TLV's particularly for residential (and some retail) alternative uses.

ES18 It is recommended that the Local Plan and CIL Charging Schedule is regularly reviewed in terms of viability and policy adjustments are made were appropriate to ensure an appropriate balance between planning gain (Affordable Housing and social infrastructure), developers profit and land value.

1 Introduction

1.1 AspinallVerdi – Property Regeneration Consultants has been commissioned by West Oxfordshire District Council to carry out a second update of our earlier economic viability assessments ("EVA" or "VA") dated September 2013 (the 'September 2013' / 'original' report) and February 2015 (the 'February 2015' 'first update' report).

1.2 The September 2013 report was the subject of public consultation alongside the CIL (Community Infrastructure Levy) Preliminary Draft Charging Schedule (PDCS) and an Affordable Housing Consultation Paper between 11 December 2013 and 5 February 2014.

1.3 The first update, February 2015, and the original September 2013 reports were considered as part of the supporting background evidence during the Local Plan Examination Hearing on 23 – 26 November 2015 which also included some consideration of CIL matters.

1.4 The purpose of this EVA update is to be used as evidence to:

- inform any potential changes to the Draft Charging Schedule (DCS) (as originally submitted for examination) for CIL (Community Infrastructure Levy);
- assess the cumulative impact of the Draft Local Plan (taking into account CIL and other Plan policies (including affordable housing)); and to
- assess the viability of the proposed Strategic Development Areas (SDAs) – namely (i) East Witney, (ii) North Witney, (iii) Tank Farm, Chipping Norton, (iv) West Oxfordshire Garden Village and (iv) West Eynsham[2].

1.5 This is in the context of:

- the representations received during the previous consultations;
- feedback received from the Examiner following the Local Plan Examination Hearing;
- updated property market value evidence;
- revised development cost evidence;
- updated local and national planning policy requirements e.g. CIL regulations; policy on thresholds for affordable housing commuted sums; and Starter Homes etc.

[2] Note that North Witney and Chipping Norton were not previously appraised in the September 2013 EVA. Also the West Oxfordshire Garden Village and West Eynsham proposals are new, being proposed as part of the Council's proposed main modifications and have therefore not been previously appraised.

- Proposed main modifications to the Local Plan including an increase in the proposed quantum of development on the existing strategic sites and the inclusion of several new strategic sites and non-strategic housing allocations.

1.6 The above considerations are explained at the relevant points within this EVA.

1.7 This EVA should be read in conjunction with the previous EVA reports dated September 2013 and February 2015.

1.8 West Oxfordshire is located in the south east of England in the County of Oxfordshire, which has borders with Warwickshire, Northamptonshire, Buckinghamshire, Berkshire, Wiltshire and Gloucestershire. The District's central location, coupled with its high environmental quality makes it an attractive place to live and work[3].

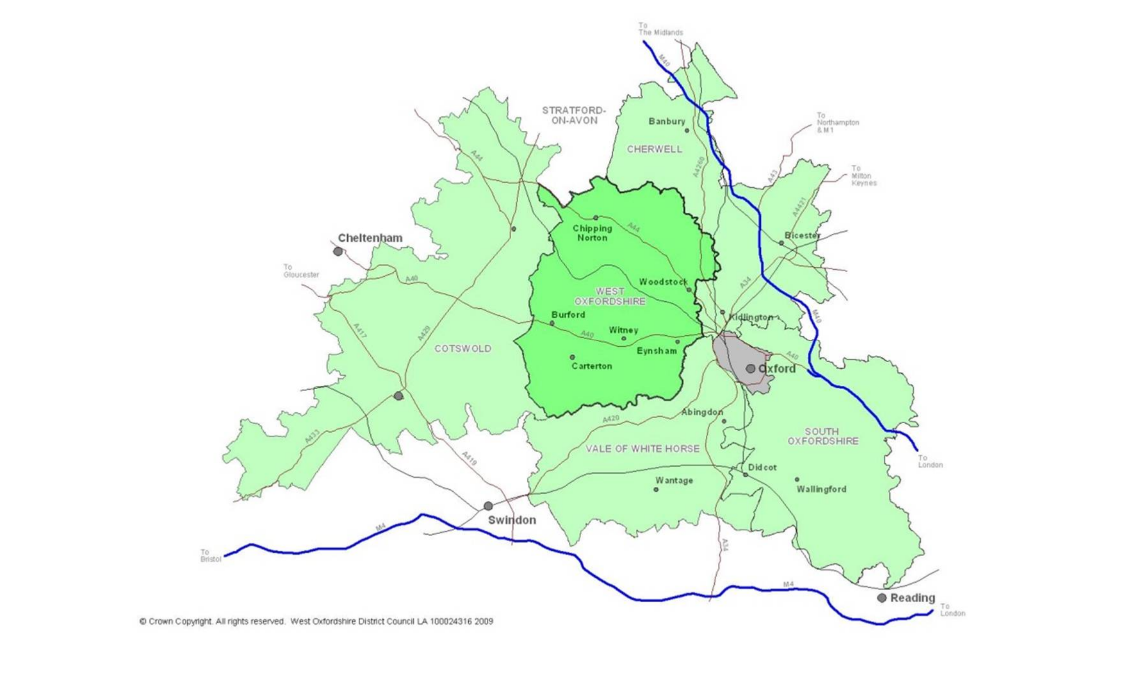


Figure 1.1 – West Oxfordshire District Location Plan

1.9 **West Oxfordshire has generally high residential values. As such, residential development *is* viable and sites are generally fundamentally viable i.e. generate a substantial positive RLV (even allowing for Affordable Housing and CIL). The challenge is that landowners have ever increasing aspirations as to land value (TLV) based on 'hope value' (see paragraph 4.32 of our original report). This has to be moderated in**

[3] Pre-Submission Draft Local Plan (2015) West Oxfordshire District Council paragraph 2.2

order that there is sufficient development surplus for the developer (profit) and the Council (Affordable Housing and CIL) otherwise, *'the prospect of raising funds for infrastructure would be forever receding into the future'* (see Mayor of London CIL Examiners report – page 27 original VA).

1.10 The diverse character of West Oxfordshire makes it particularly challenging in terms of appraising the economic viability of development at a District Wide level. In this respect a number of respondents to the previous CIL and affordable housing consultation in December 2013, observed that proposed CIL rates and Affordable Housing targets should be consistent with neighbouring Authorities. The property market for development is a continuum across boundaries with West Oxfordshire falling within a wider Oxfordshire Housing Market Area (HMA). We therefore accept to a point the logic that CIL and Affordable Housing targets ought not to be significantly different across boundaries. However, this fails to take into consideration the different economic circumstances of Local Authority areas which could result in different EVA evidence. For example, the City of Oxford with its tight administrative boundaries has different TLVs which impacts on the overall economic viability of projects. Also CIL is not to be used as a policy tool across boundaries, but based on the EVA evidence from the relevant authority.

1.11 Notwithstanding the above we set out below the headline CIL and Affordable Housing targets from surrounding Authorities for ease of comparison (Table 1.1).

Local Authority	Affordable Housing Requirement (%)	AH Evidence	Residential CIL	Employment CIL	Retail CIL	Other CIL	CIL Evidence
Stratford-on-Avon District Council	35% 10 dwelling threshold	Plan Viability & AH Study - April, 2014	• £145 at Gaydwon/Lighthorne Heath new settlement • £85 Canal Quarter Regeneration Zone • £150 Rest of District	Nil	A1 – A5: • £0 within identified centres • £10 within Gaydon/Light horne Health new settlement • £120 out of centre retail	-	DCS
Cherwell District Council	30-35% 10 dwelling threshold	Viability Assessment – Updated August 2014	• Area 1- £100 psm • Area 2- £230 psm • Area 3 – £270psm • Strategic allocations of 500 or more units in Local Plan Part 1 £270psm in Area 3 but £0psm in Area 1 and Area 2.	Nil	• Out of centre retail development - £170 psm • In centre retail development – £0 psm	-	DCS, November 2016
Oxford City Council	50% 10 dwelling threshold	Affordable Housing SPD – September, 2013	Residential, HMO and student accommodation developments will be charged £100 psm	All other development (B1, B2 and B8) will be charged £20 psm	All retail (A1- A5) developments will be charged £100 psm	All other development will be charged £20 psm	Adopted CIL 30/09/2013

Local Authority	Affordable Housing Requirement (%)	AH Evidence	Residential CIL	Employment CIL	Retail CIL	Other CIL	CIL Evidence
South Oxfordshire District Council	40% 3 dwelling threshold	AH Viability Study Update – October, 2014	Three residential development charging zones with rates of £150 (rest of District), £85 (Didcot and Berinsfield) and £0 per square metre. Retirement housing and extra care home developments will not be charged.	No charge for all other uses.	Supermarket, superstore and retail warehouse developments will be charged £70 psm	No charge for all other uses.	Adopted CIL 18/02/2016
Vale of White Horse District Council	40% 3 dwelling threshold	AH Viability Study – January, 2010	Three large residential development charging zones with rates of £120, £85 and £0 psm. No charge for rural exception sites.	No charge for all other uses.	Supermarkets and retail warehouse developments (A1) will be charged £100 psm	No charge for all other uses.	Updated Draft Charging Schedule (December 2016)
Swindon Borough Council	30%	AH Viability Study – July, 2012	Two residential charging zones with rates of £55 and £0 psm	No charge for all other uses.	Two retail development charging zones with rates of £100 and £0 psm	No charge for all other uses.	CIL Charging Schedule Adopted 26/03/2015

Local Authority	**Affordable Housing Requirement (%)**	**AH Evidence**	**Residential CIL**	**Employment CIL**	**Retail CIL**	**Other CIL**	**CIL Evidence**
Cotswold District Council	50% 10 dwelling threshold	AH SPD – February, 2007	Two residential development (including sheltered and extra-care housing) charging zones with rates of £80 and £0 psm	No charge for all other uses.	Retail developments will be charged £60 psm	No charge for all other uses.	Preliminary Draft Charging Schedule Published 28/06/2016

Table 1.1 - Neighbouring Authorities Adopted and Proposed CIL Requirements (Source: Planning Resource CIL Watch)

1.12 To summarise, the CIL rates presented at Table 1.1 show that the residential CIL charges have mostly been separated into different charging zones. The average residential CIL rate across all the charging areas listed above is £118 psm, with a range between £55 and £270 psm. It is also notable that the charges for employment uses are either nil or negligible. The average retail CIL charge from the list above is £99 psm (£10 - £170 psm).

1.13 Our update report is set out in the same format as our previous reports in order to facilitate cross-referencing, as follows:

Section 2 – Statutory Requirements	This section sets out the statutory requirements of the Local Plan Viability Assessment and the CIL Draft Charging Schedule.
Section 3 – Local Plan Context	This section sets out the Pre-submission Draft Local Plan context and the proposed Local Plan main modifications and identifies those emerging policies which will have a direct impact on viability.
Section 4 – Viability Assessment Method	This section describes our generic methodology for appraising the viability of development which is based on the residual approach as required by guidance and best practice.
Sections 5 - 9	These sections provide the property market context, development monitoring and viability for each sector of the property market including residential, commercial and retail uses.
Section 10 – Strategic Development Area Viability	This section sets out our appraisals of the proposed Strategic Development Areas in more detail.
Section 11 – Conclusions and Recommendations	Finally, we make our recommendations in respect of the Local Plan viability, Affordable Housing and set out our recommended CIL Draft Charging Schedule.

2 Statutory Requirements

2.1 Our EVA for both the Local Plan and CIL (Community Infrastructure Levy) has been carried out having regard to the various statutory requirements comprising primary legislation, Statutory Regulations and mandatory guidance.

2.2 This is summarised below.

NPPF

2.3 The National Planning Policy Framework sets out the Government's planning policies for England and how these are expected to be applied[4]. It was first published on 27 March 2012 and is now online (see below).

Paragraph 173

2.4 The National Planning Policy Framework (NPPF) places viability and deliverability at the fore. Paragraph 173 deals explicitly with ensuring viability and deliverability. Paragraph 173 states that –

> *Pursuing sustainable development requires* ***careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable.*** *Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide* ***competitive returns to a willing land owner and willing developer to enable the development to be deliverable.***[5] (our emphasis)

Affordable Housing

2.5 In terms of affordable housing, the NPPF specifically requires that local planning authorities should –

> *use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far*

[4] http://planningguidance.communities.gov.uk/blog/policy/introduction/ (accessed 11/1/16)
[5] Department of Communities and Local Government (March 2012) The National Planning Policy Framework ISBN: 978-1-4098-3413-7 paragraph 173

as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period; [6]

Planning Obligations

2.6 Finally the NPPF sets the context for planning obligations (S106 Agreements) following the introduction of CIL. The NPPF sets out the following tests –

Planning obligations should only be sought where they meet all of the following tests[7] *-*

- *necessary to make the development acceptable in planning terms;*
- *directly related to the development; and*
- *fairly and reasonably related in scale and kind to the development*

2.7 It is important to note that the CIL Regulations limit the use of planning obligations to a maximum of five S106 agreements in order to limit the use of pooled S106's to fund infrastructure and (therefore) encourage the uptake of CIL[8].

PPG Website

2.8 On 6 March 2014 the Department for Communities and Local Government (DCLG) launched this planning practice guidance web-based resource[9]. This enables all planning practice guidance to be available entirely on-line. This contains two important sections for this report –

- Viability
- Community Infrastructure Levy and
- Starter Homes.

2.9 In addition the PPG sets out national guidance on the 10 unit threshold for affordable housing.

2.10 We do not proposed to rehearse every paragraph of this guidance here, but we set out below the key guidance.

[6] Department of Communities and Local Government (March 2012) The National Planning Policy Framework ISBN: 978-1-4098-3413-7 paragraph 47
[7] Department of Communities and Local Government (March 2012) The National Planning Policy Framework ISBN: 978-1-4098-3413-7 paragraph 204
[8] The Community Infrastructure Levy Regulations 2010 in force from 6 April 2010 under section 222(2)(b) of the Planning Act 2008, Regulation 123
[9] http://planningguidance.communities.gov.uk/about/ (accessed 11/1/16)

Viability

2.11 The National Planning Policy Framework says that plans should be deliverable and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. [10]

2.12 The Community Infrastructure Levy has separate guidance on viability and charge setting. However, the principles for understanding viability set out in this document will also be relevant for Community Infrastructure Levy evidence collection. Above all, consistency is required[11]. Authorities should seek to align the preparation of their Community Infrastructure Levy. Charging Schedules and their Local Plans as far as practical[12].

2.13 Development of plan policies should be iterative – with draft policies tested against evidence of the likely ability of the market to deliver the plan's policies, and revised as part of a dynamic process. [13] – This is what West Oxfordshire have done with the various viability reports and consultation in September 2013, February 2015 and now this second update VA.

2.14 Evidence should be ***proportionate*** to ensure plans are underpinned by a broad understanding of viability. Greater detail may be necessary in areas of known marginal viability or where the evidence suggests that viability might be an issue – for example in relation to policies for strategic sites which require high infrastructure investment. [14] (our emphasis)

2.15 Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable; ***site typologies may be used to determine viability at policy level.*** Assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies[15]. (our emphasis) – In this respect we have set out our rationale for the site typologies for each use within the relevant section below.

2.16 Plan makers should ***not plan to the margin of viability but should allow for a buffer*** to respond to changing markets and to avoid the need for frequent plan updating. ***Current costs and values*** should be considered when assessing the viability of plan policy. Policies should be deliverable and should not be based on an expectation of future rises in values at least for the first five years of the plan period. This will help to ensure realism and avoid complicating the assessment with uncertain judgements about the future. Where any relevant future change to

[10] Paragraph: 001 Reference ID: 10-001-20140306 (accessed 12/1/16)
[11] Paragraph: 003 Reference ID: 10-003-20140306 (accessed 12/1/16)
[12] Paragraph: 003 Reference ID: 10-003-20140306 (accessed 12/1/16)
[13] Paragraph: 005 Reference ID: 10-005-20140306 (accessed 12/1/16)
[14] Paragraph: 005 Reference ID: 10-005-20140306 (accessed 12/1/16)
[15] Paragraph: 006 Reference ID: 10-006-20140306 (accessed 12/1/16)

regulation or policy (either national or local) is known, any likely impact on current costs should be considered[16]. (our emphasis)

2.17 Local Plan policies should reflect ***the desirability of re-using brownfield land***, and the fact that brownfield land is often more expensive to develop. Where the cost of land is a major barrier, landowners should be engaged in considering options to secure the successful development of sites. Particular consideration should also be given to Local Plan policies on planning obligations, design, density and infrastructure investment, as well as in setting the Community Infrastructure Levy, ***to promote the viability of brownfield sites*** across the local area[17]. (our emphasis)

2.18 We refer to the detailed sections in the September 2013 EVA which describe the detailed Brownfield/Greenfield Land Economics (p 29-32) and the preceding section on Threshold Land Value Summary (pp 28-29) which were relevant in 2013 and more so now due to the PPG.

2.19 ***Central to the consideration of viability is the assessment of land or site value.*** The most appropriate way to assess land or site value will vary but there are common principles which should be reflected. In all cases, estimated land or site value should:

- ***reflect <u>emerging policy</u> requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge;***
- provide a competitive return to willing developers and land owners ***(including equity resulting from those building their own homes); and***
- be informed by ***comparable, market-based evidence <u>wherever possible</u>.*** Where transacted bids are significantly above the market norm, they should not be used as part of this exercise[18]. (our emphasis)

2.20 The National Planning Policy Framework states that viability should consider "competitive returns to a willing landowner and willing developer to enable the development to be deliverable." This ***return will vary significantly between projects to reflect the size and risk profile*** of the development and the risks to the project. A rigid approach to assumed profit levels should be avoided and comparable schemes or data sources reflected wherever possible[19]. (our emphasis)

2.21 A ***competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land*** for the development. The price will need to provide an

[16] Paragraph: 008 Reference ID: 10-008-20140306 (accessed 12/1/16)
[17] Paragraph: 025 Reference ID: 10-025-20140306 (accessed 12/1/16)
[18] Paragraph: 014 Reference ID: 10-014-20140306 (accessed 12/1/16)
[19] Paragraph: 015 Reference ID: 10-015-20140306 (accessed 12/1/16)

incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy[20]. (our emphasis)

Community Infrastructure Levy

2.22 The guidance on the Planning Practice Guidance website replaces all previous standalone guidance.

2.23 Charging authorities should set a [CIL] rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan... They will need to draw on the infrastructure planning evidence that underpins the development strategy for their area. Charging authorities should use that evidence to strike ***an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development*** across their area[21]. (our emphasis)

2.24 In this respect, CIL **Regulation 14** requires that -

> a charging authority must 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[22].

2.25 The ***levy is expected to have a positive economic effect*** on development across a local plan area. When deciding the levy rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments[23]. (our emphasis)

2.26 A charging authority should be able to explain how their proposed levy rate or rates will contribute towards the implementation of the relevant Plan…, and support development across their area. Charging authorities will need to summarise their economic viability evidence [i.e.

[20] Paragraph: 015 Reference ID: 10-015-20140306 (accessed 12/1/16)
[21] Paragraph: 008 Reference ID: 25-008-20140612 (accessed 12/1/16)
[22] The Community Infrastructure Levy Regulations 2010, 6 April 2010 under section 222(2)(b) of the Planning Act 2008 Regulation 14
[23] Paragraph: 009 Reference ID: 25-009-20140612 (accessed 12/1/16)

this report(s)]. As background evidence, the charging authority should also provide information about the amount of ***funding collected in recent years through section 106 agreements***. This should include information on the ***extent to which their affordable housing and other targets have been met***[24]. (our emphasis) As part of its supporting background evidence for the CIL examination hearings in November 2016 the District Council produced an overview of past Affordable Housing delivery and other planning obligations secured. In terms of Affordable Housing this suggested that since 2001 around 20% of all housing completions were Affordable[25]

2.27 A charging authority must use ***'appropriate available evidence'*** (as defined in the Planning Act 2008 section 211(7A)) to inform their draft charging schedule. The Government recognises that the available data is ***unlikely to be fully comprehensive***. Charging authorities need to demonstrate that their proposed levy rate or rates are ***informed by 'appropriate available' evidence and consistent with that evidence across their area*** as a whole[26]. (our emphasis)

2.28 In addition, a charging authority should directly sample an appropriate range of types of sites across its area, in order to supplement existing data. This will require support from local developers. The exercise should ***focus on strategic sites*** on which the relevant Plan … relies, and those sites where the impact of the levy on economic viability is likely to be most significant (such as ***brownfield sites***). [27] (our emphasis)

2.29 Charging authorities that decide to set ***differential rates*** may need to undertake more fine-grained sampling, on a higher proportion of total sites, to help them to estimate the boundaries for their differential rates. Fine-grained sampling is also likely to be necessary where they wish to differentiate between categories or scales of intended use[28]. (our emphasis)

2.30 The focus should be in particular on ***strategic sites*** on which the relevant Plan relies and those sites (such as ***brownfield sites***) where the impact of the levy is likely to be most significant[29]. (our emphasis)

2.31 A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the

[24] Paragraph: 018 Reference ID: 25-018-20140612 (accessed 12/1/16)
[25] http://www.westoxon.gov.uk/media/1262999/CIL8-Overview-of-past-affordable-housing-delivery-and-planning-obligations-secured.pdf
[26] Paragraph: 019 Reference ID: 25-019-20140612 (accessed 12/1/16)
[27] Paragraph: 019 Reference ID: 25-019-20140612 (accessed 12/1/16)
[28] Paragraph: 019 Reference ID: 25-019-20140612 (accessed 12/1/16)
[29] Paragraph: 019 Reference ID: 25-019-20140612 (accessed 12/1/16)

margins of viability. There is room for some pragmatism. ***It would be appropriate to ensure that a 'buffer' or margin is included,*** so that the levy rate is able to support development when economic circumstances adjust[30]. (our emphasis)

2.32 The regulations allow charging authorities to apply ***differential rates*** in a flexible way, to help ensure the viability of development is not put at risk. .. Differential rates should not be used as a means to deliver policy objectives. Differential rates may be appropriate in relation to -

- geographical zones within the charging authority's boundary
- types of development; and/or
- scales of development[31]. (our emphasis)

2.33 It is important to note that the CIL Regulations refer to **'use'** here rather than **'type'** of development. Regulation 13 states that –

A charging authority may set differential rates—

(a) for different zones in which development would be situated;

(b) by reference to different intended uses of development.

(c) by reference to the intended gross internal area of development;

(d) by reference to the intended number of dwellings or units to be constructed or provided under a planning permission[32].

2.34 This is important, because development on brownfield land could be considered a 'type' of development, but it is not a 'use'. Paragraph: 022 Reference ID: 25-022-20140612 refers to 'How can rates be set by type of use?' This states that 'the definition of "use" for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987. Therefore it is not entirely clear whether differential rates can or cannot be set by reference to brownfield (previously developed land) typologies. However, in our experience most Charging Authorities are interpreting 'type' to mean 'use' as in the Regulations.

2.35 A charging authority that plans to set differential rates should seek to ***avoid undue complexity.*** Charging schedules with differential rates should not have a disproportionate impact on

[30] Paragraph: 019 Reference ID: 25-019-20140612 (accessed 12/1/16)
[31] Paragraph: 021 Reference ID: 25-021-20140612 (accessed 12/1/16)
[32] The Community Infrastructure Levy Regulations 2010 and (Amendment) Regulations 2014

particular sectors or specialist forms of development. Charging authorities should consider the views of developers at an early stage[33]. (our emphasis)

2.36 If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area. The same principle should apply where the evidence shows similarly low viability for particular types and/or scales of development[34]. (our emphasis)

Starter Homes

2.37 The PPG contains a complete section on Starter Homes (dated 10 03 2015).

2.38 The current Starter Homes policy is an exception sites policy. Paragraph: 001 Reference ID: 55-001-20150318 states –

'Starter Homes exception sites policy helps to meet the housing needs of young first time buyers, many of whom increasingly cannot afford to buy their own home, by allowing Starter Homes to be offered to them at below their open market value. The exception site policy enables applications for development for Starter Homes on under-used or unviable industrial and commercial land that has not been currently identified for housing. It also encourages local planning authorities not to seek section 106 affordable housing and tariff-style contributions that would otherwise apply. Local planning authorities should work in a positive and proactive way with landowners and developers to secure a supply of land suitable for Starter Homes exception sites to deliver housing for young first time buyers in their area.'

2.39 The PPG goes on to describe the implementation of the Starter Homes exceptions sites policy by defining what land is suitable for Starter Homes (Paragraph: 007 Reference ID: 55-007-20150318) and what are underuse or unviable industrial commercial sites (Paragraph: 008 Reference ID: 55-008-20150318).

2.40 The Planning and Housing Act (2016) provides some further information:

(1) In this Chapter "starter home" means a building or part of a building that—

(a) is a new dwelling,

(b) is available for purchase by qualifying first-time buyers only,

*(c) is to be sold at a discount of at least **20% of the market value,***

[33] Paragraph: 021 Reference ID: 25-021-20140612 (accessed 12/1/16)
[34] Paragraph: 021 Reference ID: 25-021-20140612 (accessed 12/1/16)

> > *(d) is to be sold for less than the price cap, and*
> >
> > *(e) is subject to any restrictions on sale or letting specified in regulations made by the Secretary of State.*
>
> *(2) "New dwelling" means a building or part of a building that—*
>
> > *(a) has been constructed for use as a single dwelling and has not previously been occupied, or*
> >
> > *(b) has been adapted for use as a single dwelling and has not been occupied since its adaptation.*
>
> *(3) "Qualifying first-time buyer" means an individual who—*
>
> > *(a) is a first-time buyer,*
> >
> > *(b) is at least 23 years old but has not yet reached the age of 40, and*
> >
> > *(c) meets any other criteria specified in regulations made by the Secretary of State (for example, relating to nationality).*

2.41 The initial 'cap' is to be £250,000 outside London.

2.42 Notwithstanding this, DCLG issued Technical consultation on the Starter Homes Regulations in March 2016. This was to widen the scope of Starter Homes to all sites and not just exceptions sites. Furthermore the consultation was on the introduction of a flat rate of 20% Starter Homes on all sites of 11 or more units (i.e. in effect a third tenure form of Affordable Housing alongside Affordable Rent and Intermediate/Sub-Market).

2.43 The PPG has not been updated follow the Technical consultation. However, for the purposes of our Viability Assessment West Oxfordshire District Council has instructed us to include 20% Starter Homes within the definition of Affordable Housing to pre-empt the likely changes to the PPG (see footnote on page 25).

10 Unit Threshold

2.44 In November 2014, the PPG was updated to introduce the "10 unit threshold" for 'affordable housing and tariff style planning obligations'. This was the subject of a legal challenge and following an order of the Court of Appeal dated 13 May 2016, legal effect was given to the policy set out in the Written Ministerial Statement of 28 November 2014.

2.45 The Guidance states that[35], 'affordable housing and tariff style planning obligations (section 106 planning obligations)' should not be sought from small scale and self-build development.' Specifically,

- contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1,000 sqm
- in designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions may be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development. In the case of West Oxfordshire, the Cotswolds Area of Outstanding Natural Beauty (AONB) is a 'designated rural area' and therefore under the practice guidance, the District Council is able to seek cash payments from residential schemes of 6 – 10 units.
- affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension to an existing home.

2.46 In this respect, we have been instructed by West Oxfordshire District Council to continue on the same policy basis as was assessed in the previous EVA update (February 2015) i.e. to assume an on-site affordable housing requirement will apply to residential schemes of 11 or more dwellings with a commuted sum towards affordable housing to apply on scheme of 6 – 10 within the AONB.

[35] Paragraph: 031 Reference ID: 23b-031-20160519 (accessed 31/8/16)

3 Local Plan Context

3.1 The current Local Plan for the District is the West Oxfordshire Local Plan 2011 (adopted 2006). This is due to be superseded by a new Local Plan which was formally published in March 2015 and submitted for examination in July 2015. Initial examination hearing sessions were held in November 2015 and as a result of concerns raised by the Inspector (largely in relation to housing provision), the examination was formally suspended in January 2016 until December 2016. In response to the Inspector's concerns the District Council has identified a number of proposed 'main modifications' to the Local Plan and proposes to consult on these for 6-weeks from November – December 2016.

3.2 The changes include an increase in the overall housing requirement for West Oxfordshire from 10,500 homes in the period 2011 – 2031 (525 per year) to 13,200 (660 per year). Furthermore, provision has been made for a further 2,750 homes to assist neighbours Oxford City deliver their 'unmet' housing need. Total provision to 2031 will therefore be 15,950 homes.

3.3 To meet this increased requirement the Council is proposing to increase the development capacity on a number of its existing strategic sites, introduce a number of new strategic sites and also allocate a number of smaller 'non-strategic' housing sites.

West Oxfordshire Submission Draft Local Plan (March 2015) and Proposed Main Modifications

3.4 In preparing this EVA update, we have had regard to the policies set out in the submission draft Local Plan (March 2015) as well as the proposed main modifications and the extent to which they have the potential to impact on development viability.

3.5 A number of the policies have been the subject of amendments since 2012 and some new and amended policies have been introduced as a result of the proposed modifications. In addition, we have had regard to all the stakeholder representations when updating the EVA as well as the latest national policy and statutory requirements (see above).

3.6 In order to appraise the Local Plan viability we have analysed each of the Policies in order to determine which policies have a direct or indirect impact on development viability. Those policies with a direct impact on viability have been factored into our economic assessment below. Those policies with an indirect impact have been incorporated into the viability study indirectly through the property market cost and value assumptions adopted.

3.7 It is important to note that all the policies have an indirect impact on viability. The Council's Local Plan sets the 'framework' for the property market to operate within. All the policies have an indirect impact on viability through the operation of the property market and via site allocations which shape supply over time.

3.8 We have reviewed the draft policies to ensure that we factor in the cumulative impact of the Plan policies on viability. In this respect the policies are set out on the following table (Table 3.1) –

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
Policy OS1 – Presumption in Favour of Sustainable Development	Indirect	Monitor cost and value assumptions and land supply / price for future reviews.
Policy OS2 – Locating Development in the Right Places	Direct	This policy provides for – <u>Main Service Centres, Rural Service Centres and Villages</u> A significant proportion of development within and on the edge of Witney, Carterton and Chipping Norton – including the Strategic Development Areas (SDAs) at Witney and Chipping Norton. Furthermore, Eynsham and Woodstock are identified as suitable for development. There is a proposal for a free-standing settlement based on 'garden village' principles north of the A40 near Eynsham as well as an urban extension to the west of Eynsham itself. There are a number of site allocations to ensure identified needs are met in the rural service centres of Bampton, Burford, and Charlbury and similarly in the rural villages. Further allocations may be made through Neighbourhood Plans. <u>Small Villages, Hamlets and Open Countryside</u> Development in the small villages, hamlets and open countryside will be limited to that which requires and is appropriate for a rural location and which respects the intrinsic character of the area. Appropriate development will include: re-use of appropriate existing buildings; new accommodation for travelling communities; proposals to support existing businesses and sustainable tourism; development which will contribute to farm and country estate diversification; and telecommunications development. Proposals for residential development will be considered in accordance with Policy H2 of the Local Plan and a range of General Principles including: scale; form; identity; adjoining uses; landscape; open space; vehicular access; flooding; natural, historic and built environment; minerals; Green Belt; and infrastructure. In this respect, we have appraised a large number of development typologies (including the SDA sites) in order

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		to appraise the viability of the allocations and the Plan.
Policy OS3 – Prudent Use of Natural Resources	Direct	This policy requires that all development show consideration of the efficient and prudent use and management of natural resources, including: efficient use of land and buildings, whilst having regard to the character of the locality; minimising the need to travel; minimising use of non-renewable resources; minimising minerals and soil resources; minimising energy demands and energy loss; minimising summer solar gain, maximising passive winter solar heating, lighting, natural ventilation, energy and water efficiency and reuse of materials; maximising resource efficiency, including water; minimising risk of flooding; making use of appropriate sustainable drainage systems; using recycled and energy efficient materials; minimising waste and making adequate provision for the re-use and recycling of waste. This policy requirement has a direct impact on the construction cost and density of development. In particular the proposed main modification to this policy includes a requirement for all new residential development to achieve the optional building regulations requirement for water efficiency of 110 litres/person/day. The modest cost of achieving this optional requirement has been factored into all of our residential appraisals.
Policy OS4 – High Quality Design	Direct	This policy requires high design quality which respects the historic, architectural and landscape character of the locality, and contributes to local distinctiveness and enhances the character and quality of the surroundings. More specifically, new development is required to: demonstrate high quality, inclusive and sustainable design; not harm the use or enjoyment of land and buildings nearby; demonstrate resilience to future climate change; preserve conserve or enhance areas, buildings and features of historic, architectural and environmental significance, including unlisted vernacular buildings both designated and non-designated heritage assets and habitats of biodiversity value; and enhance local green infrastructure and its biodiversity. Designers of new development should have regard to specific design advice contained in supplementary planning guidance covering the District - The West Oxfordshire Design Guide, Oxfordshire Historic Landscape Appraisal, Landscape Assessments, Conservation Area Appraisals and Cotswolds AONB guidance documents. Again, this policy requirement has a direct impact on the construction cost. However, this is no different to the existing policy requirements in terms of design quality and compliance with the latest Building Regulations standards. This policy is factored into our viability appraisals through appropriate build cost assumptions.
Policy OS5 – Supporting Infrastructure	Direct	This policy requires that, where necessary and viable, new development will be required to deliver, or contribute towards the provision of appropriate supporting infrastructure either directly as part of the development, or through an appropriate financial contribution towards off-site provision. This will include, where applicable the

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		strategic infrastructure items identified within the Council's Infrastructure Delivery Plan (IDP) and CIL Regulation 123 list as well as non-strategic infrastructure requirements including those associated with individual development proposals. In this respect we have specifically modelled these infrastructure requirements against a large range of different typologies (both residential and commercial) and explicitly modelled the use of planning obligations and/or Community Infrastructure Levy (CIL).
Policy H1 – Amount and Distribution of Housing	Direct	As set out above (Policy OS2), this policy provides for the amount and distribution of housing along the same principles of the settlement hierarchy i.e. Main Service Centres, Rural Service Centres and Villages. A significant proportion of development within and on the edge of Witney, Carterton and Chipping Norton – including the Strategic Development Areas (SDAs) at Witney and Chipping Norton. Furthermore, Eynsham and Woodstock are identified as suitable for development. There is a proposal for a free-standing settlement based on 'garden village' principles north of the A40 near Eynsham as well as an urban extension to the west of Eynsham itself. There are number of site allocations to ensure identified needs are met in the rural service centres of Bampton, Burford, and Charlbury and similarly in the rural villages. Further allocations may be made through Neighbourhood Plans. Provision is required for 15,950 homes in the period 2011 – 2031. This will comprise 13,200 homes (660 per year) to meet West Oxfordshire's identified housing needs and a further 2,750 homes to meet Oxford City's identified housing needs in the period 2021 - 2031. The indicative distribution of housing is as follows: Witney sub-area 4,400 homes Carterton sub-area 2,600 homes Chipping Norton sub-area 2,400 homes Eynsham – Woodstock sub-area 2,800 homes (plus 2,750 for Oxford's unmet need) Burford – Charlbury sub-area 1,000 homes We have appraised a large number of development typologies (including the SDA sites) in order to appraise the viability of the allocations and the Plan. In line with guidance we have assessed the smaller non-strategic allocations through more generic testing of certain residential 'typologies' (e.g. 100 unit or 200 unit greenfield

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		site).
Policy H2 – Delivery of New Homes	Direct	This policy sets out the Council's criteria for determining housing proposals. New dwellings will be permitted at the main service centres, rural service centres and villages: on allocated sites; on certain previously developed land; on undeveloped land within or adjoining the built up area where the proposed development is necessary to meet identified housing needs and is consistent with other policies in this plan in particular Policy OS2. Development on previously developed land will be supported including the provision of Starter Homes exception sites although for the purposes of this update we have assumed starter homes make up a proportion of the overall affordable housing mix on all residential sites. New dwellings will be permitted in the small villages, hamlets and open countryside: where there is an essential operational or other specific local need (where appropriate controlled by an occupancy condition and/or to the 'rural exception site'; where residential development would represent enabling development to secure the future of a heritage asset; residential development of exceptional quality or innovative design; new accommodation proposed in accordance with policies specifically for travelling communities; accommodation which will remain ancillary to existing dwellings; replacement dwellings on a one for one basis; re-use of appropriate existing buildings which would lead to an enhancement of their immediate setting and where it has been demonstrated that the building is not capable of re-use for business, recreational or community uses, tourist accommodation or visitor facilities or where the proposal will address a specific local housing need which would otherwise not be met; on sites that have been allocated for housing development within a relevant neighbourhood plan. We have appraised a large number of development typologies (including the SDA sites) in order to appraise the viability of the allocations and the Plan. In line with guidance we have assessed the smaller non-strategic allocations through more generic testing of certain residential 'typologies' (e.g. 100 unit or 200 unit greenfield site).
Policy H3 – Affordable Housing	Direct	Policy H3 sets out the Council's detailed policy for delivering affordable housing. In this respect: **<u>Small Sites</u>** • Small-scale developments of 1 – 5 units will not be required to contribute.

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		• Within the Cotswolds AONB, medium-scale housing schemes of 6-10 units and with a maximum gross floorspace of 1,000m2 or less will be required to make a financial contribution towards the provision of affordable housing off-site within the District. This commuted sum will be deferred until completion of the development to assist with viability. – Note that the supporting text states that this will £100 per square meter (to be kept under review) • Outside of the Cotswolds AONB, medium-scale housing schemes of 6-10 units and with a maximum gross floorspace of 1,000m2 or less will not be required to make a financial contribution towards affordable housing. **<u>Affordable Housing</u>** • Across the District as a whole, larger-scale housing schemes of 11 or more units and/or with a gross floorspace of more than 1,000m2 will be required to provide affordable housing **<u>on-site</u>** as a proportion of the market homes proposed as follows: - High value zone (50%) - Medium value zone (40%) - Low value zone (35%) **<u>Supported Living</u>** • A reduced level of provision will be applied in relation to supported living accommodation including extra-care and sheltered housing as follows: Sheltered Housing - High value zone (30%) - Medium value zone (10%) - Low value zone (0%) Extra-Care Housing - High value zone (10%) - Medium value zone (0%)

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		- Low value zone (0%) Note that we have appraised a large number of development typologies (including the SDA sites) having regard to the above policy requirements in order to appraise the viability of the allocations and the Plan. **Tenure Mix Viability Buffer**[36] Note also that the policy requires that in circumstances where it can be demonstrated that the level of affordable housing being sought would make a scheme unviable, a revised mix and type of housing will be considered before a lower level of affordable housing provision is accepted. ***This is important because it acts as an additional 'viability buffer'.*** **Grants and External Funding** Where external funding is available it may be applied to schemes to ensure affordability of rental levels or to increase the number or to change tenure or type of homes to meet priority needs. Note that for the purposes of our financial modelling we have excluded any external grants or other funding in the current climate. **Commuted Sums** As set out above the policy requirement is for on-site affordable housing. However, the policy states that a financial contribution [commuted sum] may be appropriate if it can be demonstrated that: it is not physically possible or feasible to provide affordable housing on the application site; or there is evidence that a separate site would more satisfactorily meet local housing need and contribute to the creation of mixed communities. In some instances, a combination of on-site provision and a financial contribution may be appropriate. Note that we have appraised the 'normal' assumption that affordable housing is delivered on-site (unless a small scheme (10 units or less (see above)). We note that in certain circumstances of private sector led extra-care and sheltered housing it may be more pragmatic for affordable housing to be delivered by way of commuted sum

[36] The current Adopted tenure split (of the Affordable Housing target %) is 70% Social Rent to 30% Intermediate affordable housing (Affordable Housing SPD, April 2007). It is now generally accepted that Social Rent is not deliverable and the current tenure requirement is to seek a 66% Affordable Rent and 34% Intermediate / Sub-market housing. However, also note that Starter Homes comprise 20% of the total units and the first tranche of Affordable Housing. The tenure split of the Affordable Rent and Intermediate / Sub-market housing will have a different % of the overall scheme and of the Affordable Housing (including Starter Homes within the definition) as a result. These calculations are shown at the top of the residential typology viability appraisals.

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		(e.g. due to service charge and estate management issues) and we have appraised these typologies for both on-site and commuted sums. **<u>Rural Exception Sites (RES)</u>** West Oxfordshire District Council and its partners will work with Parish Councils, Registered Providers of affordable housing and local housing, community land and self-build trusts to identify additional suitable rural sites for small scale affordable housing schemes to meet specific local housing needs which cannot be met in any other way. All new homes on these sites will remain affordable in perpetuity to people in housing need who have a local connection with the parish or appropriate adjoining parishes. Sites will be well-related to the existing built-up areas of towns and villages. Where family homes are proposed priority will be given to locations within a reasonable walking distance of a primary school. The proposed modification to Policy H3 recognises that in some instances an element of market housing may be required on rural exception sites to help subsidise the affordable element. In such cases, any market housing would be expected to be a subsidiary element of a predominantly affordable housing scheme. Note that we have appraised RES sites within the typologies (but excluding any private housing which should only be included to cross-subsidise Affordable Housing on RES sites).
Affordable Housing Mix (Supporting Text)		Whilst not strictly policy, the Draft Plan supporting text states that the Council will seek, as a guide, an overall mix of affordable housing in the following proportions: • 65% to be one and two bedroom homes; • 35% to be three and four bedroom homes. This indicative mix is based on the Oxfordshire SHMA (2014) and we have had regard to these proportions within our financial viability modelling.
Policy H4 – Type and Mix of New Homes	Direct	This policy requires that all residential developments provide or contribute towards the provision of a good, balanced mix of property types and sizes. Developers will be required to demonstrate how their proposal would help create a more balanced housing stock within the District and meet the needs of a range of different groups having regard to specific local needs. Particular support will be given to proposals for specialist housing for older people including but not restricted to, extra-care housing. Opportunities for extra care will be sought in the main and rural service centres and other

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		locations with good access to services and facilities for older people. In recognition of the ageing population the Council will also require larger housing **developments of 50 or more units to provide a percentage of new market homes as accessible and adaptable housing (formerly lifetime homes). This will be a matter for negotiation but as a minimum the Council will seek the provision of at least 25% of market and affordable homes to this standard.** To support the anticipated increase in the number of people with disabilities (linked to the ageing population) the Council will require larger housing **developments of 50 or more homes to provide a percentage of market and affordable homes as wheelchair adaptable dwellings. Again this will be a matter for negotiation but as a minimum the Council will seek the provision of at least 5% of homes to this standard.** The provision of wheelchair accessible dwellings will be encouraged although is not required by this policy. Any wheelchair accessible dwellings that are provided will be restricted to those which the Council is responsible for allocating or nominating a person to live in that dwelling (i.e. affordable housing) in accordance with national policy. As the provision of wheelchair accessible dwellings will be encouraged and are not stipulated as a policy requirement we have therefore not factored them into our viability assessment – we have only considered wheelchair adaptable dwellings which are a policy requirement. In this respect, we have included extra-over cost allowances on 25% of the units (for typologies greater than 50 units) for accessible and adaptable housing; and on the build costs on 5% of the units (for typologies greater than 50 units) for wheelchair accessible housing (see section 5 – Extra-over Construction Costs).
Market Housing Mix (Supporting Text)		Again, whilst not strictly policy, the Draft Plan supporting text states as a general guide, market housing in West Oxfordshire should be in the following proportions: • 4.8% 1-bed properties • 27.9% 2-bed properties • 43.4% 3-bed properties • 23.9% 4+bed properties We have had regard to these proportions within our financial viability modelling.
Policy H5 – Custom and Self-	Direct	In order to address the need for custom and self-build housing, the Council requires all housing developments of **100 or more dwellings to include 5% of the residential plots to be serviced and made available for this**

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
Build Housing		**purpose**. This can include the partial completion of units to be made available for self-finish. As an alternative, the developer may provide serviced land for an equivalent number of custom and self-build plots in another suitable, sustainable location. If any of the serviced plots/units offered for custom/self-build/self-finish remain unsold after 12 months marketing, they may be built out by the developer. Only where it can be robustly demonstrated that the provision of on-site plots is unviable or cannot be achieved for some other reason and the developer is unable to make off-site provision will the Council waive the 5% requirement. The Council will generally control access to custom/self-build housing schemes by establishing and maintaining a Register of Interest of those who wish to become custom builders and meet relevant criteria. Note that this is distinct from Affordable Housing registers/requirements. Whilst we acknowledge that this policy has a direct impact on the development of larger sites and therefore the financial model, we have not modelled this explicitly within this Plan-wide Economic Viability Assessment. We note that the policy is only applicable on larger sites of 100 units or more and therefore developers cost of land will be proportionately less than they can realise by selling individual plots. Also, we anticipate that developers will be able to add value to the plots by enabling infrastructure and design coding etc. Finally, as set out above, if the plots remain unsold the developer can build them out in any event. For the purposes of this Viability Assessment and in order to keep the variables (at this Plan level) manageable we have excluded custom build homes from the modelling.
Policy H6 – Existing Housing	Indirect	This policy requires that changes to existing housing will be managed to maintain sustainable communities and a high quality environment in accordance with the following principles: - the loss of existing dwellings to other uses will only be permitted where it can be demonstrated they are in an unsuitable location for housing, do not provide satisfactory living accommodation, are not needed to meet an identified local housing need, or the proposed use will make a positive contribution to local services and facilities; - alterations, extensions or sub-division of existing dwellings will respect the character of the surrounding area and will not unacceptably affect the environment of people living in or visiting that area. Sub-division of existing dwellings in the open countryside and small villages will be limited to large properties where continued residential

Policy	**Impact on Viability**	**Implications for Local Plan Viability Assessment**
		use cannot be secured in any other way; - proposals to replace an existing permanent dwelling which is not of historical or architectural value on a one-for-one basis, provided the character and appearance of the surrounding area is not eroded, there would be no harmful impact on ecology or protected species and the replacement dwelling is of a reasonable scale relative to the original building. There is no direct impact on our viability modelling of this policy. The reuse of existing floorspace would not attract CIL. The reuse of buildings would, over time, change the stock of housing which impacts in the long term on market values (which are factored into our appraisals through the residential market research).
Policy H7 – Travelling Communities	Indirect	This policy seeks to make provision for travelling communities' accommodation needs through a site allocation, intensification and/or expansion of existing sites and the application of a criteria-based approach to deal with speculative planning applications. It has no direct bearing on viability but cost and value assumptions and land supply / price will be monitored for future reviews.
Policy E1 – Land for Employment		This policy is for the provision of New Employment Land. Employment Development Land and Employment Sites are those which include predominantly office-based, industrial or storage and distribution activities (B class uses) or related sui generis uses. Including existing commitments, the following Employment Development Land provision is identified to meet employment needs: - Witney - 20ha to the west of Witney. - Carterton – 5ha at West Oxon Business Park and Land at Ventura Park with further consideration to be given to additional sites for employment use in appropriate locations as required with the overall objective of securing an additional 10 hectares of employment land in a suitable, sustainable location or locations. This will include the provision of around 4ha on land on the corner of Monahan Way and Carterton Road which is allocated for employment use subject to relocation of the existing sports pitches. - Chipping Norton - 9 hectares of employment land located on the eastern side of the town to be provided as part of the Land East of Chipping Norton Strategic Development Area (SDA). - West Oxfordshire Garden Village – 40 hectares of employment land to be taken forward through a separate Area Action Plan (AAP)

Policy	**Impact on Viability**	**Implications for Local Plan Viability Assessment**
		- Other Towns Villages and Rural Areas – At least 5ha within existing commitments with 2ha at Lakeside Standlake (previous Local Plan allocation). The take up of land for employment will continue to be monitored and the need for further provision considered through Neighbourhood Plans and any future Local Plan review. We have modelled a range of employment typologies based on ‘prime’ values in Witney in order to assess the viability of new employment development. It is important to monitor cost and value assumptions and land supply / price for future reviews.
Policy E2 - Supporting the Rural Economy		This policy is to support new small employment sites in or adjacent to Service Centres and the Villages where they are commensurate with the scale of the centre or village settlement and the character of the area. It is important that policy obligations do not stymie these developments (see Policy E1 above). Note that agricultural buildings are not included for CIL.
Policy E3 - Re-use of Non-Residential Buildings	Indirect	The Council supports the re-use of traditional buildings for employment, tourism and community uses to support the rural economy where the following criteria are met: a) the building(s) positively contribute to the character of the area, and; b) the building(s) are capable of conversion to the proposed use without necessitating alteration(s) or extension (s) which would harm the form of the original building and without removing features of architectural or nature conservation interest, and; c) the building(s) are suitably located for the scale and type of the proposed use. Note that in this context the re-use of existing buildings would not lead to a net increase in built floor area and therefore there is no impact on CIL. Monitor cost and value assumptions and land supply / price for future reviews.
Policy E4 – Sustainable Tourism	Indirect	The Council supports tourism and leisure development which utilises and enriches the natural and built environment and existing attractions to the benefit of visitors and local communities. New tourist and visitor facilities should be located within or close to Service Centres and Villages and reuse appropriate existing buildings wherever possible. In small villages, hamlets and the open countryside, new tourism and visitor facilities may be justified only in certain circumstances. Subject to specific locational or functional requirements, the town centre first approach will be applied to tourism

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		and leisure development, including hotels. Proposals in the Cotswolds AONB should conserve the landscape quality and biodiversity of the area and support the objectives of the Cotswolds AONB Management Plan and Sustainable Tourism Strategy. In the Lower Windrush Valley the Council will continue to work with the Lower Windrush Valley Project and County Minerals Authority to identify appropriate opportunities for tourism and leisure development. Proposals which complement the rural character of the area and deliver comprehensive long term recreational access, community or nature conservation benefits will be supported. Note that this form of development in <u>new</u> buildings is relatively limited and therefore we have excluded this from our appraisals.
Policy E5 - Local Services and Community Facilities	Indirect	The Council supports the development and retention of local services and community facilities to meet local needs and to promote social wellbeing, interests, interaction and healthy inclusive communities. Note that these buildings are not generally delivered by the private sector – they are mainly public sector or voluntary/'not-for-profit' sector led developments. They have therefore been excluded from CIL (and the viability appraisals.
Policy E6 - Town Centres	Direct	Town centres will be supported as the focus for shopping, leisure, community facilities and services. The following town centres are defined on the proposals map: • Principal town centre – Witney • Primary town centres – Carterton, Chipping Norton • Town centres with a significant tourist role – Burford, Woodstock The Council has a 'town centre first' approach to proposals. Impact assessments will be required for significant proposals (over 500m2 net sales floorspace) where they are not in a centre or in accordance with a local or neighbourhood development plan. We have had regard to the above defined town centres and threshold for impact assessment(s) when defining our retail typologies. This is to support the Council in the delivery of its town centre policies (albeit we note that CIL cannot be used explicitly for policy objectives).

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
Policy T1 – Sustainable Transport	Indirect	Priority will be given to locating new development in areas with convenient access to a good range of services and facilities and where the need to travel by private car can be minimised. Proposals for new developments that have significant transport implications either in themselves or in combination with other proposals will be required to include a Transport Assessment (TA), and where necessary a travel plan, in accordance with County Council requirements. In this respect, we have allowed for appropriate S106 costs within the viability appraisals.
Policy T2 – Highway Improvement Schemes	Direct	This policy identifies those highways schemes are to be delivered as part of SDA's (or the new garden village) proposals, either directly as part of the development or in the form of an appropriate financial contribution, as follows: • Downs Road junction, Witney • Shores Green Slip Roads, Witney • West End Link Road, Witney • Northern Distributor Road, Witney • Eastern Link Road, Chipping Norton • Western Link Road, Eynsham • Northern Link Road, Garden Village Where these road schemes are expected to be facilitated by a Strategic Development Area (SDA) we have factored in a potential cost into our viability assessment of those sites. The Council will continue to support the provision of A-road access to Carterton via the B4477 together with the promotion of west facing slip roads at the junction of the A40 and B4477. Contributions will be sought from new development as appropriate. Our viability modelling assumes a certain amount per dwelling for Section 106 contributions to take account of potential planning obligations that may be sought by the District Council. A high-

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		level assumption is necessary because is each case will vary and there is no defined set amount (£) per unit that can be applied. The Council will continue to work in partnership with Oxfordshire County Council in relation to securing improvements to the A40 between Eynsham Witney and Oxford. including This will include the potential provision of a new park and ride site at Eynsham and associated bus priority measures provision of an eastbound bus lane in conjunction with the proposed park and ride at Eynsham to help address congestion in the short to medium term, together with longer term improvements including the provision of a westbound bus lane from Oxford to Eynsham and duelling of the A40 between Witney and Eynsham. Contributions will be sought from new development and other potential sources of funding as appropriate. In addition, the Council will work in partnership with the County Council to deliver other 'non-strategic' highway improvements necessary to support the quantum and distribution of growth identified in the Local Plan with contributions to be sought from new development as appropriate. We understand that CIL and some site specific contributions (avoiding 'double dipping') will be used as part of these 'contributions' towards generic highway improvements.
Policy T3 – Public Transport, Walking and Cycling	Direct	This policy requires that 'all new development will be located and designed to maximise opportunities for walking, cycling and the use of public transport.' The policy states that 'new development will be expected to contribute towards the provision of new and/or enhanced public transport, walking and cycling infrastructure to help encourage modal shift and promote healthier lifestyles.' Our viability modelling assumes a certain amount per dwelling for Section 106 contributions to take account of potential planning obligations that may be sought by the District Council. A high-level assumption is necessary because is each case will vary and there is no defined set amount (£) per unit that can be applied.
Policy T4 – Parking Provision	Indirect	This policy requires that 'parking in new developments will be provided in accordance with the County Council's adopted parking standards and should be sufficient to meet increasing levels of car ownership'. Note that this is requirement is factored into our site development density assumptions and external works cost assumptions.
Policy EH1 -	Indirect	This policy requires that 'new development should respect and, where possible, enhance the intrinsic character,

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
Landscape Character		quality and distinctive natural and man-made features of the local landscape, including individual or groups of features and their settings, such as stone walls, trees, hedges, woodlands, rivers, streams and ponds.' Construction cost rates take into consideration the quality of development required in the District.
Policy EH2 - Biodiversity	Indirect	The policy requires that, 'all developments will be expected to provide towards the provision of necessary enhancements in areas of biodiversity importance.' Appropriate development and infrastructure costs have been included in the appraisals.
Policy EH3 – Public Realm and Green Infrastructure	Indirect	This policy requires that, 'development proposals will be expected to provide or contribute towards the provision of necessary improvements to the District's multi-functional network of green infrastructure (including Conservation Target Areas) and open space, providing opportunities for walking and cycling within the built-up areas and connecting settlements to the countryside through a network of footpaths, bridleways and cycle routes.' We have allowed for these costs indirectly, through appropriate allowances for density and external works costs etc. We have incorporated specific allowances for infrastructure (provided by the Council) in respect of the strategic sites.
Policy EH4 - Decentralised and renewable or low carbon energy development	Indirect	This policy supports the principle of renewable and low-carbon energy developments, especially small-scale community-led initiatives for wind schemes, solar clubs and the use of biomass. The policy goes on that the use of use of decentralised energy systems, including Combined Heat and Power (CHP) and District Heating (DH), especially woody biomass fuelled, is to be 'encouraged'. Note that this is not a compulsory requirement and therefore we have excluded any costs of this from our viability modelling. Similarly, the policy requires an energy assessment or strategy which assesses viability for decentralised energy systems, including consideration of the use of local wood fuel biomass and other renewable energy initiatives will be required for: proposals on strategic development areas (SDAs) all residential developments for 100 dwellings or more, all residential developments in off-gas areas for 50 dwellings or more; or, all non-domestic developments above 1000m2 floorspace. Again this is just an assessment or strategy. One assumes that if the viability is positive then the developer would bring this infrastructure forward. If the project is not viable then the policy does not require the developer

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		to deliver the infrastructure. We have therefore excluded any costs of this from our viability modelling.
Policy EH5 – Flood Risk	Indirect & Direct	This policy sets out the Council's approach to managing flood risk and assessing proposals for development. The policy has an indirect spatial impact on the location of development hence - monitor cost and value assumptions and land supply / price for future reviews. There may be a direct cost impact in terms of the incorporation of sustainable drainage systems which his factored into the appraisals within the external works, infrastructure and contingency costs. We have also sensitivity tested the appraisals for increases in construction costs.
Policy EH6 - Environmental Protection	Indirect	This policy sets out the Council's approach to: air quality; contaminated land; hazardous substances, installations and airfields; artificial light; noise and waste. These are not 'new' requirements and we have factored these costs into the appraisals implicitly within the build cost, professional fees and other cost assumptions. Note that any contaminated land and/or other abnormal costs should be deducted from the cost of the land.
Policy EH7 – Historic Environment	Indirect	All development proposals should conserve or enhance the special character and distinctiveness of West Oxfordshire's historic environment, and conserve or enhance the District's heritage assets, and their significance and settings. The high environmental quality and historic environment in the District is well known and is factored into the viability appraisals through the enhanced (BCIS etc.) costs. Note that works to *existing* buildings (e.g. heritage) will be not be included in any *additional* floorspace for CIL.
Policy WIT1 – East Witney Strategic Development Area (450 homes)	Direct	This policy is specifically in respect of the East Witney SDA which is allocated for the provision of about 450 homes (an increase of 50 over the original submission draft Local Plan). The policy sets out a number of criteria that development of the site will be expected to comply with including the provision of supporting infrastructure. A key consideration is the delivery of the Shores Green Slip Roads (SGSR) which is expected to be facilitated by this development. We have appraised this SDA specifically. In this respect we have had regard to the phasing and site specific infrastructure costs provide by WODC. It is important to note that the Council's Regulation 123 list is to be infrastructure project specific (and not

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		generic). Accordingly it is important that the SDAs contribute CIL assuming that this is affordable alongside any site specific S106 obligations and affordable housing requirements etc. As such there should be no actual or perceived 'double dipping' in relation to the SDAs. We have therefore appraised the schemes including CIL and the sensitivity tables show the impact of changes to the CIL rates in the SDA areas.
Policy WIT2 – North Witney Strategic Development Area (1,400 homes)	Direct	This policy is specifically in respect of the North Witney SDA which is allocated for the provision of around 1,400 homes (an increase of 400 over the original submission draft Local Plan). The policy sets out a number of criteria that development of the site will be expected to comply with including the provision of supporting infrastructure. A key consideration is the delivery of the West End Link (WEL) which is expected to be facilitated by this development as well as a new northern distributor road and primary school. We have appraised this SDA specifically. In this respect we have had regard to the phasing and site specific infrastructure costs provide by WODC. It is important to note that the Council's Regulation 123 list is to be infrastructure project specific (and not generic). Accordingly it is important that the SDAs contribute CIL assuming that this is affordable alongside any site specific S106 obligations and affordable housing requirements etc. As such there should be no actual or perceived 'double dipping' in relation to the SDAs. We have therefore appraised the schemes including CIL and the sensitivity tables show the impact of changes to the CIL rates in the SDA areas.
Policy WIT2a – Woodford Way Car Park, Witney (50 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy WIT2b – Land West of Minster Lovell, Brize Norton (85	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
homes)		
Policy WIT3 – Witney Town Centre Strategy	Indirect	The overall objective is to maintain and enhance Witney Town Centre providing an accessible, attractive and diverse shopping, visitor and evening economy offer and the principal shopping and leisure destination for West Oxfordshire and the surrounding area. We have appraised appropriate commercial and retail typologies as part of this Viability Assessment.
Policy WIT4 – Witney Sub-Area Strategy	Indirect	The focus of new housing, supporting facilities and additional employment opportunities will be Witney. New development in the rest of the sub-area will be limited to meeting local community and business needs and will be steered towards the larger villages. Proposals for development in the sub-area should be consistent with the strategy including: around 4,400 new homes to be focused on Witney and to include affordable housing; employment opportunities through the retention and modernisation of existing sites, development of remaining available employment land (10ha) and the provision of further employment land (at least 10ha) on the western edge of Witney; land to the west of Down's Road identified as an 'area of future long-term development potential'. This will have an indirect impact on the spatial development of Witney and therefore it is important to monitor cost and value assumptions and land supply / price for future reviews.
Policy CA1 – REEMA North and Central (300 homes)	Direct	This policy is for land at REEMA North and Central to accommodate a sustainable, integrated community that forms a positive addition to Carterton. We previously appraised this scheme, but understand that it now has planning permission in part and therefore we have been instructed to exclude it from the current appraisal update. The development will have an indirect impact on the property market in Carterton and therefore it is important to monitor cost and value assumptions and land supply / price for future reviews.
Policy CA1a Land at Milestone Road, Carterton (200 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy CA1b Land	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
at Swinbrook Road, Carterton (70 homes)		affordable housing and CIL herein.
Policy CA2 – Carterton Town Centre Strategy	Indirect	The overall objective is for Carterton Town Centre to become the local retail centre of choice for those living and working in the town and surrounding villages. We have appraised appropriate commercial and retail typologies for the District as part of this Viability Assessment.
Policy CA3 – Carterton Sub-Area Strategy	Indirect	The focus of new housing, supporting facilities and additional employment opportunities will be Carterton. New development in the rest of the sub-area will be limited to meeting local community and business needs and will be steered towards the rural service centre and larger villages. Proposals for development in the sub-area should be consistent with the strategy which includes: delivery of around 2,600 new homes to be focused on Carterton and to include affordable housing; satisfactorily accommodating the needs of RAF Brize Norton; retention of remaining land for businesses (5ha) at West Oxfordshire Business Park and Ventura Park; working in partnership with the Town Council and landowners to identify further opportunities for business land provision within and adjoining Carterton with the aim of delivering at least 10 hectares of high quality business land over the period of the Local Plan. This will have an indirect impact on the spatial development of Carterton and therefore it is important to monitor cost and value assumptions and land supply / price for future reviews.
Policy CN1 – East Chipping Norton Strategic Development Area (1,400 homes)	Direct	This policy is specifically in respect of the Chipping Norton SDA which is allocated for the provision of around 1,400 homes (an increase of 800 over the original submission draft Local Plan). The policy sets out a number of criteria that development of the site will be expected to comply with including the provision of supporting infrastructure. A key consideration is the delivery of an eastern link road and new primary school. The allocation now includes additional land north of London Road including 9 ha of business land (previously the draft allocation suggested 1.5ha). We have appraised this SDA specifically. In this respect we have had regard to the phasing and site specific infrastructure costs provide by WODC. It is important to note that the Council's Regulation 123 list is to be infrastructure project specific (and not generic). Accordingly it is important that the SDAs contribute CIL assuming that this is affordable alongside any

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		site specific S106 obligations and affordable housing requirements etc. As such there should be no actual or perceived 'double dipping' in relation to the SDAs. We have therefore appraised the schemes including CIL and the sensitivity tables show the impact of changes to the CIL rates in the SDA areas.
Policy CN2 – Chipping Norton Sub-Area Strategy	Indirect	The focus of new housing, supporting facilities and additional employment opportunities will be Chipping Norton. New development in the rest of the sub-area will be limited to meeting local community and business needs and will be steered towards the larger villages. Proposals for development in the sub-area should be consistent with the strategy which includes: delivery of around 2,400 new homes to be focused on Chipping Norton to include affordable housing; a strategic mixed-use development area of around 1,400 dwellings on the eastern side of Chipping Norton (see Policy CN1); retention and where appropriate modernisation of existing business premises together with the provision of additional business land of 9 hectares to be provided as part of the East Chipping Norton SDA on land to the north of London Road. This will have an indirect impact on the spatial development of Chipping Norton and therefore it is important to monitor cost and value assumptions and land supply / price for future reviews.
Policy EW1a – West Oxfordshire Garden Village Strategic Development Area (2,200 homes)	Direct	This policy is specifically in respect of the West Oxfordshire Garden Village Strategic Development Area which is allocated for the provision of around 2,200 homes in the period 2021 – 2031 as well as a 40 hectare science park serving employment needs to 2031 and beyond. This is a new allocation that was not included in the submission draft Local Plan. The policy sets out a number of criteria that development of the site will be expected to comply with including the provision of supporting infrastructure. The intention of the District Council is to prepare an 'Area Action Plan' to take this site forward in more detail. We have appraised this SDA specifically. In this respect we have had regard to the phasing and site specific infrastructure costs provide by WODC. It is important to note that the Council's Regulation 123 list is to be infrastructure project specific (and not generic). Accordingly it is important that the SDAs contribute CIL assuming that this is affordable alongside any site specific S106 obligations and affordable housing requirements etc. As such there should be no actual or perceived 'double dipping' in relation to the SDAs. We have therefore appraised the schemes including CIL and the sensitivity tables show the impact of changes to the CIL rates in the SDA areas.

Policy	**Impact on Viability**	**Implications for Local Plan Viability Assessment**
Policy EW1b – West Eynsham Strategic Development Area (1,000 homes)	Direct	This policy is specifically in respect of the West Eynsham Strategic Development Area which is allocated for the provision of around 1,000 homes. This is a new allocation that was not included in the submission draft Local Plan. The policy sets out a number of criteria that development of the site will be expected to comply with including the provision of supporting infrastructure. A key consideration is the provision of a western link road which the policy expects to be facilitated by this comprehensive development. We have appraised this SDA specifically. In this respect we have had regard to the phasing and site specific infrastructure costs provide by WODC. It is important to note that the Council's Regulation 123 list is to be infrastructure project specific (and not generic). Accordingly it is important that the SDAs contribute CIL assuming that this is affordable alongside any site specific S106 obligations and affordable housing requirements etc. As such there should be no actual or perceived 'double dipping' in relation to the SDAs. We have therefore appraised the schemes including CIL and the sensitivity tables show the impact of changes to the CIL rates in the SDA areas.
Policy EW1c – Land East of Woodstock (300 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein. We are aware that this scheme is the subject of a current planning application and we have drawn upon viability evidence from the Applicants as part of this Plan-wide study.
Policy EW1d – Land north of Hill Rise, Woodstock (120 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy EW1e – Land north Banbury Road, Woodstock (250	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
homes		
Policy EW1f – Land at Myrtle Farm, Long Hanborough (50 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy EW1g – Land at Oliver's Garage, Long Hanborough (25 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy EW1h – Former Stanton Harcourt Airfield (50 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy EW1 – Blenheim World Heritage Site	Indirect	The exceptional cultural significance (Outstanding Universal Value) of the Blenheim World Heritage Site will be protected, promoted and conserved for current and future generations. This WHS has a positive impact on the local property market which is reflected in our viability modelling through the values analysis (High value zone).
Policy EW2 – Eynsham – Woodstock Sub-Area Strategy	Indirect	The focus of new development will be Eynsham, Woodstock and the Garden Village. Development in these rural service centres will be of an appropriate scale and type that would help to reinforce/create the service centre role. Development elsewhere will be limited to meeting local housing, community and business needs and will be steered towards the larger villages. Proposals for development in the sub-area should be consistent with the strategy which includes: delivery of about 5,550 new homes to include affordable housing; provision of additional business land focused primarily on the rural service centres with a particular focus on Eynsham to help meet future requirements and capitalise on the proximity of this sub-area to Oxford and the Oxfordshire 'knowledge spine'. This will include the provision of a

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		new campus-style science park of around 40 ha to be delivered as an integral part of the Garden Village. This will have an indirect impact on the spatial development of Eynsham and Woodstock and therefore it is important to monitor cost and value assumptions and land supply / price for future reviews.
Policy BC1a – Land north of Woodstock Road, Stonesfield (50 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy BC1b – Land east of Burford (85 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy BC1c – Land north of Jeffersons Piece, Charlbury (40 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy BC1d – Land south of Milton Road, Shipton under Wychwood (44 homes)	Direct	We have not appraised this scheme specifically, but it will fall within the general typologies and proposals for affordable housing and CIL herein.
Policy BC1 – Burford – Charlbury Sub-Area Strategy	Indirect	The focus of new development will be Burford and Charlbury. Development in these rural service centres will be of an appropriate scale and type that would help to reinforce the existing service centre role. Development elsewhere will be limited to meeting local housing, community and business needs and will be steered towards the larger villages.

Policy	Impact on Viability	Implications for Local Plan Viability Assessment
		Proposals for development in the sub-area should be consistent with the strategy which includes: delivery of about 1,000 new homes to include affordable housing and homes designed to meet a range of different needs including older people etc. This will have an indirect impact on the spatial development of Burford and Charlbury and therefore it is important to monitor cost and value assumptions and land supply / price for future reviews.

Table 3.1 – Local Plan Policy[37] Assumptions Appraised (October 2016)

[37] Draft policies sections 4-9 – received by email

4 Viability Assessment Method

4.1 In this section of the report we set out our methodology to establish the viability of the various land uses and development typologies described in the following sections.

4.2 We also signpost the reader to professional guidance, Inspectors reports and some important principles of land economics that we have had regard to in undertaking the economic viability appraisals. This was set out in full in our September 2013 report and we do not repeat this again here (for the sake of brevity), but these are important principles and should not be overlooked.

The Harman Report (June 2012)

4.3 The Harman report 'Viability Testing Local Plans' (June 2012) sets out specific guidance for the viability testing of Local Plans i.e. not individual site specific negotiations.

4.4 The Harman report refers to the concept of 'Threshold Land Value' (TLV). We adopt this terminology throughout this report as it is an accurate description of the important value concept. Harman states that the *'Threshold Land Value should represent the value at which a typical willing landowner is likely to release land for development.'* [38]

4.5 A further summary of the Harman report is set out on pages 24-26 of the September 2013 VA report.

RICS Guidance (FVIP) (August 2012)

4.6 The RICS guidance on Financial Viability in Planning (FVIP)[39] was published after the Harman report in August 2012 (the Harman Report was published in June 2012) and it is much more 'market facing' in its approach.

4.7 The guidance does emphasise the '*importance of using **market evidence** as the best indicator of the behaviour of willing buyers and willing sellers in the market*'[40] .

4.8 The FVIP guidance defines 'site value', whether this is an input into a scheme specific appraisal or as a benchmark [threshold land value], as follows:

[38] Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) page 28
[39] RICS Professional Guidance England (August 2012) Financial viability in planning, 1st edition guidance note GN 94/2012
[40] RICS Professional Guidance England (August 2012) Financial viability in planning, 1st edition guidance note GN 94/2012 paragraph 3.1.4

> *Site value should equate to the **market value** subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan* (Box 7) (our emphasis)

4.9 And that a second assumption be applied when undertaking Local Plan or CIL (area wide) viability testing:

> *Site value (as defined above) may need to be further **adjusted to reflect the emerging policy / CIL charging level**. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted*…..(Box 8) (our emphasis)

4.10 A further summary of the RICS FVIP guidance is set out on pages 26-27 of the September 2013 VA report.

Planning Inspectorate Examination Reports

4.11 A number of Planning Inspectorate reports have comments upon the critical issue of land value, as set out below:

- Mayor of London CIL (Jan 2012) – the Inspector commented that 'a reduction in development land value is an inherent part of the CIL concept' – see page 27, September 2013 VA report
- Greater Norwich Development Partnership's CIL (Dec 2012) - a landowner would expect to receive at least 75% of the benchmark value – see page 28, September 2013 VA report
- Sandwell CIL (July 2014) - This approach was uncontested and accepted at the Examination in Public – see page 28, September 2013 VA report

Brownfield/Greenfield Land Economics

4.12 CIL has its roots in the perceived windfall profit arising from the release of greenfield land by the planning system to accommodate new residential sites and urban extensions[41]. However, lessons from previous attempts to tax betterment[42] show that this is particularly difficult to achieve effectively without stymieing development. It is even harder to apply the concept to brownfield redevelopment schemes with all attendant costs and risks.

[41] See Barker Review (2004) and Housing Green Paper (2007)
[42] the 2007 Planning Gain Supplement , 1947 'Development Charge', 1967 'Betterment Levy' and the 1973 'Development Gains Tax' have all ended in repeal

4.13 The fundamental difference between greenfield and brownfield scheme economics is important to understand for affordable housing targets and CIL rate setting – see pp 32 of the September 2013 report.

Land Economics Summary

4.14 A very important aspect when considering CIL is an appreciation of how the property market for development land works in practice. pp 28-29 of the September 2013 report (together with the section on greenfield and brownfield land above) describes the land market processes in detail including concepts such as: the competitive economy for land; how developers mitigate land risk (options / promotion agreements); hope value; long-term land owners; planning promotion costs.

4.15 See pp 28-29 of the September 2013 report.

Viability Modelling Best Practice

4.16 The general principle is that CIL and affordable housing (etc.) will be levied on the increase in land value resulting from the grant of planning permission. However, there are fundamental differences between the land economics and every development scheme is different. Therefore in order to derive the potential CIL and understand the 'appropriate balance' it is important to understand the micro-economic principles which underpin the viability analysis.

4.17 The uplift in value is calculated using a Residual Land Value (RLV) appraisal. Figure 4.1 below, illustrates the principles of a RLV appraisal.

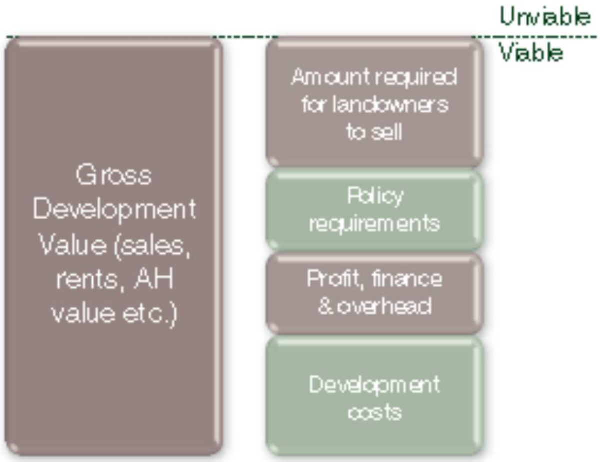


Figure 4.1 – Elements Required for a Viability Assessment (Harman)[43]

4.18 Section 4 of our previous September 2013 report describes each of the above components in detail.

4.19 Our specific appraisals for each for the land uses and typologies are set out in the relevant section below.

4.20 A scheme is viable if the total of all the costs of development including land acquisition, planning obligations and profit are less than the GDV of the scheme – i.e. positive RLV. Conversely, if the GDV is less than the total costs of development (including land, S106s and profit) the scheme will be unviable – i.e. negative RLV.

4.21 However, just because a scheme is viable i.e. positive RLV, this does not mean that a scheme will come forward. The land owner may not be willing to sell the site for the RLV sum (and may require a higher price). Conversely, some landowners may be promoting developments themselves or in joint venture (JV) with developers or may be 'forced' sellers due to bad debt etc. Each land owner will have differing circumstances or motivations to sell.

4.22 Therefore, in order to advise on the viability of the Local Plan (i.e. the ability of the proposed uses/scheme to support affordable housing and CIL charge) we have benchmarked the residual land values from the viability analysis against existing or alternative land use relevant to the particular typology – the Threshold Land Value (TLV).

[43] Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) page 25

4.23 This approach is summarised on the diagram below (Figure 4.2).

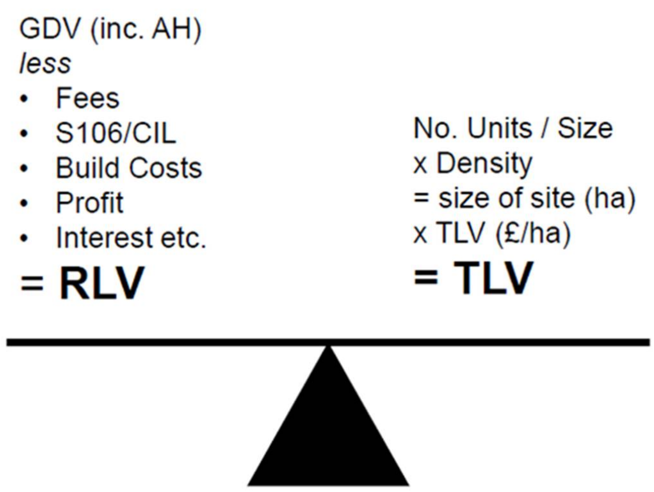


Figure 4.2 – Balance between RLV and TLV (© AspinallVerdi)

4.24 If the ‘balance’ is positive, then the policy / proposal is viable. If the balance is negative, then the policy / proposal is not viable and the CIL rates and/or Affordable Housing targets should be reviewed.

Planning Promotion Costs

4.25 For strategic landowners the cost of planning promotion is not insubstantial and it is important (in accordance with the Harman report) that these costs are taken into account.

4.26 In this respect it is important to note:

- Our RLV appraisals (i.e. the left hand side of Figure 4.2) are based on a single ‘stage’ approach i.e. a landowner sells a site to a developer. They are not a ‘land appraisal’ (i.e. where the site with the benefit of planning permission is the GDV) and then a developer appraises the ‘development phase’
- Our RLV appraisals assume that the scheme is fully built out i.e. the GDV is the gross sales value of the completed scheme
- Our appraisals include substantial upfront ‘initial payments’ for planning application consultant fees etc. (e.g. £270,000 in the context of the West Oxfordshire Garden Village)
- In addition we include a professional fees allowance (generally) of 9%

- This approach demonstrates that the scheme(s) are viable.
- The '2 stage' land promotion model is a speculative business model where the land promoter funds the upfront planning costs and earns a return which is usually linked to the uplift in the value of the site. This is reflected in the TLV of the site (i.e. the right hand side of Figure 4.2 above).
- In a scenario where an agricultural land owner does not wish to fund the site promotion costs, then the costs of site promotion will come out of the 'uplift in value' e.g. from say £15,000 / acre agricultural land value to £225,000+ TLV.

4.27 Hence, the modelling reflects the entire cost of site promotion and delivery.

How to interpret the Viability Appraisals

4.28 As mentioned above, a scheme is viable if the RLV is positive for a given level of profit. We describe this situation herein as being 'fundamentally' viable.

4.29 However, this does not mean that a scheme will come forward for development as the RLV for a particular scheme has to exceed the landowner's TLV. In Development Management terms every scheme will be different (RLV) and every landowner's motivations will be different (TLV).

4.30 For Plan Making purposes it is important to benchmark the RLV's from the viability analysis against existing or alternative land use relevant to the particular typology – the Threshold Land Value (TLV) – see Figure 4.2 above.

4.31 The results of the appraisals should be interpreted as follows:

- If the 'balance' is positive, then the policy / proposal is viable. We describe this as being 'viable for plan making purposes herein'.
- If the 'balance' is negative, then the policy /proposal is not viable for plan making purposes and the CIL rates and/or Affordable Housing targets should be reviewed.

4.32 This is illustrated in the following boxes of our hypothetical appraisals (appended). In this case the residual land value (RLV) at £59.4m is some £37.2m higher than the assumed threshold land value of £22.2m meaning the balance is positive.

RESIDUAL LAND VALUE						
Residual Land Value (gross)						70,407,546
SDLT		70,407,546	@	5.0%		(4,928,528)
Acquisition Agent fees		70,407,546	@	1.0%		(704,075)
Acquisition Legal fees		70,407,546	@	0.5%		(352,038)
Interest on Land		70,407,546	@	7.0%		(4,928,528)
Residual Land Value (net)		42,496	per plot			**59,494,376**
		1,487,359	£ per ha	601,926	£ per acre	
THRESHOLD LAND VALUE						
Residential Density		35	dph			
Site Area		40.00	ha	98.84	acres	
	density check	3,323	sqm/ha	14,476	sqft/ac	
Threshold Land Value		555,975	£ per ha	225,000	£ per acre	
		15,885	£ per plot			**22,239,000**
BALANCE						
Surplus/(Deficit)		**931,384**	£ per ha	**376,926**	£ per acre	**37,255,376**

4.33 In addition to the above, we have also prepared a series of sensitivity scenarios for each of the typologies. This is to assist in the analysis of the viability (and particularly the viability buffer); the sensitivity of the appraisals to key variables such as CIL, Affordable Housing, TLV and profit; and to consider the impact of rising construction costs. These sensitivity appraisals should be interpreted as follows.

4.34 CIL v Affordable Housing sensitivity:

					AH - % on site			
Balance (RLV - TLV)	(5,927,970)	20%	25%	30%	35%	40%	45%	50%
	0	37,961,097	31,607,576	25,253,007	18,896,866	12,540,726	6,183,171	(176,105)
	10	37,062,713	30,762,984	24,463,255	18,163,525	11,861,688	5,559,143	(744,142)
	20	36,160,140	29,916,821	23,672,562	17,426,746	11,180,931	4,934,179	(1,314,648)
	30	35,256,516	29,067,430	22,878,344	16,689,259	10,498,400	4,306,623	(1,885,305)
	40	34,348,839	28,216,483	22,083,245	15,948,519	9,813,793	3,678,573	(2,459,036)
CIL £psm	50	33,439,887	27,362,212	21,284,537	15,206,861	9,127,705	3,047,469	(3,032,767)
	60	32,527,078	26,506,454	20,484,954	14,462,091	8,439,228	2,416,276	(3,609,339)
	70	31,612,711	25,647,221	19,681,730	13,716,240	7,749,520	1,781,603	(4,186,314)
	80	30,694,740	24,786,623	18,877,589	12,967,369	7,057,150	1,146,930	(4,765,627)
	90	29,774,868	23,922,346	18,069,824	12,217,301	6,363,757	508,947	(5,345,864)
	100	28,851,707	23,056,883	17,261,046	11,464,259	5,667,472	(129,315)	(5,927,970)
	110	27,926,240	22,187,477	16,448,713	10,709,950	4,970,330	(770,579)	(6,511,488)
	120	26,997,860	21,317,120	15,635,222	9,952,665	4,270,108	(1,412,449)	(7,096,639)
	130	26,066,707	20,442,502	14,818,296	9,194,091	3,568,951	(2,057,253)	(7,683,456)
	140	25,133,077	19,567,224	13,999,813	8,432,291	2,864,770	(2,702,752)	(8,271,706)
	150	24,195,949	18,687,109	13,178,269	7,669,428	2,159,531	(3,351,156)	(8,861,842)
	160	23,257,040	17,806,386	12,354,713	6,903,041	1,451,368	(4,000,305)	(9,453,247)
	170	22,313,842	16,921,183	11,528,524	6,135,864	741,979	(4,652,370)	(10,046,719)
	180	21,369,625	16,034,817	10,699,815	5,364,813	29,812	(5,305,190)	(10,641,334)
	190	20,420,263	15,144,608	9,868,954	4,593,299	(683,797)	(5,960,979)	(11,238,162)
	200	19,470,010	14,252,510	9,035,010	3,817,510	(1,399,990)	(6,617,490)	(11,836,044)

4.35 This table shows the sensitivity of the balance (RLV – TLV) for different combinations of Affordable Housing (AH %) across the columns and different amounts of CIL (£ psm) down the rows. Thus:

- You should be able to find the appraisal balance by looking up the base case AH% (35%, 40% or 50%) and the base case CIL (£0, £100, £200 psm)

- Higher % levels of AH will reduce the 'balance' and if the balance is negative the scheme is 'not viable' for Plan Making purposes (note that it may still be viable in absolute RLV terms and viable in Plan Making terms depending on other sensitivities (e.g. TLV, Profit (see below)).
- Lower % levels of AH will increase the 'balance' and if the balance is positive then the scheme is viable in Plan Making terms
- Similarly, higher levels of CIL (£ psm) will reduce the 'balance'
- And, lower levels of CIL (£ psm) will increase the 'balance'

4.36 Profit v Affordable Housing sensitivity:

		AH - % on site						
Balance (RLV - TLV)	(5,927,970)	20%	25%	30%	35%	40%	45%	50%
	15.0%	48,782,891	41,924,106	35,064,309	28,203,561	21,342,814	14,482,066	7,619,451
	16.0%	44,796,655	38,150,661	31,503,656	24,855,701	18,207,745	11,559,790	4,909,967
Profit (private sales & Starter Homes)	17.0%	40,810,418	34,377,217	27,943,004	21,507,840	15,072,677	8,637,514	2,200,482
	18.0%	36,824,181	30,603,772	24,382,351	18,159,980	11,937,609	5,715,237	(509,002)
	19.0%	32,837,944	26,830,327	20,821,699	14,812,120	8,802,540	2,792,961	(3,218,486)
	20.0%	28,851,707	23,056,883	17,261,046	11,464,259	5,667,472	(129,315)	(5,927,970)

4.37 This table shows the sensitivity of the balance (RLV – TLV) for different combinations of Affordable Housing (AH %) across the columns and different amounts of Profit (%) down the rows. Thus:

- The Affordable Housing (%) should be interpreted as for the CIL v AH sensitivity above.
- Higher levels of Profit (%) will increase the return to the developer, but with a corresponding reduction in RLV and therefore reduce the 'balance' for a given TLV
- Conversely, lower levels of Profit (%) will reduce the return to the developer, and increase the RLV and therefore increase the 'balance' for a given TLV

4.38 TLV v Affordable Housing sensitivity:

					AH - % on site			
Balance (RLV - TLV)	27,504,466	20%	25%	30%	35%	40%	45%	50%
	225,000	48,353,962	42,559,137	36,763,301	30,966,514	25,169,727	19,372,940	13,574,285
	300,000	39,995,853	34,201,028	28,405,191	22,608,404	16,811,618	11,014,831	5,216,176
	375,000	31,637,744	25,842,919	20,047,082	14,250,295	8,453,508	2,656,721	(3,141,933)
TLV (per acre)	450,000	23,279,635	17,484,810	11,688,973	5,892,186	95,399	(5,701,388)	(11,500,042)
	525,000	14,921,526	9,126,701	3,330,864	(2,465,923)	(8,262,710)	(14,059,497)	(19,858,151)
	600,000	6,563,417	768,592	(5,027,245)	(10,824,032)	(16,620,819)	(22,417,606)	(28,216,260)
	675,000	(1,794,692)	(7,589,517)	(13,385,354)	(19,182,141)	(24,978,928)	(30,775,715)	(36,574,369)
	750,000	(10,152,801)	(15,947,626)	(21,743,463)	(27,540,250)	(33,337,037)	(39,133,824)	(44,932,478)
	825,000	(18,510,910)	(24,305,735)	(30,101,572)	(35,898,359)	(41,695,146)	(47,491,933)	(53,290,587)
	900,000	(26,869,020)	(32,663,844)	(38,459,681)	(44,256,468)	(50,053,255)	(55,850,042)	(61,648,696)
	975,000	(35,227,129)	(41,021,953)	(46,817,790)	(52,614,577)	(58,411,364)	(64,208,151)	(70,006,806)
	1,050,000	(43,585,238)	(49,380,062)	(55,175,899)	(60,972,686)	(66,769,473)	(72,566,260)	(78,364,915)
	1,125,000	(51,943,347)	(57,738,171)	(63,534,008)	(69,330,795)	(75,127,582)	(80,924,369)	(86,723,024)
	1,200,000	(60,301,456)	(66,096,280)	(71,892,117)	(77,688,904)	(83,485,691)	(89,282,478)	(95,081,133)
	1,275,000	(68,659,565)	(74,454,389)	(80,250,226)	(86,047,013)	(91,843,800)	(97,640,587)	(103,439,242)
	1,350,000	(77,017,674)	(82,812,498)	(88,608,335)	(94,405,122)	(100,201,909)	(105,998,696)	(111,797,351)
	1,425,000	(85,375,783)	(91,170,607)	(96,966,444)	(102,763,231)	(108,560,018)	(114,356,805)	(120,155,460)
	1,500,000	(93,733,892)	(99,528,716)	(105,324,553)	(111,121,340)	(116,918,127)	(122,714,914)	(128,513,569)

4.39 This table shows the sensitivity of the balance (RLV – TLV) for different combinations of Affordable Housing (AH %) across the columns and different amounts of TLV (£ per acre) down the rows. Thus:

- The Affordable Housing (%) should be interpreted as for the CIL v AH sensitivity above.
- Higher TLV for Plan Making purposes will reduce the 'balance' and (if negative) show that the Policy is not viable – for that particular typology (and profit margin in the RLV etc.)
- Conversely, lower TLV's will increase the 'balance' and (if positive) show that the Policy is viable

4.40 Note that we have included a considerable range in the TLV sensitivities from £225,000 per acre for large greenfield sites to £1.5 million per acre for small infill plots.

4.41 The TLV's contained herein are for 'high-level' plan viability purposes and the appraisals should be read in the context of this TLV sensitivity table. **It is important to emphasise that the adoption of a particular TLV £ in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site specific planning applications. The land value for site specific viability appraisals should be thoroughly evidenced having regard to the existing use value of the site (as is best practice in the Mayor of London, Draft Affordable Housing and Viability SPG, November 2016). I.e. this report is for plan-making purposes and is 'without prejudice' to future site specific planning applications**[44].

[44] Note the Harman Report (page 15) which states that, '*the role of the [whole plan viability] test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail.'*

4.42 Density v Affordable Housing sensitivity:

		AH - % on site						
Balance (RLV - TLV)	(5,927,970)	20%	25%	30%	35%	40%	45%	50%
	28	24,008,289	18,213,464	12,417,628	6,620,841	824,054	(4,972,733)	(10,771,388)
	30	27,302,955	21,508,131	15,712,294	9,915,507	4,118,720	(1,678,067)	(7,476,722)
Density (dph)	32	30,185,789	24,390,964	18,595,128	12,798,341	7,001,554	1,204,767	(4,593,888)
	34	32,729,465	26,934,641	21,138,804	15,342,017	9,545,230	3,748,443	(2,050,212)
	36	34,990,511	29,195,686	23,399,850	17,603,063	11,806,276	6,009,489	210,834
	38	37,013,552	31,218,727	25,422,891	19,626,104	13,829,317	8,032,530	2,233,875
	40	38,834,289	33,039,464	27,243,628	21,446,841	15,650,054	9,853,267	4,054,612

4.43 This sensitivity illustrates the complex nature of development and the sometimes forgotten variables that can have a significant impact on the viability of the Local Plan (and individual schemes).

4.44 The sensitivity shows the balance (RLV – TLV) for different combinations of Affordable Housing (AH %) across the columns and different development densities (dwellings per ha (dph)) down the rows. Thus:

- The Affordable Housing (%) should be interpreted as for the CIL v AH sensitivity above.
- Higher densities of development have the effect of reducing the quantum of land that is required for the particular hypothetical scheme typology which when multiplied by the TLV £ per acre reduces the absolute TLV which increases the 'balance' and (if positive) shows that the Policy is viable
- Conversely, lower development densities increase the quantum of land that is required for the particular hypothetical scheme typology which when multiplied by the TLV £ per acre increases the absolute TLV which reduces the 'balance' and (if negative) shows that the Policy is not viable (in that particular appraisal typology model).

4.45 The sensitivity shows that often small increases to the development density can have significant positive impacts on viability.

4.46 Construction Cost v Affordable Housing sensitivity:

		AH - % on site						
Balance (RLV - TLV)	37,255,376	20%	25%	30%	35%	40%	45%	50%
	96%	56,036,000	49,945,151	43,854,302	37,763,454	31,672,605	25,581,756	19,490,907
	98%	52,547,835	46,482,832	40,417,828	34,352,824	28,287,820	22,221,875	16,155,581
Construction Cost (£psm)	100%	49,059,671	43,020,512	36,981,228	30,940,802	24,900,376	18,859,951	12,819,525
	102%	45,570,816	39,556,258	33,541,700	27,527,142	21,512,584	15,498,026	9,483,469
	104%	42,079,553	36,090,862	30,102,172	24,113,482	18,124,792	12,134,845	6,144,396
	106%	38,588,289	32,625,467	26,662,645	20,698,863	14,734,307	8,769,751	2,805,195
	108%	35,097,026	29,159,313	23,220,649	17,281,985	11,343,321	5,404,657	(535,821)
	110%	31,603,423	25,690,651	19,777,879	13,865,107	7,951,917	2,035,885	(3,886,831)

4.47 This sensitivity shows the potential impact of increases (and decreases) of construction costs (£ psm) on the viability of the Local Plan (and individual schemes).

4.48 The sensitivity shows the balance (RLV – TLV) for different combinations of Affordable Housing (AH %) across the columns and different % changes to construction costs where 100% is the base case construction cost and 102% represents a 2% increase in costs and 98% represents a -2% decrease in costs and so on.

- The Affordable Housing (%) should be interpreted as for the CIL v AH sensitivity above.
- Higher construction costs result in a lower RLV which reduces the balance.
- Lower construction costs results in a higher RLV which increases the balance.

4.49 It is important to note that construction costs have not risen as quickly as new house prices over recent years and this sensitivity table assumes that values are static. Also it is important to note that the appraisal models include substantial contingency sums etc.

4.50 As you can see from the above the typologies are very sensitive to small changes to key inputs and particularly CIL, Affordable Housing, TLV and profit. We have also tested a large number of typologies representing a large number of different sized schemes in each of the three housing value zones (high, medium and low). This has resulted in a large number of appraisal results and an exponential number of sensitivity scenarios.

4.51 In making our recommendations we have had regard to the appraisal results and sensitivities 'in the round'. Therefore if one particular scheme is not viable, whereas other similar typologies are highly viable, we have had regard to the viable schemes in forming policy and cross checked the viability of the outlying scheme against the sensitivity tables (e.g. a small reduction in profit, or a small reduction in TLV which is within the margins of the 'viability buffer').

5 Residential

5.1 This section deals with Use Class C3 – Dwelling Houses. We set out below our assumptions in respect of residential typologies, appraisal assumptions and sensitivity outputs.

Residential Typologies

5.2 Within our previous EVA's we have appraised a number of hypothetical residential typologies ranging from 1 – 100 dwellings. We set out a detailed analysis in respect of the typical sizes and mixes of residential developments in West Oxfordshire in order to arrive at these typologies (September 2013 VA report).

5.3 This analysis was not generally disputed but we did receive a number of representations in respect of smaller schemes/commuted sums, greenfield and brownfield sites, Rural Exception Sites, scheme mix and density. We therefore carried out further analysis and research to evidence these assumptions and made a number of adjustments to the typologies where appropriate (February 2015).

5.4 Following the Examination in Public Hearing and feedback from stakeholders and the Inspector, we have made some further additions to the scheme typologies. Specifically we have added a typology to represent the acquisition of a single large (presumably dilapidated) house for demolition and redevelopment into 3 new units. We have also added a 200 unit scheme typology to complement the 100 unit typology and better reflect some of the site allocations identified through the District Council's proposed main modifications. Finally, we have added the SDA sites onto the typologies matrix of ease of reference and consistency.

5.5 Our scheme typologies are set out in appendix 1. The table appended shows the scheme typology in terms of number of units, value zone, most likely development scenario (e.g. greenfield/brownfield), development density, scheme mix and affordable housing assumptions.

Residential Unit Mix

5.6 In terms of residential unit mix, information can be drawn from the Oxfordshire Strategic Housing Market Assessment (April 2014). This suggests that as a general guide the Council should seek the following proportions of market housing:

- 4.8% 1 bed [presumed to be generally flats]
- 27.9% 2 bed [not differentiated between 2 bed flats and houses]
- 43.4% 3 bed

- 23.9% 4+ bed

5.7 This indicative mix updates the Council's earlier Housing Needs Assessment (2011) which suggested a need for a greater proportion of 1 and 2-bed units to address the current dominance of larger properties within the District's existing housing stock.

5.8 Views on the mix of market housing were sought through the Council's Local Plan Focused Housing Consultation (August 2014). Although a mix of responses was received, the majority of respondents considered that the indicative market housing mix set out in the SHMA (see above) is reasonable albeit with the *need to retain some flexibility on a case by case basis.*

5.9 In relation to affordable housing, the draft Local Plan supporting text states that,

…the type and size of affordable homes, will need to reflect the current housing strategy, local housing need and relevant site constraints. The Council will seek, as a guide, an overall mix of affordable housing in the following proportions:

- *65% to be one and two bedroom homes to meet the needs of younger single and couple households, older people and small family households;*
- *35% to be three and four bedroom homes*.

5.10 We have adopted this mix (as far as possible distributed between 1 and 2 bed units and 3 and 4 bed units).

5.11 It is important to note that the SHMA, *'emphasises that this is a general guide only and Local Plans should not be overly prescriptive about the size of property sought as the 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time.'*

5.12 The residential scheme mix used in this EVA (Appendix 1) is derived from this evidence, plus:

- the previous development monitoring analysis (September 2013 EVA),
- Further evidence supplied by WODC on the mix of a number of sample residential schemes that have taken place/been permitted in the District,
- stakeholder representations received,
- the Council's experience and knowledge of schemes likely to come forward,
- viability in terms of unit sizes, density and economies of scale.

5.13 The scheme mix (typologies matrix) was approved and agreed by the Council prior to the calculation of the viability appraisals.

5.14 The following sub-sections refer to the different variables used in the viability appraisal models (Appendix 1).

Floor Areas

5.15 For the purposes of this EVA we have adopted the following floor area assumptions (Table 5.1):

Dwelling Type	Sqm (rounded)
1 Bed Flat	50
2 Bed Flat	70
2 Bed House	75
3 Bed House	90
4 Bed House	130
5 Bed House	155

Table 5.1 – GIA Floor Area Assumptions Used

5.16 These areas were changed and simplified between the original VA in September 2013 and the first update in February 2016.

Residential Value Assumptions

5.17 The residential property market in West Oxfordshire has been the subject of numerous studies and reports including *inter alia*:

- DCA Consultants (2008) West Oxfordshire Housing Needs Assessment, Final Report
- DCA Consultants (2011) West Oxfordshire Housing Needs Assessment Update, Final Report
- Three Dragons (November 2009) West Oxfordshire District Council Affordable Housing Viability Study Final Report
- Golland, Dr Andrew and Three Dragons (AG) Ltd (May 2011) West Oxfordshire District Council Affordable Housing Viability Study Position Statement
- Golland, Dr Andrew (October 2012) Affordable Housing and the use of a Single Dwelling Threshold

5.18 Within our September 2013 EVA report we reviewed this evidence base and carried out our own property market analysis to derive our residential sales value assumptions. This was consulted upon at the stakeholder workshop in April 2013 and adjustments made.

5.19 We carried out additional research and updated our residential sales values assumptions again for the February 2015 update report.

Housing Market Zones

5.20 The Housing Market Zones have evolved from the above evidence base and are illustrated on the following map (Figure 5.1).

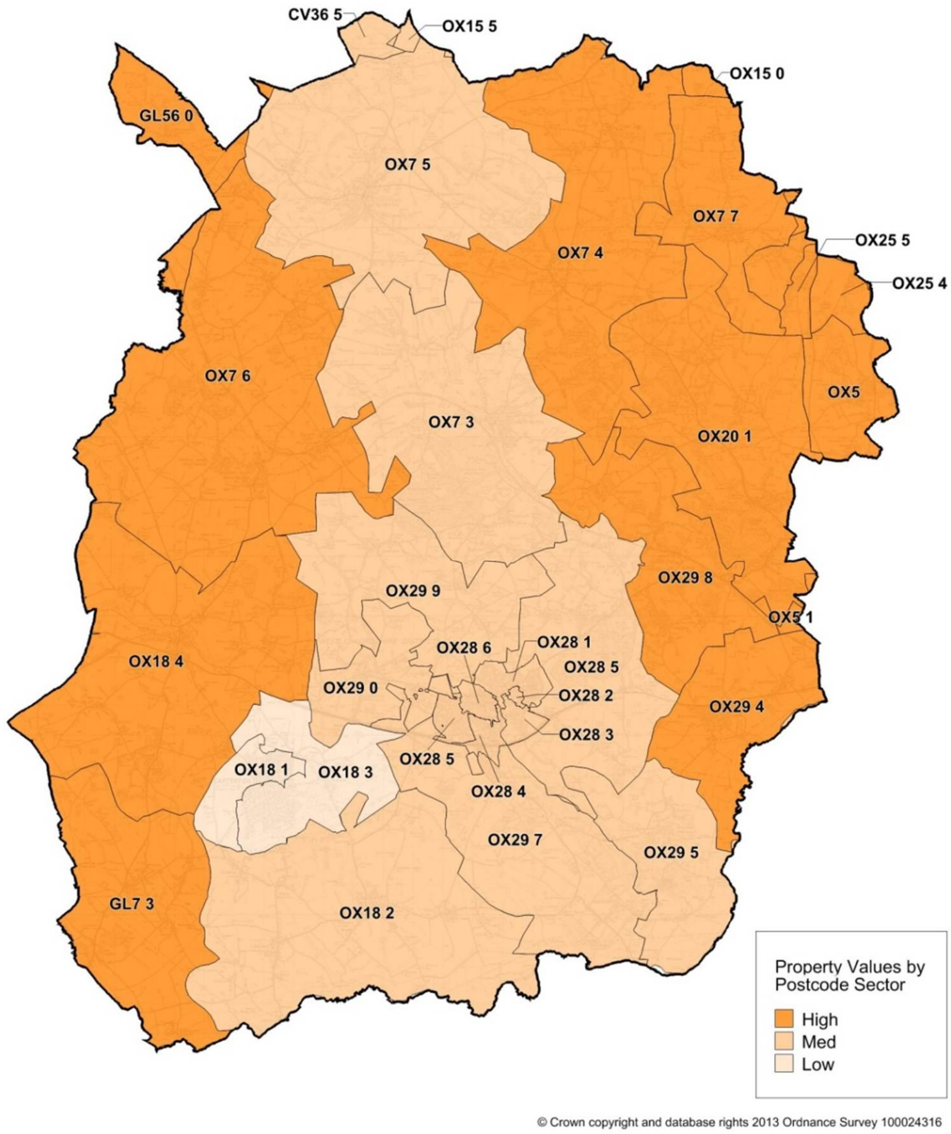


Figure 5.1 – Housing Market Zones

5.21 These are based on analysis of the average values only for a range of house types/sizes in various towns/locations within the sub-market areas.

5.22 It is important to note that in an area as diverse as West Oxfordshire there will always be houses with a higher and/or lower value at either end of the range.

5.23 Following the Local Plan examination in November 2015 the examiner in his preliminary findings (Part 2 – December 2015) stated that *'I consider that the 3 value zones and the inclusion of Witney in the medium value zone, are justified at present on the basis of the Aspinall Verdi Study and, in particular, the table of sales prices in Table 5.9. I accept that the boundaries between the 3 zones could have been drawn differently and note that in an earlier study Witney had been included in the low value zone. However, this does not make the Council's inclusion of Witney in the medium value zone unsound, given the updated evidence. Later hearings will need to assess whether the combination of affordable housing and infrastructure requirements and the proposed CIL charge are justified for particular allocations'.*

Residential Market Update

5.24 We have carried out a review of the housing market in West Oxfordshire in order to update our open market residential sales values – with a particular focus on new house sales.

Land Registry Achieved New Values

5.25 We have carried out a detailed analysis of the Land Registry **new build** achieved values (last 12 months sales) cross-referenced, on an address-by-address basis (354 properties), to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square meter). This gives a good baseline for comparing the average values across the District at is devalues each house type to a value per square meter.

5.26 This has been carried out on a postcode-by-postcode basis and agglomerated into the Housing Market Zones above.

5.27 Note that we removed the Shared Ownership registrations and the extremely high values from the dataset – to focus on the 'typical' new units.

5.28 This analysis enables us to build-up a pattern of house values based on the average value £psm (from the Land Registry / EPC data) x the assumed floor areas (Table 5.1 above). It is important to note that these are 'minimum' floor areas and there is a significant range in house sizes across the District which result in higher or lower absolute values. Notwithstanding this the same house sizes are used for calculating the construction costs also on a £psm basis which is consistent.

5.29 We have reviewed all the postcode sectors within the West Oxfordshire District Boundary. Table 5.2 below, provides £psm for each of the postcode sectors. Twelve postcode areas did not have any new build properties within the last 12 months.

5.30 The average £psm across the district ranged between £2,741.94 in the GL56 0 postcode sector and £5,413.02 in the OX20 1 postcode sector. The median £psm across the District is £3,512.25.

5.31 In terms of the housing market zones, OX18 1 and 3 have a low £psm and OX20 1 and OX29 have a high £psm.

Postcode Area	Average Sales Value (£ psm) by Postcode
CV36 5	£3,819.00
GL56 0	£2,741.94
GL7 3	/
OX15 0	/
OX15 4	£3,280.10
OX15 5	£3,372.19
OX18 1	£2,934.80
OX18 2	/
OX18 3	£2,957.53
OX18 4	£4,119.32
OX2 9	£4,440.80
OX20 1	£5,413.02
OX25 4	/
OX25 5	£2,988.00
OX28 1	£4,171.12
OX28 2	/
OX28 3	£3,722.23
OX28 4	£3,345.71
OX28 5	/
OX28 6	£3,635.23
OX29 0	£2,957.14
OX29 4	£4,464.51
OX29 5	£3,919.97
OX29 7	£3,060.48
OX29 8	/
OX29 9	/
OX5 1	
OX5 2	£3,628.13
OX5 3	£3,396.37
OX7 3	/
OX7 4	/
OX7 5	£3,940.37
OX7 6	£2,250.00
0X7 7	/

Table 5.2 – New Build Average £ psm (Land Registry and EPC)

Land Registry Achieved Second Hand Values

5.32 The above process has been repeated to include second hand house sales where there are no new builds in a particular postcode within the last 12 months.

5.33 In this respect we have carried out a detailed analysis of the Land Registry **second hand** achieved values (last 5 months sales) cross-referenced, on an address-by-address basis (842 properties), to the floor areas published on the EPC (Energy Performance Certificate).

5.34 Again, we have reviewed the average second hand values (£psm) on a postcode-by-postcode basis and agglomerated into the Housing Market Zones above (Table 5.3).

5.35 The average £psm across the district ranged between £2,965.86 in the OX7 7 postcode sector. £4,583.71 in the OX20 1 postcode sector. The median £psm across the District is £3,643.31.

5.36 In terms of the housing market zones, OX7 7 and OX28 4 have a low £psm whilst OX20 1 and OX2 9 have a high £psm.

Postcode Area	Average Sales Value (£ psm) by Postcode
CV36 5	£3,206.05
GL56 0	£3,517.20
GL7 3	£4,365.53
OX15 0	£3,648.91
OX15 4	£3,470.21
OX15 5	£3,448.70
OX18 1	£3,226.95
OX18 2	£3,339.09
OX18 3	£3,275.13
OX18 4	£3,991.78
OX2 9	£4,580.51
OX20 1	£4,583.71
OX25 4	£3,576.27
OX25 5	£3,053.41
OX28 1	£3,643.75
OX28 2	£4,759.84
OX28 3	£4,022.42
OX28 4	£3,006.57
OX28 5	£3,738.18
OX28 6	£3,605.36
OX29 0	£3,765.97
OX29 4	£3,881.54
OX29 5	£4,531.88
OX29 7	£3,515.00
OX29 8	£3,735.93
OX29 9	£4,068.07
OX5 1	£4,216.91
OX5 2	£4,175.51
OX5 3	£3,642.88
OX7 3	£3,617.63
OX7 4	£3,380.45
OX7 5	£3,253.30
OX7 6	£3,662.73
0X7 7	£2,965.86

Table 5.3 – Second Hand Average £ psm (Land Registry and EPC)

New Build Asking Values

5.37 We have reviewed New Development schemes in West Oxfordshire in order to understand the £psm for new build properties. Table 5.4 below details each scheme in terms of the £psm.

5.38 Swinbrook Park, Carterton is located in the low value housing market zone and the £psm for each property type reflects this. The range is between £3,249.19 and £4,116.17.

5.39 Marlborough Place, Woodstock is located in the high value housing market zone and the £ psm for each property type reflects this. The range is between £4,684.84 and £6,269.17.

5.40 The remaining New Scheme Developments all have £psm which fall within the medium value housing market zone. The range is between £3,078.02 and £4,875.00.

Development	Swinbrook Park	Cotswold Gate	Marlborough Place	Oakwood Gate
Town	Carterton	Chipping Norton	Woodstock	Bampton
Developer	Bellway Homes	Bellway Homes	PYE Homes	Cala Homes
3 Bedroom Terrace			£4,953.92	
3 Bedroom Semi - Detached	£3,546.84	£3,625.15	£5,000.00	£4,352.47 - £4,641.56
3 Bedroom Detached	£3,603.14		£6,00.02 - £6,269.17	
4 Bedroom Semi - Detached	£3,046.48	£3,078.02 - £3,325.65		
4 Bedroom Detached	£3,249.19 - £4,116.17	£3,183.18 - £3,433.87	£4,486.22 - £4,684.84	£4,459.01 - £4,875.00

Table 5.4 – New Development Schemes Asking Prices (October 2016)

Updated Market Value Assumptions

5.41 Having regard to all of the above sources of house price data we derived the following residential value assumptions in Table 5.5 below. These values have been used within this EVA update.

Area	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Carterton (Lower Value)	£175,000	£265,000	£300,000	£400,000	£500,000
Witney and Other Rural (all other postcodes) (Medium Value)	£210,000	£295,000	£375,000	£475,000	£575,000
Cotswolds Belt + Oxford Belt (High value)	£245,000	£340,000	£440,000	£550,000	£720,000
			(AspinallVerdi reference: 161021_v2)		

Table 5.5 – Updated Market Housing Sales Value Assumptions

5.42 Note that Starter Homes are capped at a value of £250,000.

5.43 It should be noted that there is a wide variation in house types and values across the District and there are significant outliers in terms of exceptionally high value dwellings and exceptionally low value dwellings in each of the areas. However, we are satisfied that the 3 value zones that form the basis of the EVA are reasonably representative and have the advantage of not been too overly complex – particularly given that we propose the same value zones for CIL as well as affordable housing.

5.44 We have also applied an additional 10% premium for smaller sites (i.e. 5 or less dwelling typologies). This reflects the "exclusivity" of a smaller scheme and is the corollary of the premium BCIS build costs for small schemes.

Affordable Housing Transfer Values

5.45 We have sought to engage with Registered Providers in order to establish the transfer value of S106 affordable housing – i.e. the price at which they would acquire the units from a private developer. This has been achieved through the Council's Affordable Housing Focus Group which includes Registered Providers.

5.46 The transfer values that were used in the February 2015 update were the same as those adopted in the original September 2013 report. These have now been updated as follows (Table 5.6):

Dwelling Type	Affordable Rent	Intermediate/Sub-Market
2 Bed House	£146,000	£189,000
3 Bed House	£165,000	£214,000
4 Bed House	£202,000	£262,000
5 Bed House (pro-rata)[45]	£239,000	£310,000
1 Bed Flat	£98,000	£127,000
2 Bed Flat	£131,000	£169,000

Table 5.6 – Affordable Housing Transfer Values by House Type

5.47 Note that Starter Homes are capped at a value of £250,000.

5.48 Note that the Council's Affordable Housing policy does not differentiate between sub-market tenure types and this is left to negotiation on a site by site basis.

5.49 For the purpose of this EVA we have used the above transfer value assumptions (Table 5.6).

Gross Development Value

5.50 The gross development value is shown explicitly on the development appraisals (Appendix 1).

5.51 This is a function of: the number of units, the Affordable Housing target (%), the mix of private, Affordable and Starter homes, the Market Value of the private for sale units and the transfer value/tenure split of the affordable housing units.

Development Costs

5.52 The development costs are similarly shown explicitly on the development appraisals (Appendix 1). These include policy requirements (e.g. CIL, AH commuted sums, site specific S106), profit, finance and overhead and development costs (including construction etc.) as illustrated in Figure 4.2 above.

[45] We have pro-rated the 5 Bed house type as data was not supplied by the registered providers for a 5-bed affordable unit.

Initial Payments

5.53 These are the 'up-front' costs prior-to, or on, start-on-site. These costs are set out in Table 5.7 below.

Item	Assumption
Planning Application Professional Fees and reports	Allowance for typology. This includes a substantial budget for site promotion costs and professional fees for securing planning permission.
Statutory Planning Fees	Based on national formula
CIL	This is the CIL rate (£ psm) and an input to the CIL sensitivity tables. Within our residential appraisals, the smaller schemes (which don't require affordable housing) have been tested using a 'base level' CIL of £200 psm and the larger schemes of 11 or more dwellings (which include affordable housing) have been tested with a 'base level' CIL of £100 psm. However, in all cases the appraisals include sensitivity tables which show the impact of CIL between £0 - £200 psm.
Site specific S106 Contributions	This is a Site Specific allowance for S106/S278 contributions. Throughout our viability analysis we have taken great care to avoid any double-counting of S106 costs For the generic typologies we have included site specific S106/S278 contributions of: • <10 units - £0 per unit • 11-40 units - £1,500 per unit • 41+ units (greenfield - £10,000 per unit Note that for the SDAs we have included site specific S106/S278 of £10,000 per unit or otherwise where actual costs are known. This is in addition to CIL payments. Note also that the above costs should be considered 'in-the-round' with our other assumptions in respect of external works, site clearance and demolitions, contingency and the CIL viability 'buffer'. See our previous detailed analysis on District and County level S106 contributions within our previous reports (September 2013 and

	February 2015).
AH Commuted Sum	This is a field for affordable housing commuted sums on smaller scheme typologies where there is 0% affordable housing 'on-site'
	Table 5.7 – Residential Appraisals Initial Cost Assumptions

Site Clearance and Demolition Costs

5.54 Within our February 2015 EVA we included an allowance of £50,000 per acre for site clearance and demolitions in respect of brownfield site typologies. This is purely hypothetical and depends on the circumstances of a particular site.

5.55 In theory, abnormal costs such as demolition and remediation should be deducted from the price of the land through the residual valuation mechanism. However, we recognise that this is not always the case and land owners maintain high land value expectations based on comparable market benchmarks. Given the high TLV's in the District we have retained this allowance for the brownfield site typologies.

Construction Costs

5.56 Our original September 2013 EVA was based on BCIS costs. These were consulted upon during the April 2013 stakeholder workshop.

5.57 We revisited the construction costs in detail within our February 2015 update report. In this respect we 'sense-checked' the BCIS rates against 'actual' construction rates being quoted by developers within site specific EVA's to negotiate affordable housing.

5.58 The current BCIS construction rates are as follows (Table 5.8).

Type	Mean	Lowest	Lower quartiles	Median*	Upper quartiles	Highest	Sample [size]
Estate housing – generally	1,093	707	940	**1,055**	1,191	3,470	735
Flats (apartments) - generally	1,347	754	1,137	**1,293**	1,512	4,370	258
'One-off' housing detached (3 units or less)	2,002	1016	1,430	**1,765**	2,451	5,338	38

Table 5.8 – Construction Cost Assumptions
£psm gross internal floor area, Rebased West Oxfordshire, min age 5 years
(accessed BICS website 3rd September 2016)

5.59 It is interesting to note that some of the costs in respect of estate housing have actually gone down since February 2015. The % increase and decrease is set out below (Table 5.9).

Type	Mean	Lowest	Lower quartiles	Median*	Upper quartiles	Highest	Sample [size]
Estate housing – generally	0.8%	12.0%	0.2%	-2.7%	-0.2%	68.5%	n/a
Flats (apartments) - generally	2.0%	19.9%	1.4%	1.7%	2.0%	29.6%	n/a
'One-off' housing detached (3 units or less)	5.1%	2.7%	2.1%	1.6%	14.9%	3.5%	n/a

Table 5.9 – % change in BCIS Construction Cost (Feb 2015 – Sept 2016)

5.60 This is illustrated on the following BICS All-in-Tender Price Index and BCIS General Building Cost Index which shows the changes from Q1 2015 to Q3 2016 (30 September 2016).

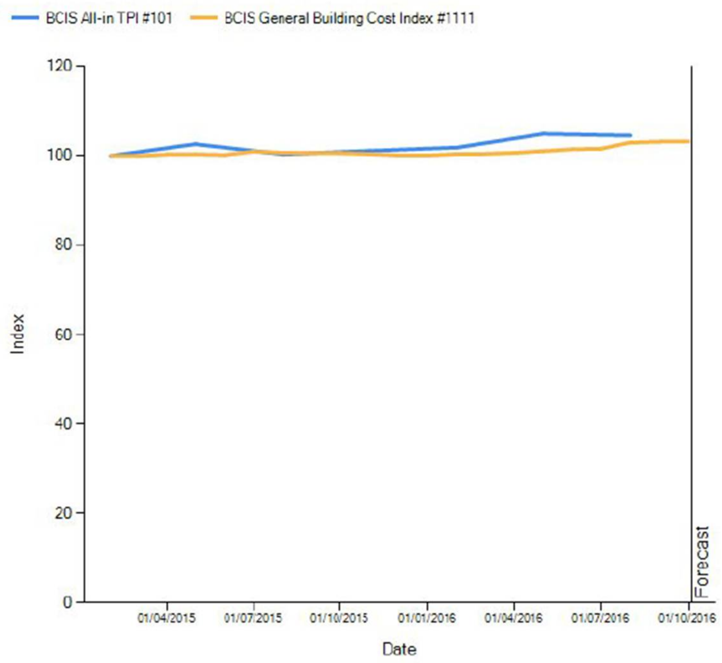


Figure 5.2 – BCIS Construction Cost Indices (Q1 2015 base)

5.61 These indices show a construction cost increase of 103.1 – 104 (i.e. 3.1% - 4%).

5.62 In order to update our residential construction cost assumption we have rebased the previous rates from our February 2015 EVA report using and index of 104 (4% increase). These rates are as follows (Table 5.10).

Use	£ psm build cost	Comment
One and Three unit typologies	£1,457	Based on BCIS Index from Feb 2015 to Oct 2016 (104.00)
Five unit typology	£1,270	ditto
Estate Housing	£1,127	ditto
Flats/apartments	£1,322	ditto

Table 5.10 – Construction Cost Assumptions

5.63 We have used the above rates within our financial modelling.

Extra-over Construction Costs

5.64 In addition to the above we made additional allowances for:

i Wheelchair User Dwellings – Policy H4 requires that larger housing developments of 50 or more homes are to provide at least 25% of market and affordable homes as accessible and adaptable housing (formerly lifetime homes) and at least 5% of the homes as wheelchair adaptable dwellings (formerly wheelchair accessible homes). The policy states that this is negotiable, however, we have included the following construction cost allowances to demonstrate that it ought to be achievable:

+ £10,111 per unit for wheelchair adaptable dwellings[46]

+ £521 per unit for accessible and adaptable housing[47].

ii Water efficiency – Additional costs associated with optional water efficiency standards equate to £9 per dwelling[48] which we have included for completeness.

External Works

5.65 Within the February 2015 EVA report we increased our external works allowance from 10% to 15% following detailed analysis.

5.66 We are content that 15% is still relevant for this EVA update.

Contingency

5.67 As previously, this is set at 5%.

5.68 Note that this could be considered a generous allowance. Contingency at this level may normally relate to below ground costs. The % would be lower if applied to all costs.

Professional Fees

5.69 Within the February 2015 EVA report we decreased our professional fees allowance from 10% to 9% following detailed analysis.

5.70 We are content that 9% is still relevant for this EVA update.

[46] DCLG housing Standards Review, Final Implementation Impact Assessment, March 2015, para 153
[47] DCLG housing Standards Review, Final Implementation Impact Assessment, March 2015, para 157
[48] Department for Communities and Local Government Housing Standards Review Cost Impacts (EC Harris September 2014)

Disposal Costs

5.71 Disposal costs are included based on 1% sale agents, 0.5% sales legal fees and 3% marketing and promotion.

5.72 Few respondents to the previous EVA consultation queried these allowances. Note that the marketing and promotion costs have to be considered 'in-the-round' with the sales values. Whilst some developers may require a larger marketing budget, this is to achieve 'premium' values. These costs are unchanged.

Finance Costs

5.73 Within our previous EVA we assumed interest at 7%, plus a 1% finance fee.

5.74 Few respondents to the previous EVA consultation queried these allowances and we have not changed our assumptions.

5.75 Note that we have included finance on 100% of the negative cashflow (i.e. we do not assume any equity contribution within the finance calculations).

Developers Profit

5.76 Within our original EVA (September 2013) we assumed developers profit at 20% on the total Gross Development Value.

5.77 However, this tends to over-state the profit in the February 2013 EVA we applied 20% to the private housing and 6% to the on-site affordable housing (where applicable).

5.78 However, this is still quite a high profit margin(s) for large estate housing schemes. We have had sight of evidence from the Homes and Communities Agency (HCA) Development Partner Panel (DPP) which shows profit from their tender at an average of 17.3% on open market GDV (including overheads) and 4.7% on Affordable Housing based on a contractor profit level.

5.79 Developer's will say that sales risks have increased in the current market, particularly given the uncertainty for at least the next 2 years around 'Brexit'. However, Oxfordshire remains a highly desirable area and developers can manage their build out rates to demand.

5.80 For the purposes of our appraisals we have left the base case profit at 20% and 6%, however, where schemes are marginally unviable, it is important to look at the Profit sensitivity table down to 17%.

Residual Land Value (RLV)

5.81 The Residual Land Value (RLV) is the product of the above values and costs (see Figure 4.2).

5.82 We have deducted Stamp Duty Land Tax (SDLT) based on the HMRC thresholds, Acquisition agent and legal fees (1% and 0.5%) and interest on the land (7%) from the gross RLV to derive the net RLV.

5.83 The net RLV is the maximum price that a developer could pay for a site (based on the above parameters) and still maintain his profit margin (20% - see above).

Residential Threshold Land Value (TLV)

5.84 The Threshold Land Value (TLV) is possibly the most important assumption in Plan Viability as it is the difference between the TLV and the RLV that is the margin for CIL and affordable housing (see Figure 4.2).

5.85 We have analysed TLV in detail with both our September 2013 VA report (pp 75-77) and February 2015 (pp 55-56) report and we have maintained a confidential database of land price information since this time. This now has c100 data points based on reported transactions, quotes asking prices for land, site specific EVAs and stakeholder representations.

5.86 In terms of stakeholder evidence, we consulted specifically on TLV's in the consultation workshop on 26 April 2013. We have conducted further rounds of consultation specifically on TLV's in October 2014 and September 2016. This involved emailing to key stakeholders (notably Savills, Carter Jonas and Strutt and Parker amongst others) to request, in confidence, specific TLV evidence including:

- location / details of the development site (e.g. sales particulars);
- transaction date;
- nature of transaction (sale, option, promotional agreement);
- gross / net site area (ha);
- value £ (£ per ha);
- # units;
- AH% and S106 requirements.

5.87 We have not received any responses to this round of consultation.

5.88 Note that the value of individual sites depends on the specific location and site characteristics. In order for development to take place (particularly in the brownfield land context) the value of the alternative land use has to be significantly above the existing use value to cover the costs of site acquisition and all the cost of redevelopment (including demolition and construction costs) and developers profit / return for risk. In a Plan-wide context we can only be 'broad-brush' in terms of the TLV as we can only appraise a representative sample of hypothetical development typologies.

5.89 Note also that some vendors have different motivations for selling sites and releasing lands. Some investors (e.g. Church Commissioners) take a very long term view of returns, where as other vendors could be forced sellers (e.g. when a bank forecloses).

5.90 Finally, 'hope value' has a big influence over land prices. Hope value is the element of value in excess of the existing use value, reflecting the prospect of some more valuable future use or development.

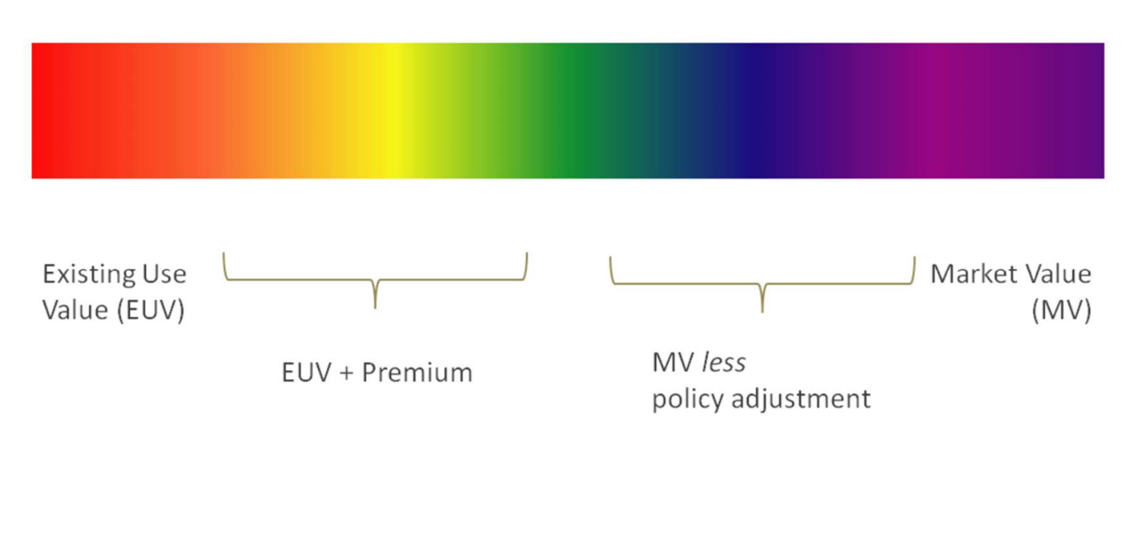


Figure 5.3 - Threshold Land Value Approaches (© AspinallVerdi)

5.91 The diagram above (Figure 5.3) illustrates these concepts. It is acknowledged that there has to be a premium over EUV in order to incentivise the land owner to sell. This 'works' in the context of greenfield agricultural land, where the values are well established, however it works less well in urban areas where there is competition for land among a range of alternative uses. It begs the question EUV "for what use?"

5.92 In this context, the Harman report 'allows realistic scope to provide for policy requirements and is capable of adjusting to local circumstances by altering the percentage of premium used in the model. The precise figure that should be used as an appropriate premium above current use value should be determined locally. But it is important that there is [Market Value] evidence that it represents a sufficient premium to persuade landowners to sell'.

5.93 The RICS provides a more market facing approach based on Market Value less an adjustment for emerging policy. This is generally accepted as a 25% discount. This approach has also been endorsed in the Mayor of London CIL Inspectors Report (Jan 2012); Greater Norwich CIL Inspectors Report (Dec 2012); and the Sandwell CIL Inspectors Report (Dec 2014).

5.94 In order to simplify the financial modelling analysis we have sought to simply the TLV's for each typology, reflecting the wide variation in circumstances for individual sites across the district. Our TLVs utilised are set out on the following table (Table 5.11).

5.95 Note that variances from these TLVs for a range of land values (e.g. across Housing Market Zones) can be seen on the TLV and Density sensitivity tables (see above).

5.96 In addition, where we have assumed that a single (dilapidated) dwelling has been redeveloped into a small number of units (e.g. 3) we have assumed the value of this dwelling to be £750,000. This is on the basis that it is dilapidated – otherwise it would continue to be occupied.

5.97 Also, for the RES typologies we have assumed a land value of £12,500 per plot.

Typology / Development Scenario	Location / Value Zone scenario	Existing Use	EUV -					Uplift Multiplier	TLV -		Policy adjustment	MV -		Comments
			(per acre) (gross)	(per ha) (gross) (rounded)	Net:Gross (%)	(per acre) (net) (rounded)	(per ha) (net)	x [X]	(per acre) (net developable)	(per ha) (net developable) (rounded)	- [X] %	(per acre) (net)	(per ha) (net) (rounded)	
Residential bespoke schemes (say) <10 units	High	Garden infill / Greenfield	n/a		75%				£1,500,000	£3,706,500	25%	£2,000,000	£4,942,000	EUV is 'garden / paddock' land not agricultural land therefore multiplier not applicable
Residential bespoke schemes (say) <10 units	Medium	Garden infill / Greenfield	n/a		75%				£975,000	£2,409,225	25%	£1,300,000	£3,212,300	EUV is 'garden / paddock' land not agricultural land therefore multiplier not applicable
Residential bespoke schemes (say) <10 units	Lower	Garden infill / Greenfield	n/a		75%				£562,500	£1,389,975	25%	£750,000	£1,853,300	EUV is 'garden / paddock' land not agricultural land therefore multiplier not applicable
Residential smaller schemes (say) 10-40 units	High	Greenfield	£20,000	£49,400	75%	£26,700	£65,900	26.7	£712,500	£1,760,625	25%	£950,000	£2,347,500	
Residential smaller schemes (say) 10-40 units	Medium	Greenfield	£15,000	£37,100	75%	£20,000	£49,500	31.9	£637,500	£1,575,300	25%	£850,000	£2,100,400	
Residential smaller schemes (say) 10-40 units	Lower	Greenfield	£10,000	£24,700	75%	£13,300	£32,900	40.9	£543,750	£1,343,625	25%	£725,000	£1,791,500	
Residential larger schemes (say) > 40 units	High	Greenfield	£20,000	£49,400	75%	£26,700	£65,900	12.6	£337,500	£834,000	25%	£450,000	£1,112,000	
Residential larger schemes (say) > 40 units	Medium	Greenfield	£15,000	£37,100	75%	£20,000	£49,500	14.1	£281,250	£694,950	25%	£375,000	£926,600	
Residential larger schemes (say) > 40 units	Lower	Greenfield	£10,000	£24,700	75%	£13,300	£32,900	16.9	£225,000	£555,975	25%	£300,000	£741,300	
Residential redevelopment (say) 5 - 40 plots	High	Previously developed land - brownfield							£562,500	£1,389,975	25%	£750,000	£1,853,300	
Residential redevelopment (say) 5 - 40 plots	Medium	Previously developed land - brownfield							£562,500	£1,389,975	25%	£750,000	£1,853,300	
Residential redevelopment (say) 5 - 40 plots	Lower	Previously developed land - brownfield							£562,500	£1,389,975	25%	£750,000	£1,853,300	
Single Dwelling redevelopment to say 3 units	All	Assumes an old single dwelling is redeveloped	£750,000	for the delapidated house										Assumed value of delapidated house/plot (not value per acre)
say 3-5 units, RES	All	Greenfield	£12,500	per plot										

Table 5.11 – Residential TLV Assumptions

Residential Density

5.98 The absolute TLV for any particular typology depends on the *net developable* site area that is required for the construction the relevant scheme. This is on the basis that developer would not attribute significant value to the 'surplus' land. The absolute TLV is therefore a function of development density as well as TLV £ per hectare.

5.99 Scheme density was the subject to detailed analysis in the September 2013 report (pp 47-49) and in the February 2015 report (pp 56-58). We have not sought to change these densities which are set out on the following table (Table 5.12).

Scheme typology	**Density (dwellings per net developable ha)**
Single dwellings	22
Three dwellings	25
Five dwellings	27
>five dwellings (houses)	35
flats	80 - 100
SDA's	35

Table 5.12 – Residential Development Density Assumptions

Residential Viability Results

5.100 The detailed residential appraisal models are contained at Appendix 1 together with the various sensitivity scenarios.

5.101 We have completed appraisals of 56 typologies across the three housing market value zones to provide viability evidence across the range of schemes likely to come forward for development with particular emphasis on the smaller schemes where the viability is finely balance and to take into consideration the new 10-unit threshold PPG policy.

Smaller Scheme Typologies (5 Units or less)

5.102 We have tested 1, 3 and 5 unit schemes (the 3 and 5 unit schemes on both greenfield and brownfield sites).

5.103 Key issues for viability emerging from the viability analysis include –

- Higher build costs for 'one-off' housing impacting on the RLV;
- Unit size assumptions which impact on GDV and hence the RLV;
- Lower site densities which require larger sites per plot and impacts (increases) the TLV;
- No affordable housing on sites of 5 units or less (as per national policy);
- Premium value assumptions for 'exclusive' homes (i.e. not estate housing) i.e. plus 10%.

5.104 For schemes of 5 units or less, having regard to national policy, we have run the appraisals excluding affordable housing. This has a positive effect on viability for these smaller schemes.

5.105 It is important that the smaller schemes contribute to the infrastructure requirement across the District and we have run the appraisals using £200 psm on the small schemes on the basis that there is no affordable housing. Respondents to the previous consultation concurred with this approach.

5.106 All of the typologies are fundamentally viable i.e. they have a positive RLV. In all cases this is over £1.35 million per hectare (£547,222 per acre).

5.107 Typologies 1, 2 and 4 are all viable for plan making purposes in that the RLV is greater that the TLV. These are the high and medium greenfield scenarios and the high brownfield scenario (i.e. where a single dilapidated dwelling might be redeveloped for 3 or more new units).

5.108 Typology 3 (single dwelling lower) is slightly negative in terms of the balance between the TLV and the RLV. This is due to the high average TLV and the low density of the single unit typology. However, if one looks as the sensitivity tables for this typology, this is easily deliverable within the viability buffer as 1% reduction in profit to 19% would make this scheme viable in plan making terms. If the TLV were reduced to £525,000 per acre this would also render the scheme viable for plan making. There is a similar positive impact on viability if the assumed density is increased. Accordingly, we are satisfied that £200 psm CIL (given 0% affordable housing) is deliverable on these schemes.

5.109 The redevelopment of a single dilapidated dwelling house (to 3 units) is not viable for plan making purposes in the medium and lower values zones (typologies 5 and 6). This for the same reasons as typology 3 above, but also because of the high TLV cost per plot due to the assumed acquisition price of the dilapidated building (£750,000). It is to be expected that the cost of acquiring an existing property to knock down and redevelop for new units is only viable in the highest value areas. Furthermore, the TLV could be reduced by buying cheaper (more dilapidated) property in the lower value areas. Also it is important to note that CIL is only payable on the increase in floor area in any event.

5.110 Typologies 7 – 12 are all 5 unit typologies three of which are greenfield (typologies 7 – 9) and three of which assume brownfield scenarios (10 – 12). Again none of these typologies attract affordable housing and we have assumed CIL at £200 psm. All of these typologies are fundamentally viable (i.e. positive RLV) and viable for plan making purposes (i.e. the RLV > TLV).

5.111 We are therefore satisfied that £200 psm CIL is appropriate for these typologies (with 0% affordable housing).

8 & 10 Unit Schemes

5.112 Similarly we have run appraisals for 8 and 10 unit schemes in order to test the impact of value 'thresholds' for affordable housing (typologies 13 – 22).

5.113 Key issues arising from these appraisals are that –

- Affordable housing cannot be sought on sites of 10 units or less, except in the AONB where an Affordable Housing commuted sum can be charged.
- Density is assumed to be a constant.
- The larger the scheme - the lower the TLV plot value due to quantum.

5.114 As above, where it is not possible to require Affordable Housing contributions, (i.e. outside the Cotswolds AONB) we have assumed and tested a CIL rate of £200 psm. Where is it possible to require an Affordable Housing commuted sum (i.e. within the AONB) we have split the CIL 50:50 into £100 psm for CIL and £100 psm Affordable Housing contribution. There is no impact on the viability (save for minor impact on interest due to the timing of the payments) but this enables the Authority to secure some contribution towards affordable housing from these sites in line with national policy.

5.115 On this basis all the typologies are viable including CIL at £100/£200 psm and the relevant affordable housing commuted sum. The sensitivity tables show that in all cases there is a healthy viability buffer for these typologies.

12 & 15 Unit Schemes

5.116 We have run appraisals for 12 and 15 unit schemes. This includes both houses (typologies 23 – 31) and flats (typologies 32 – 37)

5.117 These schemes are above the 10-unit threshold and therefore there the Council is entitled to seek a requirement for on-site affordable housing. This has been included explicitly in the appraisals based on 50%, 40% and 35% in the high value, medium value and lower value areas respectively.

5.118 Given the on-site provision of affordable housing and the associated impact on Gross Development Value, we have tested the schemes using a baseline CIL rate of £100 psm (as per our February 2015 appraisal) which again is shown explicitly in the appraisals.

5.119 It is important to note that as the Affordable Housing target increases, the quantum of private housing (sqm) goes down, which reduces the total CIL £ as this is based on a £ psm rate. We have tested this cumulative impact within our appraisals.

5.120 All of the 12 and 15 unit typologies are viable both in terms of positive RLV and a positive balance over the TLV (i.e. RLV > TLV). The sensitivities show that there is a healthy viability buffer even up to the original (September 2013) proposed CIL rate of £200 psm – particularly for the greenfield typologies.

5.121 We have appraised 15 unit apartment schemes in each of the housing value zones on both greenfield and brownfield typologies (typologies 32 – 37). It is important to note for these schemes that –

- BCIS build costs are higher than for houses which impacts the RLV;
- The built floor area is greater than the sales area (net – to – gross ratio) due to the corridors / circulation space which is not saleable area which impacts GDV and the RLV;
- The TLV is generally higher on brownfield sites (compared to say strategic greenfield sites) due to the EUV;
- We have assumed a higher development density for brownfield sites (100 dph) compared to greenfield sites (80 dph) which is reflected in the TLV.

5.122 All of the typologies are viable both in terms of positive RLV and a positive balance over the TLV (i.e. RLV > TLV). The sensitivity tables also show that apartments in the high and medium value zones are viable even at £200 psm CIL. As one would expect, the viability of apartments is weaker in the lower value area, but they are still viable at CIL rates in excess of £100 psm. The sensitivity tables for the 15 unit apartment schemes in the lower value area shows that the viability for plan-making purposes starts to turn negative at the £110-120 psm CIL rate in the case of scheme 37 (greenfield apartments) and at £150-160 psm CIL for scheme 34 (brownfield apartments). This might seem counter-intuitive, but the models have different baseline TLV's (i.e. higher TLV in the case of the brownfield site) and development densities (80 dph on the greenfield site and 100 dph on the brownfield site). This illustrates the sensitivity of the appraisal to these key variables. The sensitivity tables clearly show that viability returns if profit reduced by a percentage point or two; and/or TLV is reduced by a small amount; and/or density is increased in these cases.

5.123 Again, all the typologies are viable including CIL at £100 and the relevant affordable housing target. The majority of the scenarios are also viable at up to £200 psm.

40, 100 & 200 Unit Schemes

5.124 We have run appraisals for 40, 100 and 200 unit schemes based on the same on-site affordable housing (50%, 40% and 35%) and baseline CIL assumptions (£100 psm). The 100 unit (typologies 44 – 46) and 200 unit (typologies 49 – 51) typologies assume greenfield. We have appraised both greenfield and brownfield typologies for the 40 unit scheme (typologies 38 – 43).

5.125 The 40 unit schemes are all viable both in terms of positive RLV and a positive balance over the TLV (i.e. RLV > TLV). This is based on the baseline £100 psm CIL rate and the sensitivity tables show that they are also all viable up to £200 psm. This is the case for both the greenfield and brownfield typologies.

5.126 Note that for the 100 and 200 unit schemes we have included an allowance of £10,000 per unit for site specific S106/S278 to accommodate additional infrastructure requirements – notwithstanding that much of the infrastructure could be funded by CIL (see Table 5.17 in section 5) and/or external works allowances. This is to ensure that there is no ‘double-dipping’.

5.127 All of the 100 and 200 unit schemes are all viable both in terms of positive RLV and a positive balance over the TLV (i.e. RLV > TLV). Again, this assumes the baseline £100 psm CIL rate and the sensitivity tables show that they are all viable up to £200 psm.

5.128 On this basis all the typologies are viable including CIL at £100 and the relevant affordable housing target. All the scenarios are also viable at up to £200 psm.

RES Sites

5.129 We have appraised two generic Rural Exceptions Site (RES) schemes – 3 units and 5 units.

5.130 These are based on –

- 100% affordable housing – i.e. they are ‘exceptions’ – this has a significant impact on the GDV and the RLV;

- Only Affordable Rent and Intermediate tenure types taken as affordable housing (i.e. excluding Starter Homes);
- £12,500 per plot TLV;
- Profit based on contractors margin for affordable housing;
- Substantial grant funding required in order to cover the costs of construction.

5.131 These sites are not viable for CIL (including 100% affordable housing).

5.132 We have calculated the amount of subsidy which would be required to make the scheme typologies viable (c£15,000). We appreciate that this may not be fundable given the emphasis by the Homes and Communities Agency on reducing the reliance on grants. The trend has been for diminishing levels of grant availability and this trend is expected to continue in future. Subsidy is a complex area as Registered Providers may choose to subsidise schemes by 'blending' grant from across their programme.

5.133 The NPPF specifically states that *'local planning authorities should be responsive to local circumstances, and consider whether allowing some market housing would facilitate the provision of rural exception sites to meet local needs'* [49]

5.134 This is an option for consideration, however, the danger with the above policy of allowing private housing on rural exceptions sites is that landowners will inevitably think that they can charge more for the land i.e. the threshold land value will go up. The landowner will not necessarily appreciate that the private market housing is to subsidise the affordable housing - they will want their uplift in value particularly in comparison with allocated sites.

[49] Department of Communities and Local Government (March 2012) The National Planning Policy Framework ISBN: 978-1-4098-3413-7 paragraph 54.

Results Summary

5.135 A summary of the above is set out on the following table (Table 5.13):

		High Value outside AONB	High Value in AONB	Medium Value outside AONB	Medium Value in AONB	Lower Value
5 or less units -	Affordable Housing (on-site)	n/a	n/a	n/a	n/a	n/a
	Affordable Housing (commuted sum)	n/a	n/a	n/a	n/a	n/a
	CIL £psm	£200	£200	£200	£200	£200
6 - 10 units -	Affordable Housing (on-site)	n/a	n/a	n/a	n/a	n/a
	Affordable Housing (commuted sum)	n/a	£100	n/a	£100	n/a
	CIL £psm	£200	£100	£200	£100	£200
11 or more units -	Affordable Housing (on-site)	50%	50%	40%	40%	35%
	Affordable Housing (commuted sum)	n/a	n/a	n/a	n/a	n/a
	CIL £psm	up to £200	up to £200	up to £200	up to £200	up to £200
RES sites -	Affordable Housing (on-site)	100%	100%	100%	100%	100%
	CIL £psm	n/a	n/a	n/a	n/a	n/a

Table 5.13 – Residential Results Summary

6 Supported Living

6.1 This section deals with all aspects of supported living e.g. sheltered housing, extra-care, residential and nursing homes. Much of the updated market analysis and commentary on the private residential market is equally as applicable to supported living. We draw your attention to the definitions of supported living and general market context contained within the September 2013 EVA report.

6.2 Consistent with national trends, West Oxfordshire has an ageing population. The Councils Focussed Housing Consultation paper (July 2014)[50] confirmed that West Oxfordshire has the highest population of people aged 55 and over in Oxfordshire. In West Oxfordshire the proportion of people aged 55+ is projected to increase by 54% with a particularly high increase in the proportion of people aged 85+ (160%).

Supported Living Typologies

6.3 We noted previously (September 2013 EVA) the specific differences between the supported living and general needs development typologies and the specific viability challenges that supported living operators must overcome.

6.4 Our approach to consider supported living as a separate typology was confirmed in the February 2015 VA report.

6.5 For the purposes of our appraisal we have assumed the following typology parameters (Table 6.1).

	Sheltered Housing	Extra-Care Housing (ECH)
No. of units	55	45
Development Density (dph)	125[51]	100
1 Bed unit size (sqm)	50	60
2 Bed unit size (sqm)	75	80
Non-chargeable communal space (net-to-gross)	75%	65%

Table 6.1 – Sheltered Housing and ECH Typology Parameters

[50] West Oxfordshire District Council, Local Plan – Housing Consultation (July 2014) – pp 90-91
[51] This was 110 dph in the February 2015 EVA, but we have increased this to 125 dph based on advice from Dixon Searle Partnership independent viability consultants

6.6 Our supported living typologies are set out on the matrix at Appendix 2.

Open Market Values

6.7 We were previously provided with evidence from the Retirement Housing Group who has provided a paper on Retirement Housing Viability Base Data[52]. This recommends that supported living sales values are a premium to private residential apartments as follows:

Sheltered housing unit prices	In high value areas - • 10-15% premium to private market 1/2 bed flats Or, in low value areas (where no apartment scheme comparables) - • 75% value of 3-bed semi-detached house for a 1 bed sheltered housing unit, and • 100% value of 3-bed semi-detached house for a 2 bed sheltered housing unit
Extra-care housing unit prices	• 25% premium to sheltered housing

Table 6.2 – Sheltered Housing and ECH Sales Values

6.8 We have reflected the above values parameters based on the equivalent 3-bed unit value within our supported living appraisals.

Gross Development Value

6.9 The gross development value is shown explicitly on the development appraisals (Appendix 2).

6.10 This is a function of: the number and mix of units, the Market Value of the units and any grant.

Development Costs

6.11 The development costs are shown explicitly on the development appraisals (Appendix 2). They follow a similar format as the residential appraisals (see section 5 above), but the main differences are highlighted below.

Initial Payments (S106 & CIL)

6.12 We understand that whilst affordable housing is generally applicable on these types of schemes, the developers will generally negotiate this on a viability basis and can in some

[52] RHG Retirement Housing Group, Retirement Housing Viability Base Data (April 2013). Note that at the time of finalising our report we also received a further Briefing Paper for CIL Practitioners Retirement Housing and the Community Infrastructure Levy (June 2013) by Churchill Retirement Living and McCarthy and Stone to which we have had regard

instances pay a commuted sum. This is because there are often high estate management charges in these types of schemes and it is not viable for the service charge on the private units to cross-subsidise the service charge for affordable units.

6.13 In addition to testing the on-site Affordable Housing target we have therefore tested the equivalent commuted sum (£psm) in addition to any CIL. This is shown within the Initial Payments section of the appraisals and on the sensitivity tables.

Demolition and Site Clearance

6.14 For the purposes of our EVA we have assumed that the supported living typologies are generally brownfield typologies, based on the redevelopment of sites within the town centres where the providers perceive the occupier demand.

6.15 We have therefore included an allowance of £50,000 per acre for site clearance and demolitions as per the residential typologies.

Construction Costs

6.16 We have updated the BCIS construction costs adopted as follows (Table 6.3): based on the BCIS cost indices rebased for West Oxfordshire within the last 5 years (accessed website 13 October 2016).

Type	Mean	Lowest	Lower quartiles	Median*	Upper quartiles	Highest	Sample [size]
Flats (apartments) – generally (for comparison)	1426	802	1,200	1,366	1,601	4,642	249
Sheltered housing generally	1,448	771	1,211	**1,392**	1,560	3,030	52
Extra care housing (+4% over Sheltered housing for ECH)				**1,448**			

Table 6.3 – Construction Cost Assumptions
BCIS cost indices rebased for Oxfordshire within the last 5 years
(accessed BCIS website 13/10/16)

6.17 We have used the Median construction cost figures (in bold) within our financial modelling.

External Works

6.18 Within our September 2013 EVA we adopted external works of 10%.

6.19 This was subject to further detailed analysis for general needs residential and increased to 15% in the February 2015 update.

6.20 However, this has been reduced back to 10% in the current update which is more in line with market experience for supported living typologies.[53]

Other Costs

6.21 Other appraisal costs are the same as for the residential typologies (see section 5) and the appraisals appended (Appendix 2).

Residual Land Value

6.22 The gross Residual Land Value (RLV) is the product of the above values and costs (see Figure 4.2) and the net RLV takes into consideration the usual site acquisition costs (see section 5 above).

Supported Living TLV

6.23 We have sought to triangulate the Threshold Land Value for supported living developments by reference to residential land values (albeit that these schemes tend to be significantly denser than private residential schemes) subject to a minimum of benchmark land value for industrial EUV given the hypothetical brownfield typology scenarios.

6.24 For the purposes of our appraisal we have used a TLV of £600,000 per acre – but refer you to the TLV v AH sensitivity table for alternative scenarios in High, Medium and Lower value Housing Market Zones.

6.25 Note that we have not appraised Residential and Nursing home schemes are these are valued on a profits or investment basis which is subject to significant variance.

Supported Living Viability Results

6.26 We have tested both Sheltered Housing and Extra-Care typologies in the High, Medium and Lower value zones.

6.27 Key viability issues for these typologies include –

[53] DSP review of supported living schemes [for WODC], December 2015

- The high net-to-gross ratio compared to C3 apartment typologies which reduces the saleable area;
- The larger unit sizes which reduces the number of units that can be accommodated within a particular sales area;
- The higher build cost based on the gross area an BCIS data;
- The high development density which reduces the quantum of land assumed and therefore the TLV, but not by enough to off-set the above costs;
- Substantial market values for units this niche sector of the market;
- Only Affordable Rent and Intermediate tenure types taken as affordable housing (i.e. excluding Starter Homes);
- The availability of grant – our appraisals assume no grant.

6.28 Our analysis shows that the Sheltered Housing typologies are viable in all three value zones (high, medium, low) based on £100 psm CIL and 50%, 40% and 35% affordable housing respectively (assumed on-site) both in terms of positive RLV and RLV > TLV. This is much more positive than was suggested for sheltered housing in our earlier EVA due primarily to the higher sales values assumed in the current update but also the higher development density assumed. Note that whilst there may be scope to increase the CIL above £100 psm in the high and medium value zones, there is limited scope in the lower value zone where the viability would turn negative for plan making purposes at £120-130 psm CIL.

6.29 We have calculated equivalent commuted sums of £925 psm; £550 psm and £275 psm in the high, medium and lower value areas (£74,000; £44,000 and £22,000 per unit). This is based on the principle of broadly equivalent RLV.

6.30 Extra-Care Housing (ECH) is less viable than Sheltered housing mainly due to the larger unit sizes and lower net:gross floor area ratio.

6.31 Our analysis shows that the ECH typologies are viable based on the baseline £100 psm CIL and 45%, 35% and 10% (high, medium and lower value areas) affordable housing (assumed on-site) both in terms of positive RLV and RLV > TLV. Again, this improvement in viability from the February 2015 report is due primarily to the higher sales values assumed in the current update. Note that increasing the CIL level above £100 psm would have a further impact on the affordable housing target % as is illustrated on the sensitivity tables.

6.32 This translates into commuted sums of £900 psm; £525 psm and £100 psm in the high, medium and lower value areas (£94,000; £55,000 and £10,500 per unit)[54]. This is based on the principle of broadly equivalent RLV.

A summary of this is set out on the following table (Table 6.4).

		High Value	Medium Value	Lower Value
Sheltered Housing	Affordable Housing (on-site)	50%	40%	35%
	Affordable Housing (commuted sum))	£925	£550	£275
	CIL £psm	£100	£100	£100
Extra-Care Housing	Affordable Housing (on-site)	45%	35%	10%
	Affordable Housing (commuted sum))	£900	£525	£100
	CIL £psm	£100	£100	£100
			(AspinallVerdi reference: 161123_v6cs)	

Table 6.4 – Supported Living Results Summary

54 Note, these sums should not be directly compared to the Sheltered housing commuted sums per unit, due to the different unit sizes and density assumptions adopted.

7 Commercial Uses

7.1 This section deals with all the B use classes (B1 offices, B2 industrial and B8 distribution).

Commercial Typologies

7.2 Our commercial typologies are based on detailed development monitoring and property market analysis contained within our previous EVA (September 2013).

7.3 We received no representations in respect of the commercial property typologies during the previous consultations and having carried out an update of the market in terms of values (see below) there is no reason to change the commercial typologies. These are set out on the table in Appendix 3.

Commercial Property Values

7.4 We previously carried out comprehensive property market research and analysis in summer 2013 and this summary should be read in conjunction with our previous report (September 2013).

7.5 As part of this update, we have reviewed transactions for commercial property over the period September 2008 to September 2016.

Offices

7.6 There is a wide variation in rents across the district from a wide variation in stock and locations. Average rents were £12.21 psf in September 2016 for offices ranging between £3.60 psf for the poorest stock to £30.29 psf for the best. Similarly there was a wide variation in letting sizes, with the majority of units ranging between 1001 – 2,500 sqft.

7.7 Over the reviewed period (September 2008 – 2016) 652,299 sqft of office floorspace was transacted across 160 units in West Oxfordshire (source EGi). Figure 7.1 shows the units in highest demand were those sized between 1,001 and 2,500 sqft (69 units), followed by those in the sub 1,000 sqft category (42 units).

7.8 The average rents paid by occupiers over this period were £12.21 psf, with a range of £3.60 psf for lower grade offices to £30.29 psf for high quality stock. The average yield over this period was 7%.

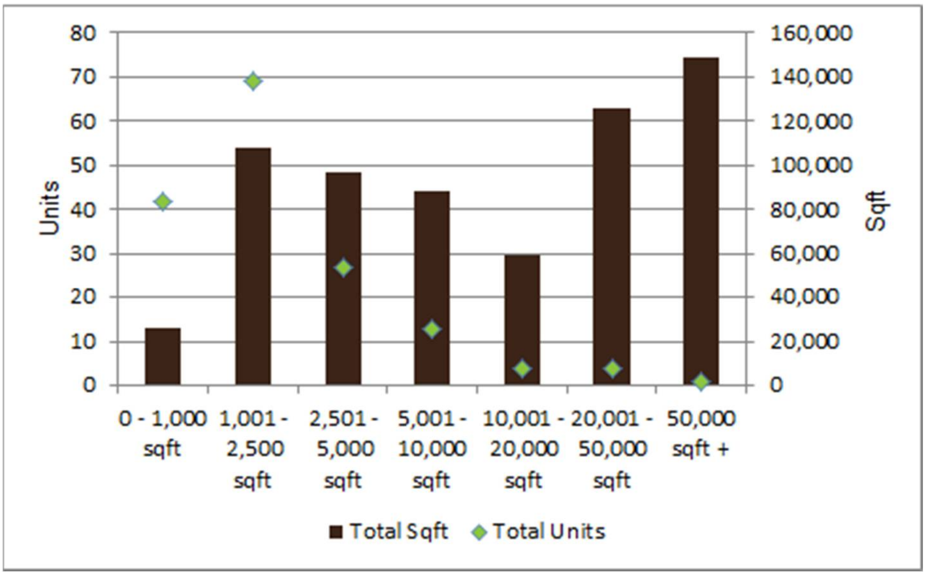


Figure 7.1 – Office Deals September 2008 to September 2014 (EGi)

7.9 Analysis of the West Oxfordshire Property Register (June 2016) identifies 70 office properties on the market. Of these properties the average size was 2,206 sqft (205 sqm) ranging between 100 sqft – 23,844 sqft (9 sqm – 2,216 sqm).

7.10 The CBRE Prime UK Yield monitor (Q2 2016) has a prime all office yield for the South East area of 6.4%.

Industrial

7.11 Industrial rents were equally as variable and were typically £5.88 psf (£3.25 - £8.97 psf range) (source EGi Town Report) (September 2016).

7.12 Over the reviewed period (2008 – 2016) 3,481,594 sqft of industrial floorspace was transacted across 171 units in West Oxfordshire (source EGi). Figure 7.2 below demonstrates that the units in highest demand over this period were sized between 2,501 to 5,000 sqft (53 units), followed by 1,001 to 2,500 sqft (42 transactions). Average rents paid by occupiers over this period were £5.88 with average lease lengths of 5 years. The average yield for industrial property over this period was between 6.88 – 8.92%. The largest transaction was an investment sale for Windrush Industrial Estate sized 1,728,940 sqft.

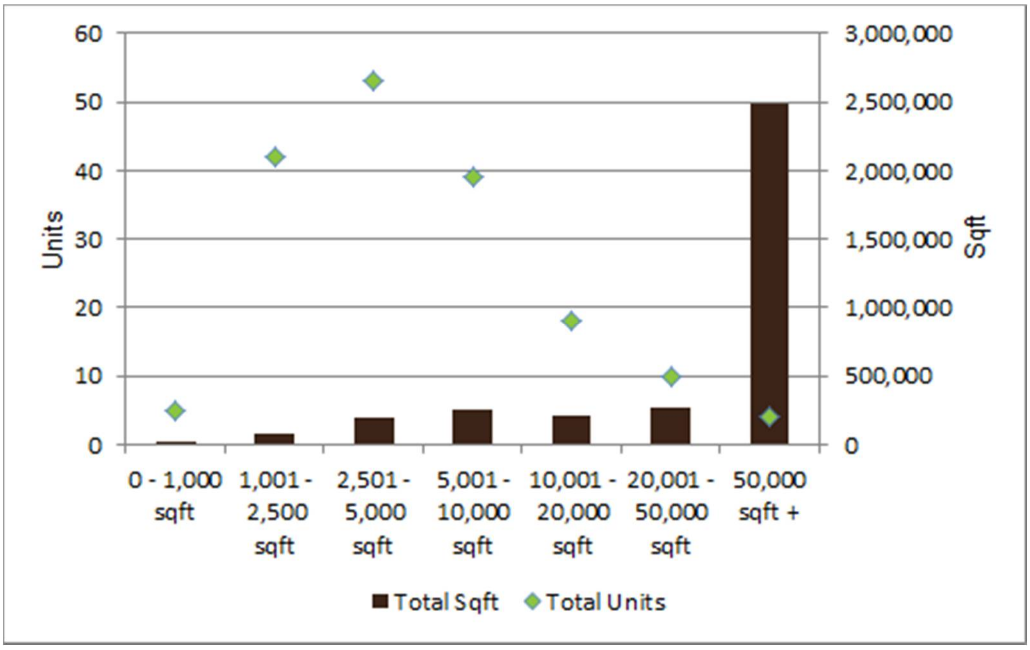


Figure 7.2 – Industrial Deals September 2008 to September 2014 (EGi)

7.13 Again, analysis of the West Oxfordshire Property Register (June 2016) identifies 31 industrial and commercial properties on the market. Of these properties the average size was 4360 sqft (405 sqm) ranging between 165 sqft – 18,534 sqft (15 sqm – 1722 sqm).

7.14 The CBRE Prime UK Yield monitor (Q2 2016) has a prime all industrial yield for the South East area of 6%.

Gross Development Values

7.15 We have used an investment approach to valuation based on the estimated rental value (per sq ft) for the use type and capitalised by the appropriate yield taking into account investment purchasers' costs.

7.16 For the purposes of our economic viability assessment we have applied the following value assumptions for B-uses (Table 7.1).

Use	Rent	Yield	Incentives
B1 Offices	£18.00 psf	6.4%	12 months Rent Free
B2/B8 Industrial / Distribution	£6.95 psf	6%	12 months Rent Free

Table 7.1 – Commercial Value Assumptions

Development Costs

7.17 The development costs are shown explicitly on the commercial development appraisals (Appendix 3). These include policy requirements (e.g. CIL, site specific S106), profit, finance and overhead and development costs as illustrated in Figure 4.2 above. The appraisals include sensitivities on build costs and values.

Initial Payments

7.18 These are the 'up-front' costs prior-to, or on, start-on-site. These costs are set out in Table 7.2 below.

Item	Assumption
Planning Application Professional Fees and reports	Allowance for typology
Statutory Planning Fees	Based on national formula
CIL	This is the CIL rate (£ psm) and an input to the CIL sensitivity tables
Site specific S106/S278	Site Specific Allowance for typology – note that this is in addition to CIL and external works costs

Table 7.2 – Commercial Appraisals Initial Cost Assumptions

S106 and CIL

7.19 We have made specific allowances for site specific S106/278 costs. We received no particular representation about these assumptions during previous consultations and we have therefore left these assumptions unchanged.

Demolition and Site Clearance

7.20 For the purposes of our EVA we have assumed that the commercial typologies are generally brownfield typologies. In this respect we have included a standard allowance of £50,000 per acre (as per the residential typologies) for site clearance and demolitions on brownfield typologies.

Construction Costs

7.21 We have updated the build costs based on the BCIS cost indices rebased for West Oxfordshire within the last 5 years (accessed website 23 November 2016).

7.22 The relevant results are as follows (Table 7.3).

Type	**Mean**	**Lowest**	**Lower quartiles**	**Median**	**Upper quartiles**	**Highest**	**Sample [size]**
Purpose built factories - generally	1,237	434	676	**1,153**	1,492	2,799	9
Purpose warehouses/stores - generally	923	426	542	**836**	964	2,536	15
Average				**994.50**			
Offices - generally	2,051	1,299	1,884	**2,075**	2,149	2,881	12

Table 7.3 – Construction Cost Assumptions (2016)
£psm gross internal floor area (BCIS - 23 November 2016)

7.23 We have used the Median construction cost figures in our EVA modelling.

External Works

7.24 External works costs are set at 10% for commercial typologies. We received no particular representation about these assumptions during previous consultations and we have therefore left these assumptions unchanged.

Contingency

7.25 As previously, this is set at 5%. This has been generally accepted.

Professional Fees

7.26 Within our previous EVAs we included an allowance of 10% for professional fees. We received no particular representation about these assumptions during consultation and we have therefore left these assumptions unchanged.

Disposal Costs

7.27 Disposal costs are included based on 1% sale agents, 0.5% sales legal fees, 15% joint letting agency fees, 5% letting legal fees and 1% marketing and promotion.

7.28 Few respondents to the previous EVA consultation queried these allowances. We received no particular representation about these assumptions and we have therefore left these assumptions unchanged.

Finance Costs

7.29 Within our previous EVAs we assumed interest at 7%, plus a 1% finance fee. Again, this is unchanged.

Developers Profit

7.30 Within our previous EVAs we assumed developers profit at 20% of the total costs. We received no particular representation about these assumptions during consultation and we have therefore left these assumptions unchanged.

Residual Land Value

7.31 The gross Residual Land Value (RLV) is the product of the above values and costs (see Figure 4.2) and the net RLV takes into consideration the usual site acquisition costs (see section 5 above).

Commercial Uses TLV

7.32 We have sought to establish the Threshold Land Value (TLV) for B-use classes from a variety of sources including consultation with local agents and other stakeholders.

7.33 Benchmark Market Values range from £150,000 per acres (quoted) for previously undeveloped sites to £600,000 per acres (quoted) for 'prime' sites at Witney with outline planning permission for B1, B2 and B8 uses.

7.34 Stakeholder consultation would suggest that typically industrial land has a value in the range of £300,000 - £425,000 per acre. For the purposes of our EVA we have adopted £300,000 per acre TLV which equates to £400,000 per acre benchmark land value before the 25% discount (following the best practice in the Greater Norwich Development Partnership's CIL Examiners report[55] (see section 5 above)).

7.35 We have not updated the TLV for commercial typologies as these schemes are not viable (i.e. negative RLV) in any event – see below.

Commercial Viability Results

7.36 The results of the viability appraisals (Appendix 3) show that it is not viable to charge CIL on commercial (B) uses. This is due to a number of reasons including -

- Low headline rents and weak yields compounded by the rent free period required;
- High build costs and cumulative fees, payments etc;
- Higher interest charges due to the cash 'all out' before the GDV is realised after a void period;
- Developers profit required for speculative development.

7.37 In all cases the CIL is therefore £0 psm.

[55] Report to the Greater Norwich Development Partnership – for Broadland District Council, Norwich City Council and South Norfolk Council, by Keith Holland BA (Hons) Dip TP, MRTPI ARICS, 4 December 2012, File Ref: PINS/G2625/429/6 – paragraph 9

8 Retail

8.1 This section deals with all the A use classes.

Retail Typologies

8.2 Our retail typologies are based on detailed development monitoring and property market analysis contained within our previous EVA (September 2013) together with feedback from stakeholders and the CIL Examiner during the CIL examination.

8.3 During the examination the Examiner expressed a concern that the Council's approach to retail CIL was not compatible with the CIL regulations insofar as the distinction made between 'greenfield' and 'previously developed' sites needs is not shown graphically as a form of zoning on a map.

8.4 The rationale for the CIL typologies was (and is) to reflect the true nature of the *new* retail developments that are likely to come forward. In this respect, given the Council's 'town centre first' planning policy approach it is acknowledged that development is likely to comprise the development of sites within town centres which by definition will generally be brownfield, previously developed sites. Furthermore, some schemes will comprise the refurbishment or redevelopment of buildings which will not attract CIL (or only CIL on the net increase in floor space). It is less likely that new retail development will take place on sites which are beyond the designated town centres and/or urban built up area and therefore not on greenfield sites. The only exception to this could be where retail is developed as part of a new district centre on greenfield SDA sites.

8.5 The previous viability reports in September 2013 and February 2015 clearly demonstrate varying degrees of viability according to site location/type and as such, we consider that some form of variable charging for A1-A5 uses is justified.

8.6 In order to address the Examiners concerns we have tightened up the descriptions and definitions of the retail typologies (see Appendix 4). This includes articulation of the 'typical' location / value zone scenarios for different typologies and the most likely development scenario in terms of greenfield and previously developed sites.

8.7 To achieve compliance with the CIL regulations, and to maintain consistency with the original intention of the draft charging schedule, we consider that the most appropriate way forward is to utilise the District's recognised town centres. These include:

- Witney
- Carterton
- Chipping Norton
- Burford
- Woodstock

8.8 The rationale for this approach is that most A1-A5 uses are likely to be located at these larger settlements.

8.9 The updated retail typologies are set out on the table in appendix 4.

Gross Development Values

8.10 The Colliers Midsummer Retail Report (2016) provides an overview of the UK retail market, the market. The rental picture for 2016 continues to be characterised by stability rather than growth. Across the 421 locations, 78% saw no change in Prime Zone A rents. To date, the number of centres with rising rents has fallen relative to 2015, with only 17% of centres up on last year. UK average prime rents in regional locations has risen from £108 per sqft to £109, this is the first time that the monitored locations outside of London have shown positive growth since 2008. During the past 12 months, the level of vacant prime units dipped to 6.6% last October but had risen again to 7.6% in April. Secondary unit vacancy came down in the year to the end of April from 16.9% to 15.4% but clearly both primary and secondary voids will be affected in due course by BHS, Austin Reed and any other retail failures. The strong economic performance observed since mid - 2013 looks to be giving way to a mid – cycle slowdown with market uncertainty exacerbating a normal period of mid – cycle cooling. Quarter-on-Quarter growth in Q1 2016 fell to 0.4%.[56]

8.11 Further retail market commentary is contained within our previous viability assessment reports (September 2013 and February 2015) and we have updated the chart (Figure 8.1) of prime retail rents in Witney.

[56] Colliers Midsummer Retail Report – Building The New Machine 2016

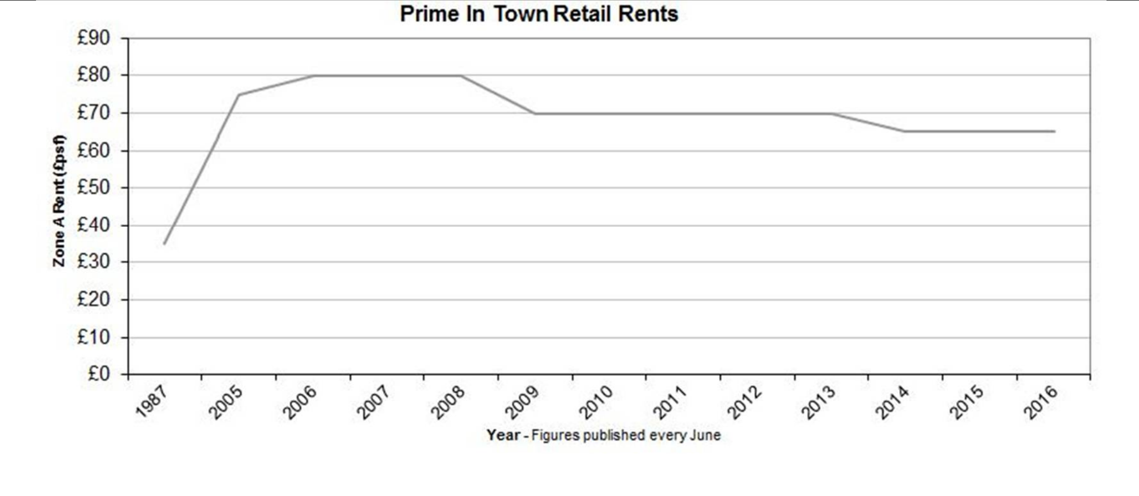


Figure 8.1 – Prime In Town Retail Rents (i.e. Witney) (EGi Town Report (2016))

8.12 As part of this update, we have reviewed transactions for retail property in West Oxfordshire over the period between November 2008 – November 2016

8.13 There is a wide variation in rents across the district from a wide variation in stock and locations. Average rents were £33.16 psf throughout 2015 ranging between £18.88 psf for the poorest stock and £64.48 for the best. Over the review period, 352,266 sqft of retail floorspace was transacted across 105 units in West Oxfordshire (source EGi). Figure 8.2 shows the units in highest demand were those sized between 0 – 1000 sqft (49 units), followed by those in the 1001 – 2500 sqft category (32 units).The average yield over this period was 6%.

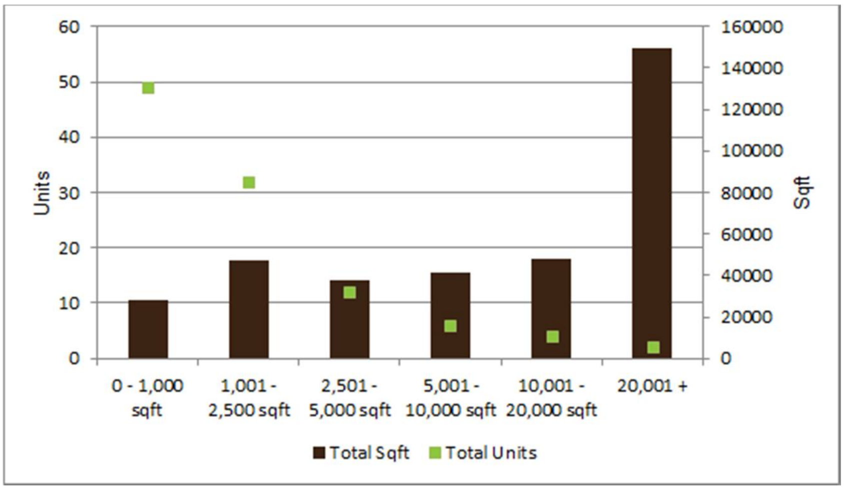


Figure 8.2 – Retail Deals September 2008 – November 2016 (EGi)

8.14 We have reviewed the 20 most recent retail transactions in West Oxfordshire; figure 8.3 provides details of these transactions. Zone A rents psf range between £18.88 and £50.68.

Date	Address	Type	Sqm	Sqft	Price (£)	Zone A Rent (£ psm)	£ psf
5/19/2015	Waterloo Walk, 58-60 High Street, Witney, Oxfordshire, OX28 6EU	Lease	9	100	/	£4,200	£42.00
4/15/2016	94 High Street, Burford, Oxfordshire, OX18 4QF	Lease	27	294	/	£8,750	£29.76
08/03/2015	9 Market Place, Chipping Norton, Oxfordshire, OX7 5NA	Lease	38	413	/	£12,500	£30.27
03/01/2015	72a High Street, Witney, Oxfordshire, OX28 6HJ	Lease	40	431	/	/	/
08/01/2015	The Giles Centre, Alvescot Road, Carterton, Oxfordshire, OX18 3DH	Lease	49	527	/	£9,950	£18.88
06/01/2015	43-45 Market Square, Witney, Oxfordshire, OX28 6AG	Lease	53	570	/	£28,650	£50.22
11/01/2015	259 Banbury Road, Oxford, Oxfordshire, OX2 7HN	Lease	55	592	/	£30,000	£50.68
11/01/2015	55 Market Square, Witney, Oxfordshire, OX28 6AF	Lease	58	629	/	/	/
10/23/2015	16 Langdale Court, Witney, Oxfordshire, OX28 6FG	Lease	62	662	/	£18,500	£27.95
02/01/2016	14 West Street, Chipping Norton, Oxfordshire, OX7 5AA	Lease	77	825	/	£17,500	£21.21
7/15/2015	128 High Street, Burford, Oxfordshire, OX18 4QU	Lease	80	858	/	£23,000	£26.81
1/15/2016	22 High Street, Witney, Oxfordshire, OX28 6HB	Lease	81	877	/	£42,000	£47.89
08/01/2015	9 Corn Street, Witney, Oxfordshire, OX28 6DB	Lease	93	1002	/	/	/
2/25/2016	Streatfield House, 2 Alvescot Road, Carterton, Oxfordshire, OX18 3XZ	Sale	112	1201	£250,000	/	/
06/01/2015	Strickland Arms Ph, 11 Witney Road, Witney, Oxfordshire, OX29 7TX	Sale	177	1900	£275,000	/	/
09/01/2015	2-4 Market Square, Witney, Oxfordshire, OX28 6AN	Lease	188	2025	/	£60,000	£29.63
3/31/2015	Plough Inn, Lechlade, Oxfordshire, GL7 3HG	Sale	200	2153	/	/	/
2/28/2015	The Carpenters Arms, 122 North Street, Chipping Norton, Oxfordshire, OX7 7DA	Sale	232	2502	£225,000	/	/
2/20/2015	The Dragon Inn, 152 High Street, Burford, Oxfordshire, OX18 4QU	Sale			£500,000	/	/
11/12/2015	The Quart Pot, 3 High Street, Chipping Norton, Oxfordshire, OX7 6LA	Sale			£200,000	/	/
04/01/2015	96-100 Corn Street, Witney, Oxfordshire, OX28 6BU	Sale			£540,000	/	/

Figure 8.3 – Most recent deals done, West Oxfordshire (EGi 2016)

8.15 We have used an investment approach to valuation based on the estimated rental value (per sq ft) for the use type and capitalised by the appropriate yield taking into account investment purchasers' costs.

8.16 The CBRE Prime UK Yield monitor (Q2 2016) has a prime all shops yield for the South East area of 5.66%; 5.5% for retail warehouses (open A1); and 4.69% all shopping centres.

8.17 Table 8.1 below sets out our valuation assumptions for retail.

Use	Rent	Yield	Incentives
Small Convenience Retail Parade	£17.50 psf (£188.37 psm)	5.75%	6 months rent free including fitting-out
Supermarket	£21.00 psf (£223.48 psm)	5.00%	6 months rent free medium supermarkets / 12 months rent free discount stores including fitting-out
Retail Warehouse	£18.00 psf (£193.75 psm)	5.5%	12 months rent free including fitting-out
Town Centre Shopping Centre	£28.00 psf (£301.39 psm)	4.75%	24 months rent free including fitting-out

Table 8.1 – Retail Value Assumptions (2016)

Development Costs

8.18 These are generally the same as for the commercial typologies above (see section 7).

Initial Payments

8.19 We have incorporated site specific S106/S278 contributions commensurate with the scale of each typology.

8.20 See comments above (section 7).

Construction Costs

8.21 We have updated the construction costs based on the BCIS cost indices rebased for Oxfordshire (accessed website 12 November 2016).

8.22 The relevant results are as follows (Table 8.2).

Type	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	Sample [size]
Retail warehouses - generally	892	451	674	**779**	947	2,512	38
Hypermarkets, supermarkets - generally	1,868	1,195	-	**1,962**	-	2,445	3
Shops - generally	1,927	714	**1,343**	1,720	2,237	**3,886**	8

Table 8.2 – Construction Cost Assumptions (2016)
£psm gross internal floor area (BCIS – 12 November 2016)

8.23 We have generally used the Median construction cost figures in our EVA modelling (highlighted in bold). However, for the smaller convenience typologies (schemes 1 and 2) we have used the lower quartile build costs to reflect the smaller (lower specification) of the likely product.

8.24 We have used the highest build rate for the shopping centre / town centre extension typology (scheme 10) to reflect the difficulty and cost of developing these sites (note, there are no samples on BCIS for 'shopping centres' in Oxfordshire recorded).

External Works

8.25 See comments above (section 7).

Contingency

8.26 See comments above (section 7).

Professional Fees

8.27 See comments above (section 7).

Disposal Costs

8.28 See comments above (section 7).

Finance Costs

8.29 See comments above (section 7).

Developers Profit

8.30 See comments above (section 7).

Residual Land Value

8.31 The gross Residual Land Value (RLV) is the product of the above values and costs (see Figure 4.2) and the net RLV takes into consideration the usual site acquisition costs (see section 5 above).

Town Centre and Retail TLV

8.32 We have sought to establish the Threshold Land Value (TLV) for A-use classes from a variety of sources including consultation with local agents and other stakeholders.

8.33 Again we have again sought to triangulate the Threshold Land Value for retail schemes. This is very difficult given the often complex site assembly (particularly for town centre schemes) and the lack of transparency in the market for convenience stores. We refer you to our commentary within our earlier EVA reports in this respect.

8.34 For the purposes of our appraisals we have used similar TLV's as previously. We have applied £650,000 per acre for 'town centre' typologies; £500,000 per acre for secondary edge of centre locations and £281,250 per acre for the strategic greenfield locations. These are consistent with the hierarchy of values illustrated on Figure 4.3 in section 4.

Retail Viability Results

8.35 The appraisals (Appendix 4) show that retail development is generally viable with the exception of the high density multi-storey town centre typology. This typology is more akin to a town centre regeneration project and the viability reflects the high costs of site assembly and the high construction costs.

8.36 The other retail typologies are all viable to a varying extent. Key issues for viability arising from the appraisals are –

- Greenfield typologies are generally highly viable due to the low TLV compared to a town centre location with higher EUVs;
- Retail warehouses are generally viable due to the substantially lower BCIS construction costs;
- Smaller convenience retail parades are generally viable due to the higher development density assumption and therefore the lower site area required and the lower absolute TLV;

- Medium to large supermarkets on brownfield sites are generally only marginally viable due to (1) the high TLV / lower site density (2) high BCIS build costs (3) higher site specific S106 assumptions.

8.37 The greenfield typologies all have high viability. We have appraised these schemes based on the £175 psm CIL rate recommended previously. These both have substantial viability buffers due to the greenfield TLV.

8.38 Similarly we have appraised the retail warehouse typology based on the previously recommended £175 psm CIL rate. Again this gives a substantial viability buffer due to the lower construction costs. This would be higher in a greenfield scenario.

8.39 The retail schemes on previously developed land in the designated town centres are least viable due to the high TLV assumptions and the costs of demolition / site clearance. It is acknowledged that high density multi-storey development is not viable, but this is not the 'normal' typology. We have appraised single storey 'supermarket' and parade shops in the town centre and these are viable at £50 psm CIL.

8.40 A summary of our recommended CIL rates for A1 – A5 uses is set out on the following table (Table 8.3)

Typology	Location	CIL £ psm
A1 - A5 Uses	District wide - outside recognised Town Centres (Witney; Carterton; Chipping Norton; Burford; Woodstock)	£175
A1 - A5 Uses	Within recognised Town Centres (Witney; Carterton; Chipping Norton; Burford; Woodstock)	£50
	(AspinallVerdi reference: 161202_v2)	

Table 8.3 – Retail Results Summary

9 Other Uses

9.1 We have not updated our appraisals for other uses e.g. hotels (C3), non-residential institutions (D1), assembly and leisure (D2); sui generis and agricultural buildings.

9.2 The current focus is to adopt a new Local Plan and CIL charging schedule for the main types of development (residential and retail). The viability of these other uses (including commercial uses above) should be kept under review going forward.

10 Strategic Development Area (SDA) Viability

10.1 This section deals with the specific viability of the Draft Strategic Development Areas having regard to the affordable housing levels and CIL rates considered above.

10.2 The Strategic Development Areas (SDAs) identified in the proposed modifications to the Draft Local Plan 2031 comprise (i) East Witney, (ii) North Witney, (iii) Tank Farm, Chipping Norton, (iv) West Oxfordshire Garden Village and (iv) West Eynsham.

SDA Assumptions

10.3 Appendix 5 contains our assumptions for each of the SDA sites. This includes the following breakdown (provided by WODC) –

- Net developable site area (ha);
- Trajectory of residential development (number of dwellings);
- Infrastructure costs (over and above 'normal' BICS build costs and 15% external works);
- Known site specific S106 contributions (excluding CIL);
- Unknown site specific S106 contributions (again, excluding CIL) – this is based on £10,000 per unit.

Appraisal Models

10.4 In this Viability Assessment update report we have moved away from the 'Pro-Dev' appraisals used for the SDA schemes in the September 2013 and February 2015 reports and have instead used our own bespoke appraisal model. Note that Pro-Dev is a data inputting toolkit which creates cashflow appraisals in a spreadsheet and therefore our bespoke viability appraisals in excel are essentially the same calculation. However, our bespoke appraisal models enable the following:

- easier interface between the SDA appraisal assumptions and the SDA appraisal cashflows reducing the manual data entry and the potential for errors;
- the ability to provide for different levels of CIL and affordable housing target %;
- the ability to breakdown the affordable housing and quickly test different tenure mixes of Starter Homes, affordable rent and intermediate/sub-market tenures;
- the ability to enter two levels of profit i.e. 6% for affordable housing and 20% for private market sales and starter homes (rather than a blended rate as used on Pro-Dev);

- explicit analysis of the RLV v TLV within the excel appraisal model (rather than having to transfer the RLV from Pro-Dev back into excel for comparison with the TLV);
- the bespoke model provides detailed sensitivity analysis in respect of the 'trade-off' between different levels of affordable housing (%) and CIL (£ psm);
- the bespoke model also enables detailed sensitivity analysis in respect of the significant impact on the viability of the schemes due to profit assumptions (%);
- the bespoke model also enables detailed sensitivity analysis in respect of the TLV assumptions (£ per ha) and the development density assumptions (dph) – both of which have a significant impact on the absolute TLV (£) for each SDA;
- finally, the model enables the sensitivity analysis of each SDA site for different (higher) construction costs.

10.5 For each of the SDAs, we have appraised the scheme including:

- the infrastructure and S106 contributions as set out on the appraisal assumptions sheets (Appendix 5);
- the relevant Affordable Housing policy target (50% in the high value zone and 40% in the medium value zone);
- CIL is included at the baseline £100 psm on the private market housing - but note the sensitivity tables which show the impact of different levels of CIL between £0 - £200 psm;
- otherwise generic assumptions for consistency with the (100 and 200 unit) residential typologies.

10.6 As mentioned above, we have calculated the residual value based on profit of 20% and 6% as described above. We have included the relevant TLV for the greenfield typologies (assumed to be £281,250 in the medium value zone and £337,500 in the high value zone noting that no SDAs are proposed in the lower value zone), but draw your attention to the TLV sensitivity table in each case. **It is important to note that these are not 'fixed' land value assumptions for the purposes of site specific planning applications which will be subject to separate detailed appraisal and scrutiny having regard to the costs and values at the time of the planning application and the more detailed due diligence in respect of infrastructure provision and phasing**. Hence the significance of the TLV sensitivity tables.

Viability Results

10.7 For each of the SDAs we have calculated the RLV and compared this to the TLV.

10.8 The viability results are summarised on the following table (Table 10.1).

10.9 As you can see from the summary table and the high level appraisal results that all of the SDAs are viable. Furthermore the viability has improved significantly for a number of reasons including:

- A substantial increase the number of units contemplated in the new allocations;
- Growth in the open market sales value assumptions since February 2015 (almost 2 years ago);
- The introduction of Starter Homes which account for 20% of the overall unit numbers (i.e. 50% of the affordable housing in the 40% zones and 40% of the affordable housing in the 50% zones). This has a substantial impact by reducing the allocation of units to the affordable rent and intermediate tenure types.

10.10 This assumes £100 psm baseline CIL. However, it is important to note that all the SDAs are also viable at £200 psm CIL (see the sensitivity appraisals appended).

10.11 It is important that the Council is clear about which infrastructure is to be funded by the developer (through S106) and which is to be funded by the Authority through CIL in order to avoid any “double dipping”.

	52 East Witney SDA	53 North Witney SDA	54 Chipping Norton SDA	55 West Eynsham SDA	56 West Oxfordshire GV
Baseline Parameters:					
Site Area (net residential development) (ha)	12.86	40.00	40.00	28.57	62.86
Development density (dph)	35.0	35.0	35.0	35.0	35.0
Total No. Units	450	1,400	1,400	1,000	2,200
Affordable Housing (%). Of which...	40.00%	40.00%	40.00%	50.00%	50.00%
Starter Homes (%)	50.00%	50.00%	50.00%	40.00%	40.00%
Affordable Rent (%)	33.00%	33.00%	33.00%	39.60%	39.60%
Int / Sub-Market (%)	17.00%	17.00%	17.00%	20.40%	20.40%
CIL (£ psm)	£100.00	£100.00	£100.00	£100.00	£100.00
Appraisal:					
Total GDV (£)	143,999,550	447,998,600	447,998,600	334,728,500	736,402,700
CIL (£ per unit) (all units)	6,045	6,045	6,045	5,038	5,038
Site Specific S106 (£ per unit) (all units)	10,000	16,429	16,429	18,200	18,182
Infrastructure Costs (£ per unit) (all units)	14,111	28,000	5,714	8,000	2,273
Developers Profit (£)	26,606,313	82,775,196	82,775,196	59,633,710	131,194,162
Developers Profit (% blended)	18.48%	18.48%	18.48%	17.82%	17.82%
Total Cost (including profit) (£)	110,509,412	375,232,491	339,235,468	243,803,379	522,007,437
RLV (net) (£)	28,299,166	61,487,362	91,904,846	76,831,727	181,163,997
RLV (£/acre)	890,751	622,090	929,835	1,088,268	1,166,392
RLV (£/ha)	2,201,046	1,537,184	2,297,621	2,689,110	2,882,155
RLV comments	Viable	Viable	Viable	Viable	Viable
Balance for Plan VA:					
TLV (£/acre)	281,250	281,250	281,250	337,500	337,500
TLV (£/ha)	694,969	694,969	694,969	833,963	833,963
Surplus/Deficit (£/acre)	609,501	340,840	648,585	750,768	828,892
Surplus/Deficit (£/ha)	1,506,078	842,215	1,602,652	1,855,148	2,048,192
Surplus/Deficit comments	Viable	Viable	Viable	Viable	Viable
					(AspinallVerdi reference 161107_v5)

Table 10.1 – SDA Appraisal Results Summary

11 Conclusions and Recommendations

11.1 In this section we draw together the results summary tables from the viability modelling.

Residential Uses

11.2 Set out below is a summary of the residential and the supported living viability modelling.

11.3 We recommend that the District is divided into three housing value zones as illustrated on the map (Figure 5.1).

11.4 We also recommend that the Affordable Housing target and CIL rate £ psm is differentiated by reference to location (i.e. by value zone and within or outside the AONB), the number of residential units (i.e. size of scheme) and Sheltered Housing and Extra-Care Housing. This is shown on the following tables (Table 11.1 and 11.2):

		High Value outside AONB	High Value in AONB	Medium Value outside AONB	Medium Value in AONB	Lower Value
5 or less units -	Affordable Housing (on-site)	n/a	n/a	n/a	n/a	n/a
	Affordable Housing (commuted sum)	n/a	n/a	n/a	n/a	n/a
	CIL £psm	£200	£200	£200	£200	£200
6 - 10 units -	Affordable Housing (on-site)	n/a	n/a	n/a	n/a	n/a
	Affordable Housing (commuted sum)	n/a	£100	n/a	£100	n/a
	CIL £psm	£200	£100	£200	£100	£200
11 or more units -	Affordable Housing (on-site)	50%	50%	40%	40%	35%
	Affordable Housing (commuted sum)	n/a	n/a	n/a	n/a	n/a
	CIL £psm	up to £200	up to £200	up to £200	up to £200	up to £200
RES sites -	Affordable Housing (on-site)	100%	100%	100%	100%	100%
	CIL £psm	n/a	n/a	n/a	n/a	n/a

Table 11.1 – Recommended Affordable Housing and CIL Rates – Residential

		High Value	Medium Value	Lower Value
Sheltered Housing	Affordable Housing (on-site)	50%	40%	35%
	Affordable Housing (commuted sum))	£925	£550	£275
	CIL £psm	£100	£100	£100
Extra-Care Housing	Affordable Housing (on-site)	45%	35%	10%
	Affordable Housing (commuted sum))	£900	£525	£100
	CIL £psm	£100	£100	£100
			(AspinallVerdi reference: 161123_v6cs)	

Table 11.2 – Recommended Affordable Housing and CIL Rates – Supported Living

Commercial Uses

11.5 Our appraisals show that commercial office and industrial development is not viable based on the RLV appraisals and TLV assumptions herein. We therefore recommend £0 CIL for commercial uses.

Retail Uses

11.6 We have appraised various retail typologies (A Use Class) as described above in section 8. We have found varying levels of viability depending on the assumptions and hypothetical locations of the schemes (e.g. greenfield or designated Town Centre). Based on our sampling we recommend the following CIL rates (Table 11.3).

Typology	Location	CIL £ psm
A1 - A5 Uses	District wide - outside recognised Town Centres (Witney; Carterton; Chipping Norton; Burford; Woodstock)	£175
A1 - A5 Uses	Within recognised Town Centres (Witney; Carterton; Chipping Norton; Burford; Woodstock)	£50
	(AspinallVerdi reference: 161202_v2)	

Table 11.3 – Recommended CIL Rates – Retail